

**ESTIMATES COMMITTEE
(1978-79)**

(SIXTH LOK SABHA)

THIRTY-FOURTH REPORT

**MINISTRY OF AGRICULTURE AND IRRIGATION
(DEPARTMENT OF RURAL DEVELOPMENT)**

RURAL EMPLOYMENT

Presented in Lok Sabha on 30th April, 1979



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(1978-79)

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INTRODUCTION

1. The Chairman of Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this thirty-fourth Report on the Ministry of Agriculture and Irrigation (Department of Rural Development)—Rural Employment.

2. The subject was taken up for examination by the Estimates Committee (1977-78). An interim Report (20th Report—Sixth Lok Sabha) indicating the need for evolving a new mechanism for survey of unemployment in the rural sector was presented by them on 28 April, 1978.

3. The Committee took evidence of the representatives of the Departments of Rural Development, Agriculture, Irrigation, Industrial Development and Economic Affairs and Ministry of Labour and Planning Commission and Indian Council of Agricultural Research and other concerned Departments on 19, 20, and 21 January, and 23, 24 and 25 February, 1979. The Committee wish to express their thanks to the Officers of these Departments/Ministries etc. for placing before them the material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

4. The Committee also wish to thank Dr. M. S. Swaminathan, then Director, Indian Council of Agricultural Research, Shri B. Bhagavathi ex-M.P. and Chairman, Committee on Unemployment (1973), Shri Som Dutt, Chairman, Khadi and Village Industries Commission, Shri B. C. Muthayya, Dean-Incharge, National Institute of Rural Development, Hyderabad, Dr. V. K. R. V. Rao, Chairman, Institute of Economic Growth, Bangalore, Shrimati Malathi Bolar, Director, Institute of Applied Manpower Research, New Delhi, Shri E. M. S. Namboodiripad, Ex-Chief Minister of Kerala, Shri C. Subramaniam, M.P., Shri V. M. Dandekar, Director General, Gokhale Institute of Economics and Politics, Pune, Shri S. Bhoothalingam, Ex-Director General, National Council of Applied Economic Research, New Delhi, and Dr. A. S. Cheema, Vice Chancellor, Punjab Agricultural University, Ludhiana.

5. The Committee also wish to thank all those individuals and organisations who furnished memoranda on the subject.

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6. The Report was considered and adopted by the Committee on 26 April, 1979.

7. For facility of reference, the recommendations/observations of the Committee have been printed in thick type in the body of the Report. A summary of the recommendations/observations is appended to the Report (Appendix IV).

NEW DELHI;
April 27, 1979.

Vaisakha 7, 1901 (S).

 SATYENDRA NARAYAN SINHA,
Chairman,
Estimates Committee.

CHAPTER I

INTRODUCTORY

A. Magnitude of the Problem

Many attempts have been made in the past to make quantitative assessment of the nature and extent of unemployment in urban as well as rural areas of the country. In their twentieth report on the subject presented last year (1978) the Estimates Committee have already taken note of the various estimates of the unemployed and underemployed arrived at by different agencies from time to time. The estimates made by the censuses of 1961 and 1971 were not comparable to each other as the concepts of unemployment adopted in these censuses were not identical. Commenting upon the concepts adopted in these censuses the Bhagavati Committee on Unemployment (1973) observed:

"The main difference between the concepts and definitions adopted for the 1961 Census and those for the 1971 Census was with regard to the basis of work. In the 1961 Census, any person engaged in gainful work even to a marginal extent, (i.e. for one day in the reference week, or for one hour a day in the greater part of the working season), was counted as a worker. In the 1971 Census, the basis of classifying a person as a worker was his having a gainful activity. Thus, the 1961 Census classification of workers was much wider than that of the 1971 Census. Due to this, a number of persons, who according to the 1961 Census classification would have been counted as workers, were classified as non-workers in the 1971 Census. This has resulted in a lack of comparability between the data derived from the two Censuses."

1.2. According to a note received from the Department of Rural Development, estimates of unemployment at the beginning of each Plan period were as follows:—

First Plan (1951-56)	No estimate
Second Plan (1956-61)	5.9 million (2.8 rural and 3.1 urban)
Third Plan (1961-66)	9 million
Fourth Plan (1966-71)	No estimate
Fifth Plan (1971-76)	No estimate

1.3. The Planning Commission discontinued making estimates of backlog of unemployment after Third Plan in view of the recommendation of the Committee of Experts on Unemployment Estimates, 1970 (Dantwala Committee). The Committee were informed during evidence that the resumption of annual surveys which were discontinued was under consideration.

1.4. Based on the figures available from the censuses and data provided by the 27th Round of the National Sample Survey an assessment as regards the employment/unemployment trends has been brought out in the draft Sixth Plan document and is given in the following paragraphs.

1.5. According to the Plan document*, for the census year 1971, the labour force in India is estimated to have been 230.5 million. Of this the work force was 226.9 million and chronic unemployment 3.6 million. Assuming the labour force participation rate to be the same as in 1972-73, the labour force in 1978 is expected to be 265.3 million, implying an annual addition to the labour force of the order of 5 million. Also, if the rate of chronic unemployment is assumed to be the same as in 1972-73, the number of the (chronic) unemployed persons in 1978 would be 4.4 million and the work force 260.9 million.

1.6. Chronic unemployment is, of course, a very small part of the Indian unemployment problem, because very few workers remain unemployed throughout the year. Millions of them find some work for some weeks or months and are forced into idleness in the rest of the year. Therefore, it is considered necessary to have some measures of irregular unemployment. One of these is "weekly unemployment"—the number of persons who did not find even an hour of work during the survey week, and are searching or available for work. The number of such persons was 10.1 million in 1973 and is estimated to be 11.2 million in 1978.

1.7. Even this estimate of "weekly unemployment" is considered unsatisfactory because millions of workers do not get regular work even for a whole week; they get some work on some days and are looking for work on other days even during the same week. Therefore unemployed days rather than unemployed persons should be counted. This person-day unemployment was 130.0 million days per week in 1973 which is equivalent to 18.6 million persons being unemployed on a typical day. Again assuming the person-day unemployment rate to be at least as much as in 1973, unemployment in March, 1978 should be 20.6 million person-years; 16.5 million in the

*Paras 4.5—4.8 of Draft Plan (1978—83).

rural areas and 4.1 million in the urban areas. These are clearly the most inclusive and significant indicators of the magnitude of unemployment in 1978.

1.8. The break-down of the estimated rural and urban unemployment in 1971, 1973, 1978 and 1983 is given in the following Table:

Estimated Rural and Urban Unemployment

Sl.	Type of Unemployment		1971	1973	1978	1983
	Unemployment	Unemployment	Rate	Rate		
			(Million)	(Million)	%	(Million)
1. Rural—						
	Usual Status (Chronic)	.	1.73	1.83	0.92	2.00
	Weekly status	.	7.04	7.46	3.88	8.98
	Daily Status	.	14.21	15.06	8.20	18.10
2. Urban—						
	Usual Status (Chronic)	.	1.88	2.04	5.03	4.77
	Weekly status	.	2.41	2.61	6.56	3.55
	Daily Status	.	3.24	3.52	8.97	4.78
3. Total—						
	Usual status (Chronic)	.	3.61	3.87	1.60	4.97
	Weekly status	.	9.45	10.07	4.33	12.53
	Daily status	.	17.45	18.57	8.34	22.88

1.9. As stated in the Draft Plan (1978—83), the unemployment rate in 1972-73 measured as the ratio of person-years unemployed to person-years available turns out to be 8.2 per cent in the rural areas and 9.0 per cent in the urban areas. Comparable rural rates, including open unemployment and under-employment are not available for other countries. But in recent country studies of the International Labour Organisation for the Philippines, Colombia and Sudan, rural rates of open unemployment of the order of 4.8, 2.9 and 6.7 per cent have been reported. These rates are lower than the rural rate in India because they exclude under-employment. The urban rate in India, is, however, comparable with the rates reported for other countries. The range of urban unemployment rate in Asian countries in the late sixties was 3.5 to 14.8 per cent. The Indian urban rate (9 per cent) is within this range. But as stated in the Plan document the fact that some rates are internationally comparable is not very significant because in India the ab-

absolute volume of unemployment at present (20.6 million person-years) is staggeringly large, and larger than in any country in the world for which any unemployment statistics are available. This fact presents the greatest challenge to Indian planning in its next phase.

Projections for 1983

1.10. It is instructive to project the employment situation in 1983 on the assumption that present trends will continue. Projections show that the present labour force is likely to increase to 294.8 million in 1983 from 265.29 million in 1978. This means that 29.5 million persons will enter labour force in the next five years and the annual addition to labour force, which was roughly 4 million a year during the decade 1961—71 and 5 million a year during the last 7 years, (1971—78) will escalate to 5.9 or nearly 6 million a year in the next five years.

1.11. As already noted the number of chronically unemployed persons in 1978 is estimated to be 4.4 million. According the future projections based on the current trends in this regard it is estimated that this number will rise to about 5 million in 1983. On assumption that the current trends will continue weekly unemployment has been projected to be of the order of 12.5 million and a person-day unemployment estimate to be equivalent to 22.9 million person-years in 1983

Poverty

1.12. This is as far as unemployment/under-employment is concerned. Now let us have a look at the problem of poverty.

1.13. The concept of poverty is somewhat wider and includes not merely those who are unemployed and poor but also those who, fully or partly employed, earn very little because of low productivity or low wages. Attempts have been made to measure the extent of poverty in India, and depending on the norms used, the 40 to 60 per cent of the population fall below the minimum acceptable standard. For the purpose of redistributive exercises, the Planning Commission has defined nutritional requirements of 2400 calories per person per day for urban areas. In rupees the poverty line is the mid-point of the expenditure class (in 1973-74 consumer expenditure data) in which the calorie-needs are satisfied. Thus, by implication, the expenditure on non-food items included in the poverty line is the actual expenditure in this expenditure class.

On this basis, the cut-off points turn out to be Rs. 61.8 and Rs. 71.3 for rural and urban areas at 1976-77 prices. Using the norms of calorie consumption, the percentage of population below the poverty line in 1977-78 may be projected at 48 per cent in rural areas and 41 per cent in urban areas. The total number of the poor, so defined, would be about 290 million. About 160 million of these fall below 75 per cent of the poverty line. As stated in the Plan document though these estimates are debatable, and the trends in the incidence of poverty in recent years are not clear, it cannot be doubted that we have long way to go to ensure a tolerable standard of living for the large numbers of the poor and destitute.

B. Review by Committees

1.14. A number of high power Committees and study teams have been set up from time to time to examine the problem of unemployment and under-employment in the past. These are :

- (1) Committee of Experts on Unemployment Estimates (1968)—Dantwala Committee.
- (2) Committee on Unemployment (1973) Bhagavathi Committee.
- (3) The Study Team on Rural Employment (Nov., 1975)—under Chairmanship of Shri R. N. Azad, Joint Secretary, (Department of Rural Development).
- (4) The Review Committee on Pilot Intensive Rural Employment Project (August, 1977), under the Chairmanship of Prof. M. L. Dantwala.

Committee of Experts on Unemployment Estimates:

1.15. The Committee of Experts on Unemployment Estimates was appointed by the Planning Commission in August, 1968 to go into the estimates of unemployment worked out for the previous Plans and the data and methodology used in arriving at them and advise the Planning Commission on the various issues connected therewith, in particular, the alternative methods of analysis, computation and presentation that may be adopted for the Fourth Five Year Plan (1969—74) in the ten year perspective of 1969—79.

Committee on Unemployment (1973):

1.16. The Committee on unemployment was appointed by the Government of India on the 9th December, 1970 under the Chairmanship of Shri B. Bhagavathi to assess the extent of unemploy-

ment and under-employment in the country and to suggest remedial measures. The Committee examined the following aspects of the problem :

- (i) the extent of unemployment and under-employment in all its aspects;
- (ii) the directions in which the programmes included in the Fourth Five Year Plan could be made more employment oriented in their implementation;
- (iii) suitable strategies for employment generation, both short-term and long-term including technical, financial and fiscal measures in respect of different sectors of the economy.
- (iv) specific programmes for promoting productive employment and self-employment of the educated unemployed and measures to rectify the imbalance between the out-turn of educated and technical persons on the one hand the available employment opportunities on the other; and
- (v) a suitable machinery at the Centre and State level for a continuous appraisal of the changing employment and manpower situation and assessment of long-term demand and supply.

The Committee submitted its Report in May, 1973.

National Commission on Agriculture (1976)

1.17. The National Commission on Agriculture also examined the problem of Unemployment/Under-employment with specific reference to the rural sector and in its Report (Part XIII—Chapter 58) submitted in 1976 made a number of important recommendations on policy and programme for generating employment in this sector.

1.18. The Commission has *inter alia* observed that “the approach towards the problems of creating additional employment opportunities in the rural sector has not been very systematic in the past. A number of schemes of pilot and *ad hoc* nature have been sanctioned but an effort towards the entire plan towards larger employment opportunities and basic needs have been lacking.”

The Review Committee on Pilot Intensive Rural Employment Project (PIREP) 1977:

1.19. The Pilot Intensive Rural Employment Project (PIREP) was started as an action-cum-research project in November, 1972 for a period of three years. The Review Committee on PIREP was constituted in October, 1974 under the Chairmanship of Prof. M. L. Dantwala. The Committee made recommendations on certain basic issues relevant for determining the precise role and rationale of special employment programmes and the problems involved in implementation of the programme.

1.20. The Dantwala Committee expressed the view that the entire development strategy should be based on labour intensive technology so that the maximum labour absorption takes place through the regular development process, leaving a small backlog of unemployment for tackling through special employment projects.

Rural Employment Schemes:

1.21. A number of employment generation schemes have been launched in the past such as Rural Industries Project, Rural Works Programmes, Rural Artisans Programme, Drought Prone Areas Programme, Crash Scheme for Rural Employment, Small Farmers Development Agency Programme, Marginal Farmers Development Agency Programme, Minimum Needs Programme, Pilot Intensive Rural Employment Projects etc.

1.22. From a review of the schemes given in Chapter II of this Report it appears that all these schemes have not been able to produce the desired results in full measure.

C. Unemployment and Five Year Plans

1.23. According to the expert opinions expressed before the Committee the following are the main reasons for our failure to tackle the problem of unemployment and under-employment in the Five Year Plans :

- (1) The fault lies in the social system wherein the landlord and the capitalists are taking the major part of the fruits of production leading to the gap between the consumption and production and lack of purchasing power. In the existing system only palliatives are possible.

- (2) The growth rate had not been so good as it should be.
- (3) Failure of the planned economy to generate employment so as to absorb full labour force due to emphasis in planning strategy on technologies requiring heavy capital investment and unfavourable capital employment ratio.
- (4) Lack of adequate investment in agriculture.
- (5) The farms could not produce additional resources which could be invested to develop infrastructure like tube-wells, machinery etc., except in a few places.
- (6) Diversion of resources from the rural economy to the urban economy.
- (7) Lack of management efficiency in rural sector.

1.24. In a note furnished to the Committee the Planning Commission has expressed broad agreement with some of the expert opinions listed above. It has been stated that the earlier Five Year Plans did emphasise expansion of employment but did not envisage total eradication of unemployment over the relevant Plan period. Also, earlier plans failed to achieve the targets set. As a consequence even the planned employment did not fully materialize.

1.25. As observed in the Draft Sixth Plan document while it is a matter of national pride that over this period a stagnant and dependent economy has been modernised and made more reliant and that despite the growth of population a modest rate of growth of per capita income has been maintained, the numbers of unemployed and under-employed are still very high and more than 40 per cent of the population lives below a modest poverty line.

1.26. Declaring Government Policy on removal of destitution the Vice-President (acting as President) in his address to Parliament on 28th March, 1977 stated:—

“In the economic sphere, the Government is pledged to the removal of destitution within a definite time frame of 10 years. Relative neglect of the rural sector has created a dangerous imbalance in the economy leading to migration of people from rural areas to urban centres. The farmer has been denied reasonable and fair price for his products. Allocations for agriculture and related developments have been grossly inadequate and the need to im-

prove conditions in the villages has received scarce attention. More than a lakh of villages do not even have the most elementary facilities for drinking water."

1.27. Speaking in the Lok Sabha on the motion regarding unemployment problem on 28th July, 1977 the Prime Minister reiterated Government's determination to remove unemployment in the country. He stated:—

"Government has declared its aim of removing unemployment within ten years."

1.28. It is seen from the Draft Sixth Plan (1978—83) that the principal objectives of planning have now been defined as achieving within a period of ten years:

- (i) the removal of unemployment and significant under-employment;
- (ii) an appreciable rise in the standard of living of the poorest sections of the population;
- (iii) provision by the State of some of the basic needs of the people in these income groups, like clean drinking water, adult literacy, elementary education, health care, rural roads and rural housing for the landless and minimum services for the urban slums.

1.29 It has been stated in a note furnished to the Committee that the Draft Five Year Plan (1978—83) has adopted an employment oriented strategy keeping in mind the substantial backlog of person years of unemployment in 1978. The strategy has been spelt out as follows:—

- (i) to adopt an employment intensive sectoral planning;
- (ii) to regulate technological change to protect and enhance employment; and
- (iii) to promote area planning for full employment.

1.30. The Committee take note of the fact that the number of unemployed persons in India has been rising at an alarming pace—the number having risen from 5.3 million in 1956 to 20.6 million in 1978. They also note that 48 per cent people in rural areas, and

41 per cent in urban areas live below the poverty line. Though a large number of schemes have been launched in the past to generate employment and eradicate poverty, these do not appear to have made a dent into the problem.

1.31. According to the Planning Commission the earlier Five Year Plans did emphasise expansion of employment but these plans did not envisage total eradication of unemployment over the relevant plan period. Also, earlier plans failed to achieve the set targets.

1.32. The Committee welcome the announcement made by the Prime Minister in Lok Sabha on 28th July, 1977 that "Government has declared its aim of removing unemployment within ten years". The Committee also welcome the fact that for the first time the Plan (1978—83) has mentioned the removal of unemployment and significant under-employment as a principal objective to be achieved within ten years.

1.33. The Committee have examined in this Report the problem of unemployment in rural sector, where 16.5 million out of the total of 20.6 million unemployed persons live, from various angles and have made certain suggestions for removing unemployment.

1.34. The Committee feel that for the success of the Sixth and subsequent Plans in tackling unemployment problem, it is necessary that the causes responsible for the failure of the employment schemes to achieve the desired results in the past are borne in mind and the authorities charged with the responsibility of formulating and implementing similar schemes in the future are not allowed to commit the same errors and fail the Nation again in its resolve to remove unemployment in 10 years.

D. Measuring Invisible Unemployment

1.35. According to the definitions laid down by National Sample Survey Organisation, a person is classified as 'employed' if he/she pursues some gainful activity, 'unemployed' if he/she has no gainful work but is seeking or is available for work and outside the 'labour force' if he/she does not belong to either of the two categories. The appropriate status of a person in this regard is ascertained with reference to two alternative periods, one as long as a year (usual status) and the other as short as a week (current status) preceding the date of enquiry. According to the current status approach a person is accorded the status of being employed even if a person has pursued some gainful work for at least one hour on at least one day during the seven days preceding the date of enumeration. While there is no precise definition of under-

employment', 'under-employment' is assessed in terms of intensity of employment based on the details about activity status of a person during the seven days of the reference period.

1.36. It has been brought to the Committee's notice that, at present, while determining the status of a person (whether he is 'employed', 'under-employed', or 'unemployed') more emphasis is laid on technical rather than practical considerations and many persons are likely to be classified as 'employed' when in fact they may be leading a life much below the subsistence level.

1.37. A view has been expressed that besides determining a person's status according to the yardsticks laid down by the National Sample Survey a person should not be deemed to be 'employed' if he or she is living below the 'poverty line' as defined by the Planning Commission.

1.38. Most of the non-official experts who appeared before the Committee for evidence have expressed an agreement with the view that employment is not only a time criterion and that if a person is not able to make a minimum living for himself and his dependents, then he should not be deemed to be employed. One of the experts stated:

"Those who are below the poverty line should be considered unemployed or under employed because in this country we have seen that there are many persons who work from morning till evening, for more than 12 hours a day and yet they do not get enough income for two square meals a day. It is important to consider the income aspect also."

1.39. Another expert stated:—

"Our approach also is that every individual or a family should get basic minimum needs. Basic minimum needs have been identified as food, clothing, shelter, education and health, if a person is not able to feed himself properly and have a shelter I will say he is not properly employed."

1.40. Agreeing with the view that a person living below the poverty line should not be deemed to be employed, another expert stated:—

"... because, after all what is the purpose of employment if a person cannot have the minimum needs, the minimum food, clothing and minimum life, what you call quality

of life; so, I would agree that we must have definition which would help a family to get its minimum needs."

1.41. In a note furnished by the Department of Statistics, Ministry of Planning to the Committee it has been stated that:—

"The view that a person who is living below the poverty line should not be deemed to be 'employed' is not supported. Such persons could, however, be assumed to be generally under-employed. According to internationally accepted standards, these under-employed persons could be further categorised as (i) visibly under-employed if they work for shorter than normal periods of work, but are seeking or available for additional work, or as (ii) in visibly under-employed if they work for more or less normal periods of work but their earnings are abnormally low, or their jobs do not permit full use of their capacities and skills, or they are employed in establishments or economic units with abnormally low productivity. The NSS data on household consumption expenditure, which are being collected periodically, would enable one to estimate the population below the 'poverty line'."

1.42. During evidence the representative of the Planning Commission stated:—

"We would like to distinguish between unemployment and poverty. Of course, the two are inter-linked and that is why the Planning Commission has also made an estimate of the people below the poverty line. But when we are thinking about employment, we have to do it from the action point of view. Now if you want the unemployment data from the point of the view of action, the question of priorities will arise. First of all, when we are providing employment, we have to think of people who have no employment at all. Then we have to think of people who are inadequately employed. So at the moment the present resources do not seem to give us the prospects of creating so much of employment as to take care of all forms of unemployment. So the present measure gives priority to the people who are visibly unemployed and who need priority attention. Apart from this the Planning Commission is also concerned with the poverty group as such, that is those with low income and expenditure. There are also programmes which are meant to raise the income levels

of people who are already employed according to this concept but inadequately employed according to what you have said."

1.43. The Committee note that according to the existing definitions laid down by the National Sample Survey Organisation a person is classified as 'employed' if he/she pursues some gainful activity; 'unemployed' if he/she has no gainful work but is seeking or is available for work. The appropriate status of the person is ascertained with reference to two alternative periods, one as long as a year (usual status) and the other as short as a week (current status) preceding the date of inquiry. In this connection the Committee note in particular that according to the 'current status' approach a person is accorded the status of being employed if he/she has pursued some gainful work even for one hour on one day during the 7 days preceding the date of enumeration. It is thus seen that at present while determining the status of a person (whether he is 'employed', 'under-employed' or 'unemployed') more emphasis is laid on technical rather than practical considerations and many persons are likely to be classified as employed when in fact they may be leading a life much below the subsistence level. The Committee feel that a person's employment status should not be determined on the basis of time criterion alone. If a person is not able to earn enough to rise above the poverty line, he should not be deemed to be fully employed.

CHAPTER II

APPROACH TO PROBLEM

A. Right to Work

2.1. In a note submitted by the Ministry, it has been stated that while the earlier Five Year Plans did lay some emphasis on expanding employment, they were not specifically oriented to achieving total elimination of unemployment over the relevant plan period. In addition the earlier plans also failed to achieve targets set out in the plan itself. As a consequence even the planned employment did not fully materialise. Consequently the Sixth Five Year Plan began with a substantial backlog in terms of person years unemployed, and the draft Sixth Plan (1973—83) therefore adopted an employment oriented strategy to tackle the problem.

2.2. Since the growth of employment in large and medium industries is incapable of absorbing more than a small fraction of the labour force, the employment strategy of the Plan (1978—83) is:—

- (i) to adopt an employment intensive sectoral planning;
- (ii) to regulate technological change to protect and enhance employment; and
- (iii) to promote area planning for full employment.

2.3. Expressing his views on the policies adopted in the Sixth Plan an expert expressed the following views during evidence before the Committee:

“In the Plan as it is given, the main thrust is that there are going to be a number of programmes essentially in the fields of agriculture, irrigation, small-scale industries etc. and automatically as a result of those programmes, employment will be generated. This line of policy is quite legitimate so far as it goes. All these activities will generate different kinds of employment at different levels of remuneration. It would create temporary employment and permanent employment. The Planning Commission takes a far too macro view of dealing with all employment in terms of man-years. Man-years will not

be uniformly distributed. Even though the policy itself is not wrong its effects are some what mis-calculated. This, I fear, is more in the nature of medium or long-term policy than short-term policy. In the short run of two or three years, it will not make enough difference. I do believe that this has to be reinforced by direct employment programmes. I am very well aware of the risks, dangers and even possibilities of abuse in the case of direct employment programme, but unless we have them, we will not be able to make sufficient impact in the short period. In my view, direct employment programmes must be so developed that as medium and long term policies work, these will phase themselves out. Maharashtra has given a good example."

2.4. A number of experts who appeared before the Committee agreed with the concept of the state taking over the responsibility of providing employment to all those who sought work and were willing to work. They supported the view that an employment guarantee scheme on the pattern of Maharashtra should be adopted at a national scale to attack the problem of unemployment directly.

2.5. One of the experts expressed the view that "if right to work is fundamental and if, in a society government fails to give any body any work, the society or Government is bound to compensate by way of giving him some allowance. That aspect has been dealt with in Maharashtra scheme and that is very important. There must be some scheme to give them work. If the Government fails to give them any work, then it is the duty of the Government to give them some unemployment allowance."

2.6. An ex-Union Minister who had been connected with economic and planning activities of the country in various capacities for a long period expressed the view before the Committee that the approach of direct employment schemes was a correct approach. He stated:

"This is the correct approach in my view. Those who are unemployed today should find employment. Without that employment, they would not get purchasing power. Only when they have purchasing power, they would be able to take advantage of the production in the country."

2.7. Another eminent expert stated during evidence before the Committee that:—

"Employment-guarantee is not a dole... Employment guarantee is conceptually a very fine approach. We have the

Food for Work Programme..... These are social security measures which are very important, as part of our national food security system. Under the scheme, one aspect is about security..... under which no one need go to bed hungry. These social security measures will achieve two purposes, if implemented well. For people, who have no means of earning, you provide a dole. To others you provide employment in spheres like rural energy supply. The whole thing is productive, if carefully implemented. If there are certain deficiencies, they can be overcome."

2.8. It will be pertinent here to recall the view expressed in an article written in March, 1977, by Prof. Raj Krishna now a Member of the Planning Commission. He is reported to have stated:

"A nation-wide work guarantee programme will certainly be an organisational challenge. But it is indispensable and feasible. It can be organised so as to meet all the objections which are raised against such a programme, high cost, low productivity and the risk of inflation and corruption. Those who oppose a work guarantee have failed to eliminate the backlog of massive unemployment within a short, definite period. They merely keep harping on traditional growth policies. But these policies continue to swell the army of unemployed. A work guarantee on the other hand can attack the unemployment problem directly and eliminate it within a decade or less and this is the only way out.

It will cost about Rs. 3300 crores a year which is only one-third of the annual plan outlay. This is not an excessive price to pay for rooting out the evil of unemployment and to provide to every able bodied worker in India a minimum daily wage."

2.9. On the question of extension of employment guarantee scheme, the Planning Commission have expressed the views of the Government in this regard as follows:—

"The Maharashtra Employment Guarantee Scheme and other similar schemes involve providing an assurance to all who need work that work will be provided and that if work cannot be provided an allowance will be paid. Such an assurance to provide work to all seekers cannot be given

until the unemployment problem has been effectively tackled by policies to increase labour absorption in different sectors and to create continuing productive employment for those who need it. The Draft Plan 1978-83 devotes attention to the achievement of this task. The Government does not favour, at this stage, any blanket provision for allowances for the unemployed as the magnitude of the problem is too large at the present to make such a solution feasible. In general, employment guarantees and allowances cannot be offered unless the bulk of the unemployed have already been provided productive employment. It would not, therefore be possible to consider extension of such schemes to other States."

2.10. It is seen that under the Antayodya Scheme launched in Rajasthan the responsibility of providing work to earn minimum requirements has been recognised. The scheme aims at helping the poorest among the poor to stand on their feet. Instead of the benefits of development trickling down to the lowest man this programme commences with the last man and slowly travels upwards.

2.11. Regarding Antyodaya Scheme of Rajasthan the representative of the Planning Commission stated during evidence that:

"Conceptually we are not opposed to it. We have advised States and other agencies implementing various rural employment programmes that within the areas already selected the Antyodaya approach should be adopted i.e. the poorest of the poor should be dealt with first."

2.12. Asked if this could, therefore, be taken up as a national programme, the representative stated that there were some difficulties like marketing of milk etc. in case a cow was given. He added that the Planning Commission was keen that such projects should be taken up which not only generate employment but also accelerate production so that in the production process more and more jobs would be created. That would lead to more marketing arrangement, more storage arrangement, more transport arrangement etc.

B. Employment Oriented Technology

2.13. One of the main ingredients of the employment policy laid down in the Draft Plan (1978-83) is to regulate the technological change so that the rate of growth of employment is maintained at a satisfactory level. It has been stated in the draft plan that in the

field of science & technology research system is being induced to earmark a higher proportion of its capacity for the identification and discovery of appropriate techniques which increase productivity without excessive labour displacement in rural and small scale urban activities. But the research system will yield results only after some time-lag. For the immediate future, therefore, the Commission decided to study the economics of alternative techniques in a few sectors in which two or more levels of technology already co-exist and a technology policy needs to be established. Most of the sectors in which large numbers are employed, and a serious problem of the choice of technology exists, are consumer goods sectors. So the sectors selected for study include food processing edible oil crushing, sugar, textiles, leather, wood-work, ceramics, particularly building materials. The Commission has completed studies on two of these sectors (sugar and textiles). The results of these exercises have been kept in view in recommending policies for these sectors including capacity reservations, in the Chapter on industrial policy. Recommendations will be made by the Planning Commission for other sectors on the basis of similar studies in the coming years.

2.14 The following two criteria have been prescribed in this regard:

- (i) A consumer goods sector, defined to include all subsectors at different levels of technology, should record an employment growth rate which is higher than its output growth rate. If there is no technological change employment in the sector would grow at the same rate as output. But if we want greater labour absorption, employment must be programmed to grow at a faster rate than output; and
- (ii) The country should also aim at saving capital which is in short supply. Therefore for allocating new capacity in a problem sector, the investment required should be between the investment required for the most capital intensive technique and that required for the least capital intensive technique.

2.15. With these two policy assumptions, it is believed that if programming is used to minimise the cost of producing the target output, the allocation of new capacity is objectively determined. The Commission is of the view that a policy of reservation or differential excise protection is likely to raise the product price for the consumer to a small extent but if the gain in employment and saving of capital is sufficiently large, the policy of protection may be considered justifi-

fied. In some cases, it appears that successful technological research focussed on particular aspects of existing small-scale technology, can eliminate its cost disadvantage altogether, and it may not need any protection.

C. Employment Generating Schemes

2.16. A number of specific schemes have been launched in the past with a view to eradicate unemployment particularly in the rural areas such as Rural Industries Project, Rural Works Programme, Rural Artisans Programme, Drought Prone Areas Programme, Crash Scheme for Rural Employment, Small Farmers Development Agency Programme, Marginal Farmers Development Agency Programme, Minimum Needs Programme, Pilot Intensive Rural Employment Projects etc. several Government Committees have been appointed in the past to review the working of these schemes. These Committees have from time to time identified the reasons as to why the schemes could not make an impact on the unemployment situation in the rural sector. Some of their findings are reproduced below:

Rural Works Programme

2.17. In regard to earlier Rural Works Programme the study team on Rural Employment under the Chairmanship of Shri R. N. Azad, Joint Secretary, Department of Rural Development, stated that:

“The Rural Works/Manpower Programme implemented during 1960—69 was taken up on a Pilot basis. . . . The Project was extended to 1000 blocks and continued till 1968-69. The outlay of the Project was, however, provided on a very limited scale and there was a great deal of uncertainty about the availability of funds.”

Crash Scheme on Rural Employment

2.18. Regarding Crash Scheme on Rural Employment the Study Team observed:

“In regard to qualitative aspects of the works, a major criticism levelled is that many of the works were unproductive and not fully integrated with the development of the area. . . . A basic weakness was the preponderance of roads which was to the extent of 70 per cent of the outlay. A criticism which was levelled is that the roads constructed were ‘Katcha’, supervision was not adequate, there was no provision for maintenance, a road constructed was not necessarily part of a Master Road Plan of Distt. Road Plan etc.”

The Study Team added:

"Both the earlier Rural Works Programmes and the Crash Schemes for Rural Employment were by the very nature *ad hoc*. They had a limited coverage and resources were spread thinly on a wide area. Consequently, they could not make a major impact on the unemployment situation in the country."

Pilot Intensive Rural Employment Projects

2.19. Regarding Pilot intensive Rural Employment Projects the Study Team on Rural Employment observed *inter alia* that:

"In some cases the demand for work was *ad hoc* and works had to be adjusted according to availability of labour. In most cases there was inadequate planning and very little integration with the district programmes. The administrative and organisational arrangements also did not lead themselves into such an integration."

Drought Prone Area Programmes

2.20. Regarding Drought Prone Area Programme the Study Team observed that:

"Under this scheme, Master Plans for each district were prepared and attempts were made to evolve some sort of integration. However, by and large, this integration was not satisfactory and the programmes were mostly sectoral with major emphasis on employment... It was also noted that in a number of States, small works were taken up which could not make any impact."

2.21. The following is an extract from the Report of Department of Rural Development on this programme:

"The earlier approach was on labour intensiveness, all schemes within the programme were designed to provide employment without a defined approach to solve the drought problem with a long term perspective. Employment generation through direct construction works cannot sustain the economy for a long time. It is essential that efforts should be made to lift the whole production system of these drought affected areas from stagnation into a progressive economic situation. The basic principle is the optimal utilisation of land and water as a resource...."

2.22. Stressing the need for a shift from a purely employment approach to the development approach in regard to rural development programmes the Study Team observed:

"The Fifth Five-Year Plan has laid stress on Area Development through an integrated approach of which rural development and employment should be the basic objectives. Logically, therefore, the programmes to be undertaken out of this special allocation will have to be integrated with the development of the area and should form part of the development plan of the area. This was a serious lacuna in the earlier rural works programme, the Crash Scheme for Rural Employment and even in the Pilot Intensive Rural Employment Projects taken up during 1972-75. In its tours of different States, the Study Team found strong support for integrating employment programmes with the normal development programmes of the area and a shift from a purely employment approach to the development approach."

2.23. Reviewing the performance of various schemes launched to eradicate unemployment an eminent economist has observed:

- "Most of the schemes did not make much impact on the unemployment problem, mainly due to the fact that (i) schemes were of an *ad hoc* nature and the administrative machinery could not be fully geared to the situation;
- (ii) Scheme could not be implemented effectively at the field level for lack of managerial expertise,
- (iii) adequate funds were not provided for successful execution of the schemes which were comparatively small in comparison with the magnitude of the problem. Not much consideration was given to the problem of low productivity of the working poor in cottage and village industries. Experience has shown that the task of implementation of rural development projects is far more complex than that of allocating resources."

2.24. The National Commission on Agriculture also stated that "the approach towards the problem of creating additional employment opportunities in the rural sector has not been very systematic in the past. A number of schemes of pilot and *ad hoc* nature have been sanctioned but an effort towards the orientation of the entire plan towards larger employment opportunities and basic needs has been lacking."

2.25. The Committee are informed that the earlier Five Year Plans did not aim at elimination of unemployment and that even the planned employment did not materialise as the Plans failed to achieve the targets. The problem of unemployment and under-employment has now assumed serious proportions. There was a backlog of about 20.6 millions unemployed persons at the end of 1977-78 and 29.5 million new entrants would enter the labour force during the next 5 years. Recognising these facts the Draft Sixth Plan now proposes to adopt an employment oriented strategy to tackle the gigantic problem and generate an additional employment of the order of 49.3 million standard person years during the plan period (1978-83).

2.26. There cannot be two opinions on the view expressed by an expert that "a single line approach cannot provide a solution to the complex problem of unemployment. It has got to be a multi-pronged approach. The Plan, it is stated, provides for long and medium term programmes to stimulate employment but unless these programmes are reinforced by direct employment programmes to be taken up immediately it may be difficult to make sufficient impact on the unemployment problem. In this context the Committee take note of the views expressed by other experts on the desirability of the State taking over the responsibility of providing direct employment. The experts were of the opinion that if the Government fails to provide work, then it should be the duty of Government to give them unemployment allowance. An economist of high standing has stated that "A work guarantee..... can attack the unemployment problem directly and eliminate it within a decade or less and this is the only way out." The Committee note that Government do not favour the idea of extending the employment guarantee scheme like the one in operation in Maharashtra to other States at this stage as they consider the magnitude of unemployment too large at present to make such a solution feasible. The Planning Commission, it is noted, is not opposed to the concept of Antyodaya.

2.27. The Committee have gone into this question carefully. The Committee have no doubt that the long and medium term programmes envisaged in the Plan (1978-83) will bear fruit and generate employment. But the twin problems of poverty and unemployment cannot wait for a long term solution and something concrete has got to be done in the immediate present to defuse the explosive situation which is developing on unemployment front. The Committee are of the considered opinion that immediate problem of unemployment cannot be solved unless the long and medium term

employment generation schemes are supplemented by direct employment schemes. The schemes like Maharashtra Employment Scheme guaranteeing minimum wage or unemployment allowance are needed now when the unemployment situation is very acute. These may become much less attractive and may even phase out when the long and medium term schemes start producing results and absorbing the unemployed in more remunerative jobs.

2.28. The Committee are of the opinion that the time has now come when the citizens' right to work should be recognised and the State should accept responsibility to provide work to its citizens and in the event of its failure to provide work, give them unemployment assistance and thus honour the long ignored Directive Principle enshrined in Article 41 of the Constitution. The Committee further feel that this responsibility should now be made a statutory responsibility binding on the Union and State Governments who should not delay any longer the formulation of direct employment schemes and implementing them on national scale and devising ways and means of overcoming the financial constraints to make these schemes a success.

2.29. The Committee agree with the strategy of employment intensive schemes to tackle the problem of rising unemployment and the plan proposal to regulate technological change to protect and enhance employment. The Committee would, in this context like to observe that in formulating schemes to provide employment a care will have to be exercised that the schemes do not provide only more employment but also lead to more production at reasonable cost. If a scheme produces only more employment and does not produce goods or services commensurate with investment and does not add to national wealth, it will be an unproductive scheme and will not be able to sustain itself. There cannot be a better strategy at the present juncture than the strategy of employment for growth chosen by the planners but it should be ensured that in actual practice there is "growth" also and not only "employment."

2.30. The Committee note that a large number of schemes have been launched in the past with a view to eradicating unemployment problem in the country, particularly in the rural areas. The schemes included the Rural Works Programmes, the Rural Industries Project, Rural Artisans Programme, Crash Scheme for Rural Employment, small and Marginal Farmers Development Agency, Minimum needs Programme, Pilot Intensive Rural Employment Projects etc. Even an impressive array of schemes as this, however, could not make an impact on the unemployment situation in the rural sector

as most of these schemes were of pilot or ad hoc nature grafted into the economy without adequate integration in the overall area plans. The Schemes were inducted without proper pre-planning and understanding of the magnitude of the problem in the relevant area and for that reason they suffered from such deficiencies, as being small and scattered, lacking adequate financial and administrative support matching the magnitude of the problem. Consequently the problem continued to grow worse. A lesson, that the Committee feel, has to be learnt from the past is that though ad hoc or isolated schemes of employment may work well for a short time, they cannot sustain for long and are bound to fail to achieve their purpose. The Committee would, therefore, like Government to so orient their approach that no scheme for creating additional employment should be taken up in future unless it fits in the national economy and is part of the continuous process of development and is fully dovetailed in the national plan for economic development with full financial and administrative support.

D. States/Districts with greater intensity of unemployment

2.31. A State-wise review of the incidence of unemployment is given in at Annexure I. The draft Plan pointed out that two-thirds (67 per cent) of total all India unemployment is concentrated in 6 States: Tamil Nadu (12.63 per cent), Andhra Pradesh (12.49 per cent), Maharashtra (11.93 per cent), Bihar (11.05 per cent), Kerala (10.11 per cent) and West Bengal (8.79 per cent). If Uttar Pradesh (6.54 per cent) is added to the list nearly three-fourths (73.4 per cent) of all India unemployment is accounted for. In the first six States the rate of unemployment is 10 per cent or more with Kerala having the highest (25 per cent). "It is evident", the Draft Plan says "that employment oriented policies need to be implemented with the greatest urgency in these 6 or 7 States."

2.32. Emphasising that special attention needs to be paid to such districts of the country which had negligible growth, no growth or even negative growth during the planning period so far, an expert analysed the situation with regard to the structure of the existing economy as follows:

"... this increase in agricultural income (from Rs. 6580 crores in 1960-61 to Rs. 29,324 crores in 1974-75) which has taken place has not taken place uniformly. It has taken place in a very distorted way. In the 5th Five Year Plan, an attempt was made to make a study as to how this agricultural production has increased in various regions, taking district as a unit. In the Fifth Plan document, you

will find very interesting statistics. If you look at the annual compound growth rate of gross value, you will find that there has been an increase of about 11 per cent—11 per cent to 11.3 per cent per year—during the period of 10 years, taking 1970-71 as the base year. Taking into account the previous ten years, we find that 0.6 per cent of the districts had a growth rate of more than 11 per cent and then between 9 per cent and 10.99 per cent—that means above 9 per cent—1.42 per cent of the districts had this rate of growth, above 7 per cent—6.38 per cent of the districts, above 5 per cent—12.41 per cent of the districts, above 3 per cent—29.08 per cent of the districts, then above 1 per cent and 2.99 per cent we have roughly 33 per cent of districts and then between 0 and 0.99 per cent we have 75.18 per cent of districts and the most distressing factor is the negative growth of 25 per cent of the districts. So, below 1 per cent, if you look at the figures, you will find about 38 per cent of the districts had below one per cent, out of which 25 per cent had negative growth."

The witness therefore urged that:

"All our approach with regard to irrigation, high yielding varieties, fertilizers etc. had no relevance to these 40 per cent districts, mainly because their problems viz. why they have not had any growth—have not been looked into" "Therefore, simply looking at it in a global way and saying that we will allot so many crores for agriculture and irrigation will have no relevance as far as problems of 40 per cent of the districts are concerned You will find the greatest unemployment and intense poverty particularly in these problem areas. These are mainly arid districts where there is no rainfall, or it is only "12 or 15" and underground water availability also is very limited. This will have to be kept in mind."

2.33. The Committee wanted to know whether and to what extent this factor had been kept in mind while making allocation of resources and programmes during the current plan period, and whether it has been possible to identify the districts where the unemployment position is very acute and if so, what measures were

contemplated to tackle the problem. The representative of the Planning Commission stated as follows:—

“The comments of the expert in the question are kept in mind and it is hoped to tackle the problem of unemployment and poverty in the problem are as through the phased expansion of area planning for full employment. The unemployment position has not been estimated district-wise. Hence it is not possible to pin-point the districts where the unemployment position is very acute. However, for agro-climate zones within each State, estimates of unemployment have been presented in Chapter V of the Draft Five Year Plan. Since these regions have been identified in each State, it is hoped that the respective States would keep in mind the problems of unemployment in those regions drawing up plan schemes for implementation.”

2.34. The representative elaborated that unemployment estimates had been made for each of the agro-climatic zones and the districts which constituted each of these zones is also known. Within each of these zones which are the districts which are particularly to be covered in these programmes is left to the States. He added that in the vast programmes that have been envisaged it would be possible to cover all the blocks by the end of the 7th Plan including the blocks which come under this category.

2.35. He informed the Committee that there is no special allocation apart from what is admissible under the Gadgil formula which still holds, and the Planning Commission were not aware of any special programmes to that effect though he agreed that:

“Differential unemployment rate in the various States is certainly an important problem and we recognize the fact that uniform planning in all these States may not be able to fully meet the requirements of those particular States where the unemployment rate is particularly high. The State Plans depend largely on the resources available to the State and the resources transferred by the Centre to the State. Now, in regard to the transfer of resources from the Centre to the State, some consideration is given to backwardness.”

2.36. The representative of the Department of Rural Development stated:—

"The special problem relating to 40 per cent of the districts came to my notice while reading the questionnaire. I have taken note of it. I agree in principle and some thinking is already in process in my mind."

2.37. The Committee note that three-fourths (73.4 per cent) of total of all India unemployment is concentrated in seven States viz. Tamil Nadu (12.63 per cent), Andhra Pradesh (12.49 per cent), Maharashtra (11.93 per cent), Bihar (11.05 per cent), Kerala (10.11 per cent), West Bengal (8.79 per cent) and Uttar Pradesh (6.54 per cent). In the first six States, the rate of unemployment is 10 per cent or more with Kerala having the highest (25 per cent). Although the problem of unemployment has not been estimated district-wise, it has been brought to the Committee's notice that there are about 40 per cent of the districts in the country which had economic growth rate below 1 per cent and out of them 25 per cent of the districts had a negative growth rate.

2.38. The Committee are surprised to be told that even in the current plan which intends initiating some redistributive measures aiming at reducing disparities, there are no special or specific allocations for tackling the unemployment problem in these seven States or for accelerating growth rate in the 40 per cent of the districts having less than 1 per cent growth rate. The representative of the Department of Rural Development has however admitted during evidence that uniform planning in all the States will not be able to fully meet the requirements of these particular States. The Draft Plan has also indicated that employment oriented policies need to be implemented with the greatest urgency in the 6-7 States referred to above.

2.39. The Committee are of the view that high intensity of unemployment in these seven States and stark poverty and backwardness in 40 per cent of the districts are not problems, which can be solved by the States on their own. In the Committee's opinion, the Government should take upon themselves special responsibility to help these States and districts to come upto the level of the national average; otherwise in the country's march to progress these regions will continue to lag behind and this should not be allowed to happen in larger national interests.

2.40. The Committee would also like the Government/Planning Commission to investigate the reasons why, inspite of expansion of irrigation facilities and increase in the use of high yielding varieties

of seeds and fertilizers, 40 per cent of the districts in the country have had negligible growth and 25 per cent of the districts negative growth. Allocation of more funds may not help these districts. Government should identify these districts, go into the root cause of their negative growth and devise concrete measures to solve their problems without avoidable delay.

CHAPTER III

DIRECT EMPLOYMENT SCHEMES

A. Employment Guarantee Scheme of Maharashtra

3.1. Employment Guarantee Scheme in Maharashtra was conceived in 1965. A Pilot Scheme for an integrated areas development in Tasgaon block was undertaken to test the possibility of providing productive employment and opportunities for increased incomes for the rural poor, particularly, the landless agricultural labourers and the small and marginal farmer. Furthermore, a Pilot Scheme for giving a guarantee of employment was also undertaken on a village basis as a Pilot Scheme since 1969 in selected blocks. The lessons from these Pilot Schemes have been utilised in formulation of a more comprehensive scheme called the Employment Guarantee Scheme of Maharashtra (E.G.C.) which was introduced throughout the State with effect from the year 1972-73.

3.2. The aim of the Employment Guarantee Scheme is to provide gainful and productive employment painful to the individual and productive to the economy in approved works to all unskilled persons in the rural areas including the areas of 'C' class Municipal Councils, who need work and are prepared to do manual labour but cannot find it on their own. The guarantee of work is restricted to unskilled manual work. The participant has no choice of work or the area of work. The guarantee is given at the district level, but operationally work is provided at the Panchayat Samiti level. The operation of the scheme has been so designed as to ensure that labour is deployed to the extent possible on existing construction activities in the area and care is taken to see that the EGS does not adversely affect agricultural operations and production and that the scheme is not to be activated where work is available on plan or non-plan works in progress. In fact, the scheme is residual in the sense that full provision for plan and non-plan schemes should be made and expenditure on any work should not be incurred from EGS funds unless the budget provision is fully exhausted. Work is to be provided under the scheme within 15 days of receipt of a notice of demand for work. A fundamental objective of the scheme is that the works undertaken should result in the production of durable community assets and that wages paid to the workers should be linked with the quality and quantity of work output. The scheme has been accorded a statutory basis recently.

3.3. The salient features of the Employment Guarantee Scheme are:—

- (i) Guarantee of unskilled employment is provided to all adult persons residing in the rural areas.
- (ii) The persons demanding work have no choice of work. The guarantee is to provide work anywhere in the district, though operationally work is normally provided within the Panchayat Samiti areas.
- (iii) Work is to be provided to any person demanding employment within 15 days of such demand. Unemployment allowance of Re. 1 is given to such persons if it is not possible for the Government to provide employment within the stipulated period of 15 days. The Committee were informed during a study tour (January, 1979) that even though there was provision to pay an unemployment allowance of Re. 1/- to persons who sought work but could not be provided with employment under the scheme, there had been no case so far in the State where unemployment allowance under the scheme had to be given as all those who offered for work had been given work under the scheme.
- (iv) Only productive works technically, feasible and financially viable are normally permitted under the scheme.
- (v) Only such works of which the cost of unskilled component is more than 60 per cent of the total cost are permitted under the scheme.
- (vi) The works are invariably executed departmentally and therefore there is no intermediary between the Government and the labour.
- (vii) The wages are linked to the quality and quantity of the output of work by the labour.
- (viii) The schedule of wages prescribed for the Employment Guarantee scheme is so designed that an average person working diligently for 7 hours should earn the minimum wage for agricultural labour in the State.
- (ix) A blue-print of works which can be taken up under the scheme is kept ready for each Panchayat Samiti. A manpower budget is being prepared in each Panchayat Samiti.

3.4. The District Collector is in overall charge of the scheme. He has to accord sanction to the works from amongst those included in the blue prints and approved by the District Planning and Development Councils.

The maximum labour attendance on the Employment Guarantee Scheme works during 1976-77 was 7.16 lakhs, the minimum 2.94 lakhs and the average 4.61 lakhs.

3.5. The pattern of expenditure on different categories of works was stated to be as follows:—

1. Canals of major and medium irrigation projects	.. 10.7 Per cent.
2. Minor Irrigation works	.. 46.1 per cent.
3. Soil and Moisture conservation	.. 19.2 per cent.
4. Land development	.. 8.9 per cent.
5. Afforestation	.. 3.8 per cent.
6. Roads	.. 8.2 per cent.
7. Other works	.. 3.1 per cent.
	100.0 per cent.

3.6. It has been pointed out by the State Government that as will be seen from the above table while selecting works under Employment Guarantee Scheme, top-priority has been given to productive works like irrigation and land development and a very small percentage of expenditure is incurred on infrastructural development like roads.

3.7. A Study Team on Rural Employment was constituted in July, 1975, by the Department of Rural Development to study the working of the Employment Guarantee Scheme of Maharashtra. In its Report submitted in November, 1975 this team had the following comments to offer on the working of the Employment Guarantee Scheme of Maharashtra:—

"The Scheme has been evolved over a period of time and considerable thinking in planning and organisation have gone into it. While there are certain deficiencies of which the State Government is fully conscious and is rectifying them, the Study Team gained the impression that for the first time the whole scheme of Rural Works is being

brought on a systematic basis.... During the field studies the team observed that supervisory staff was inadequate, many schemes after completion would benefit more the medium and big farmers, some areas were getting saturated with the smaller type of schemes within easy access, some workers were working part-time to supplement their income, there could be better selectivity in regard to beneficiaries etc. Also, there is need for a more rational allocation of resources as between different areas and shift in priorities towards selection of works which are more productive and the small farmers and other weaker sections derive major benefit from the works chosen. Under the Scheme no work can be commenced unless (i) the full requirements of labour on various farm operations and other allied activities in the rural areas are met, (ii) Labour is deployed to the existing Plan or non-Plan construction works within the Panchayat Samiti area or in the adjoining Panchayat Samiti area wherever possible, and (iii) full employment potential of existing works in progress exhausted. This is to ensure that the working of the scheme should not adversely affect the no-going plan works, farm operations and other normal economic pursuits in the area. The Employment Guarantee Scheme is thus basically a scheme for the residual labour force. And, if by any chance, in actual operation in any area it be not so, the team feels that the EGS must operate within these parameters."

3.8. While giving their own views on the working of Employment Guarantee Scheme of Maharashtra and its applicability to Tamil Nadu a Study Team appointed by Tamil Nadu Government referred to a critical evaluation of the scheme prepared in March, 1975, by the officers of the I.L.O. in which they are reported to have suggested that it could be profitably implemented not only in Maharashtra but also in other parts of India. One para from the I.L.O. evaluation report is worth quoting:—

"The Employment Guarantee Scheme, with focus on weaker sections of rural communities, namely, marginal cultivators and landless workers and profound development orientation, emphasis on its integration with the comprehensive district development plans, and respect for the "felt needs" of local communities, is among the best examples of how sound labour intensive special public works schemes ought to be conceived."

It goes on:—

“To make such an employment guarantee scheme an effective instrument of providing supplemental employment and producing durable assets requires, apart from enormous financial resources, a much better understanding of the nature of effective demand for additional employment, adequate planning and organisational arrangements and administrative, technical and supervisory staff support to (a) prepare and keep ready for implementation bunches of feasible projects at short notice; (b) facilitate the proper integration of such projects with other on going or scheduled normal departmental or local sector projects falling within the competence of the district popular council in the areas concerned; (c) secure effective co-ordination between technical departments and administrative authorities; (d) ensure timely allocations of projects funds and their proper utilisation and auditing; and (e) arrange for periodical progress reporting and evaluation of the benefits of the scheme.”

3.9. The Study team of the State Government of Tamil Nadu came to the conclusion that:—

“EGS of Maharashtra in all respects is a really laudable scheme and it can be adopted in toto to the needs of Tamil Nadu with only the minor modifications.”

3.10. When asked to comment on the feasibility of the scheme the representative of the Department of Planning Commission stated during evidence before the Committee that:—

“The objective of the scheme is to give employment to those who come forward for undertaking manual work and to create productive assets. These two things are being examined. Our observations are that it has created productive assets and it has given employment to the people. Perhaps, very few countries in democracies have such a Government sector giving employment to the rural sector.... Another important finding is that 60 per cent of the people who come are females, that means it has given supplementary income to families.”

3.11. A view was expressed that the EGS scheme is only a palliative, and it is only a guarantee against starvation. It is creating an army of daily wage workers whose wages are too low to help them

came up in life. Commenting on this view a representative of the Planning Commission observed during evidence that:—

“Based on my field visits and certain data, I would say that the Employment Guarantee Scheme has enabled the agricultural labourers and small size agricultural cultivator to receive Rs. 3.70 per day as wages. This has enabled the people to have larger incomes and build up some assets like repairs of houses or buying animals. I would not agree that it is guarantee against starvation. It is guarantee against unemployment”

3.12. Explaining the difficulties being experienced in implementation of the scheme it has been stated by the State Government of Maharashtra that the major difficulties experienced relate to organisation. At a number of places works taken up under the scheme have remained incomplete for want of labour attendance while at some other places there are no productive works to absorb the demand for work. To meet this situation and for simultaneous utilisation of human resources and the creation of durable community assets, blue prints are being prepared for a period of atleast 2 years which will have to be updated. For this, it is necessary to prepare manpower budgets to cover the same area as the blue prints of works, i.e., Panchayat Samiti. The blue prints and the manpower budget will together comprise the total format of employment, human resources and work planning and also constitute a careful exercise in multi-level planning on the basis of area development.

3.13. A Study Group of the Estimates Committee visited sites of work in progress under Employment Guarantee Scheme (EGS) near Eklehra and Khirdi villages of Aurangabad District on 8th January, 1979 and held discussions with the Commissioner, Aurangabad District on the working of EGS. Some of the points that emerged out of the Study are as follows:—

1. The guarantee of employment is given at the district level though operationally work is provided at the Panchayat Samiti level. The works under the EGS are invariably executed departmentally. The wages are linked to the quality and quantity of output of work by the labour though the scheme of wages is so designed that an average person working for 7 hours a day should be able to earn at least the minimum wage for agricultural labour in the State.
2. Even though there is a provision to pay an unemployment allowance of Re. 1 to such workers as are not provided

with work under the scheme, there has been no case so far in which unemployment allowance has to be paid as all those who had offered to work were given work under the scheme.

3. A blue print of works which can be taken up under the scheme is kept ready for each Panchayat Samiti so that there is practically no time lag between the registration of actual demand for work and starting of work.
4. The District Collector is in overall charge of the scheme in each District. Three tier administrative set up has been evolved for execution of employment guarantee scheme in the State. The Committee have been set up at the State District and Panchayat Samiti levels.
5. The employment seekers under the scheme are required to enrol their names, with the Talathis of Gram Sewaks who are designated as the Registering officers for the purpose. At the Taluka level registration of employment seekers is done by the Tehsildar who is designated as Samiti Officer for the purpose. In Aurangabad District, 1,96,731 persons have registered their names as employment seekers. As against this number the maximum attendance in any month during 1978 was nearly 48,000.
6. It cannot be ruled out that a saturation point may be reached one day when there might be no work left in the District to be undertaken under the scheme. But the works taken up under the EGS are of productive nature and after their completion they are expected to lead to greater agricultural activity thus providing more opportunities to the workers to work in the fields. In due course industrial projects will have to be thought of if all the workers seeking work have to be provided with employment and for that purpose area studies should be undertaken simultaneously
7. No balance sheet of assets and resources has been drawn up in the District.
8. There has been no case so far in Aurangabad District where any worker was required to go and work outside his Taluka though under the scheme they can send a worker anywhere in the District. Such a situation could arise.

9. It was not known why much less number of workers report for work than the total number of workers who have been registered under the scheme in the District. There is a need to undertake a random survey to find out the reasons as to why all the registered workers do not turn up for work.
10. There have been no complaints of corruption received by him or any of his officers regarding under-payment to workers.
11. Instead of the earlier practice of maintaining registers at village level for keeping a record of persons who wanted manual work, for some time past the practice of issuing all such workers with registration cards has been stated. The workers can produce the registration cards at any work site and get work under the EGS.
12. There is adequate non-official participation at the local level. The local M.L.A. is the Chairman of the Coordinating Committee at the Panchayat Samiti level. The Panchayat Samiti meet every month with all implementing agencies in attendance. At such meetings the progress of works is reviewed and the decisions about the commencement of new work taken

B. Antyodaya Scheme of Rajasthan

3.14. The Antyodaya Scheme started by Rajasthan Government on 2nd October, 1977 aims at uplift of the poorest of the poor in the rural areas and making available the benefits of the developmental activities to the weaker sections of the society. The poorest families are identified from amongst those below poverty line in each village. The section of the family is made in consultation with the village assembly followed by implementation of programmes through various schemes on a time bound basis. The basic intention of the scheme is to provide a new or supplementary source of income so that the family starts its journey towards a better living standard and subsequently crosses the poverty line in the near future by way of successive increase in income year after year. The schemes included are old-age and disability pension, allotment of land, provision of input for agriculture, minor irrigation (construction of wells and installation of pump sets), land development, animal husbandry programmes (cattle development, sheep and goat rearing, poultry farming and piggery development), small scale and cottage industries (Khadi and Village Industries programmes) and other cottage industries like tailoring basket making newar making, manufacture

of palmyrahmats, churi making etc. and wage employment on guarantee and other works.

3.15. The Committee have been informed that the target for the first year was to cover nearly 1.60 lakhs identified families at the rate of 5 families per village in the 33,000 villages of the State and provide them with suitable economic benefits and then put them on the path of crossing the poverty line. Thus, within the first phase of five years about 6 lakhs families may be covered under this programme. The benefit programmes were devised on the basis of a survey conducted in selected villages of these districts. A fixed percentage of financial assistance provided to the Antyodaya family is subsidised by the Government and the remaining portion is treated as loan., The target of identifying 1.60 lakh poorest of the poor families has already been achieved in 3 months. Till September, 1978, 1.24 lakh families had benefited in various forms.

3.16. A five year perspective and plan of action for Antyodaya programme has also been prepared. The projections made under this plan envisages a total coverage of about 6 lakh families during the course of 5 years out of which about 3.41 lakh families have been proposed to be covered under MT/LT loaning programme for which total requirement of investment worth Rs. 135.06 crores has been estimated. This would require Rs. 38.28 crores as subsidy and Rs. 96.77 crores as loans. The subsidy components would be found through the budgetary resources whereas the credit component would have to be attracted through the institutional sources for which ARDC is also being approached. Out of the remaining 3.10 lakh families, it has been estimated that about 41,000 would be covered under old age pension 44,000 under land allotment, 85,000 families under khadi, 25,000 families under village Industries and about 21,000 families under small scale and cottage industries and self employment regular employment etc. Rest of about 1 lakh families would have to be covered under wage employment and various other programmes. The State Government hopes to achieve the target of covering all the rural families in about 10 years and enable them to cross the poverty line.

Difficulties Encountered

3.17 Stating the various difficulties that have been encountered during the course of implementation of this programme since its inception in October, 1977 it has been stated by the State Government in a note to the Committee that the major thrust of the programme is for subsidiary occupations for which institutional credit is required. Investment credit is being provided by co-operative/commercial

banks in the rural areas but the requirement of such credit in the past was not so large particularly of MT credit, which has now suddenly increased due to the implementation of antyodaya programme coverage of which has been extended to all 33,000 villages of the State. The Commercial banks lack infrastructure in the field and their coverage is limited to only a few number of villages under each branch whereas the cooperative banks lack adequate resources to meet this requirement. The source of attracting MT loans for cooperative institutions is the R.B.I. through which a very meagre credit limit for this purpose is available and that too with various restrictions imposed under their loaning procedures. It was estimated that MT loans worth about Rs. 21 crores would be needed for extending coverage to the families requiring such loans under the first round. As against this credit worth about Rs. 3 crores could only be provided until now. The limit sanctioned to cooperative banks was also for about Rs. 1 crore. In view of this, detailed dialogues of the Chief Minister of the State were arranged with the Governor, R.B.I. The response of the R.B.I. is said to be much encouraging to help the poorest of the poor families in this State where they have agreed to give certain relaxations and have sanctioned additional credit limits of Rs. 3.13 crores to cooperative banks for antyodaya programme. But this would also not meet the total requirement of the programme for which commercial banks would also have to come in a big way to provide MT credit. An ARDC Project, in view of the credit requirement of this programme for next 5 years has also been prepared. The State Government hope that this would solve the problem of credit after it is cleared by the ARDC.

3.18 A Study Group of the Estimates Committee visited the villages of Labana, and Achrol near Jaipur on 7th January, 1979 and met some of the persons benefited under the Antyodaya Scheme of Rajasthan Government. The Study Group also held discussion with the Development Commissioner, Rajasthan. Some of the findings of the Study Group are as under:—

- (1) Antyodaya Scheme has been designed to help the poorest of the poor first and thereafter to help people who are less poor than the poorest. Under Antyodaya Scheme they have decided to help first those families whose annual income is Rs. 1200 and less; second priority has been given to those whose annual income is between Rs. 1200 and Rs. 1800. The scheme would, however, cover all persons above the age of 59 years and disabled persons for the purpose of grant of pension to them.

Upto the end of 30th November, 1978, assistance in the form of allotment of land grant of loan and pension has been given to 1,38,000 families. Out of this number of 25,000 people are those who have been given old age and disability pension. The pension scheme had in fact been started 15 years ago but during the last 15 years pension was given only to 15,000 persons as compared to 25,000 persons given pension in one year of the operation of Antyodaya Scheme. Money is not given in cash to any beneficiary family. Against the money sanctioned as grant and loan the State authorities arrange to supply buffaloes, goats or any other thing for which the assistance has been sanctioned. Money however, is given where it has been sanctioned for working capital to set up any business.

- (2) It has been seen that the land allotted to beneficiary families has not been of good quality. In order to enable them to put this land to good use, it is now proposed to give them double benefit in the form of loan for setting up lift irrigation facilities.
- (3) The Antyodaya Scheme has been started as part of the process of development of the State. Under this Scheme only viable units of animal husbandry etc., are to be helped. Viable units for the purpose of keeping goats, buffaloes, sheep etc., have been worked out and assistance was being given to set up viable units only

Certain sheep units in some villages were found to be not viable according to the norms laid down by the Government.

- (4) The selection of families to be covered under the Antyodaya Scheme is made by Gram Sabha after preparatory work is done by the village officials. This is done to avoid any favouritism in selection. However, wrong selection could not be ruled out though all possible steps were being taken to prevent wrong selections.
- (5) There should be adequate administrative machinery in the interior to ensure proper selection of families, proper purchase of live stock and proper use of the credit given under the scheme.
- (6) Loans for the purpose of cows or buffaloes are given in those areas which are either part of dairy development scheme or are on the dairy route.

- (7) Option is given to the beneficiaries to select the nature of assistance required by them under the scheme and the selection exercised by them was accepted by the authorities. This is not a very correct approach. The authorities should advise the beneficiaries if any of them made a wrong option. Further, where loan is given for purchase of goats, sheep, buffaloes, cows etc., the authorities should give how they should look after them otherwise there is the danger of the livestock dying.
- (8) Administrative infrastructure is lacking as only block level machinery already existing is charged with the responsibility of implementing the scheme.

Evaluation study of the Scheme

3.19. The Committee have been informed that the evaluation of the working of Antyodaya Programme was taken up by the Programme Evaluation Organisation at the instance of the Planning Commission in September October, 1978 in five selected districts, viz., Jodhpur, Kota, Chittorgarh, Jhunjhunu and Jaipur. The study was taken up at two levels (i) the district and (ii) the beneficiaries at the village level.

3.20. It has been stated that out of the villages first included in the programme by the State Government, one village was taken up in each of the five districts for in depth study of Antyodaya families where the maximum number of schemes were provided to the beneficiaries. In all 25 families identified in the selected villages were studied in depth and the prescribed questionnaires were canvassed from them.

Main findings

3.21. The report brings out both strong and weak points of the Programme which can briefly be enumerated as follows:—

- (i) The target of identifying 160517 of the poorest of the poor families has already been achieved in a period of about three months. In most of the cases identification of Antyodaya families was reported to be fair.
- (ii) The method of identification of the poor through village assemblies and ensuring their physical presence is an important improvement in both administration and social science research fields.

- (iii) The mechanism of organising revenue camps for distributing land and loans is also innovative for setting a campaign atmosphere in the villages and was done enthusiastically.
- (iv) The District Collector who is in overall charge of the Programme functions through the Project Officer in charge of SFDA|DPAP| Desert Development Authority which have already been constituted in all the districts. It is noted that out of the 5 villages selected for an in-depth study 3 were covered under SFDA Programme and remaining 2 under DPAP schemes. These agencies are fully involved in the preparation of applications for assistance liasoning with financial agencies for getting the loan sanction etc. However,
- “there is no provision to collect information in respect of employment of Antyodaya families and other problems being faced by them in regard to implementation of the scheme. Thus, there is an urgent need to have a well-defined machinery for implementation and follow-up on the programme. Strengthening of extension agency has also to be ensured.”
- (v) Of the 124261 families benefited in the State till 15th September, 1978, 40.54 per cent (50375) had received loan, 31.88 per cent (39615) got land, 20.48 per cent (25453) received old age pension and 3.71 per cent (4610) received wage employment, within such a short period. A substantial proportion (20.4) per cent who were infirms and destitutes had been sanctioned old age pension. This is purely welfare measure and has very little spin off benefits or gains to have an effect on increasing the earning power of the families concerned.
- (vi) Land allotment is done out of surplus land, which was usually waste and unreclaimed. Therefore, land allotment should invariably be followed by the loan assistance for land improvement. Food-for-work scheme could be fruitfully implemented in such cases, including construction of minor irrigation works.
- (vii) There is also need to introduce the scheme for “Risk Fund” on the lines of SFDA Programme. This would encourage the financial institutions to advance loans to the beneficiaries liberally.

- (viii) The Government might also consider the suggestion for provision of credit facilities to enable the beneficiaries of the programme to meet their emerging consumption requirements like medical care during sickness, etc. This is particularly essential in case of those schemes where the flow of income is not immediate otherwise there is always a danger of their mortgaging the movable and immovable property given to them as a part of programme
- (ix) For effective economic activity of the identified families, loan amount should be adequate to cover the cost of full unit of the benefit item as otherwise the return from un-economic units would not be able to cover the instalments for repayment.
- (x) Insurance of cattle and bovines stock provided under the benefit programme is essential; the rates of premium are, however, very high. These might be brought at par with the rates applicable to the beneficiaries of SFDA.
- (xi) The beneficiaries had complained that the rates of interest charged by the Commercial Banks under differential rate of interest was 4 per cent whereas it was 13 per cent and later revised to 10 per cent by the Cooperatives. This needed to be remedied. The Reserve Bank has recently granted some relaxation in the conditions of loaning for the Antyodaya families in Rajasthan.
- (xii) Looking to dis-aggregative picture in various districts, it is observed that the flow of benefits, i.e., actual loans disbursed after the actual number of families were identified, varied from 18 to 63 per cent. This needs to be accelerated so that not only the identification of the families but the flow of benefits is also faster.
- (xiii) Although under the scheme it was envisaged that material management and marketing facilities would be provided to the Antyodaya families, the Report brings out that none of the 5 selected districts had reported any special arrangement made for providing technical know-how in management, production and marketing to the Antyodaya families. The identified families who possibly had low motivation and low assets were left to struggle themselves after land/loans are disbursed to them.

This is not satisfactory and the extension agencies as well as the technical personnel, particularly in the field of cottage industries, etc., should assist them immediately so that the programme achieves the desired objective of building assets and enabling the poorest of the poor families to cross the poverty line. Furthermore, there is urgent need to dovetail such special programmes to area planning in order that whatever new arrangements outside the programmes are required, as for example; marketing of wool or hand spun cotton, these are provided for in the area plans.

- (xiv) As regards the financing of the programme, it is observed that loan assistance was being given by commercial or cooperative Banks and Government share was restricted to subsidy portion of loan assistance. The District Administration had, however, been advised to finance as many cases as possible out of SFDA/DPAP funds for Antyodaya schemes since the pattern of assistance was, by and large, the same. The Report brings out that in one of the districts where the data was available on subsidy disbursement, the share of the State Government was 16 per cent whereas that of the Central Government's sponsored programme (SFDA) came to 84 per cent. This requires to be looked into. Of course, much would depend on the conditions of the Central Government sponsored programme and general devolution of funds to the States.
- (xv) It is heartening to note that 15 out of 25 families studied in depth, mentioned that their employment and income had increased after they were brought into the Antyodaya programme. In view of the short time-lag, the major question that arises in such programme whether the programme really creates production opportunities and earning power cannot be answered. It is only a question of seeing a priority where the condition for the same have been created.
- (xvi) It was noted that at the State level, the special Schemes Commissioner has been assigned complete charge of the implementation of the Antyodaya programme in addition to other special schemes and is also responsible for sorting out problems requiring interdepartmental coordination. He is saddled with many other activities and may find it difficult in the next year or so when the

coverage of this programme extends further to devote sufficient time for detailed monitoring and overseeing the programme and provide a feedback to the district authorities. He, therefore, needs necessary supportive Secretariat|Directorate assistance.

- (xvii) It would be very desirable to have a regular system of concurrent evaluation of the working of the schemes. The responsibility for the monitoring and evaluation might be undertaken by a separate Directorate at the State level.

3.22. Commenting on the desirability and feasibility of the two schemes it has been stated by Planning Commission in a note furnished to the Committee that the main problems envisaged are non existence of relationship at the implementation level of selected farmers to the sectoral or area development plans, non-availability of surplus land in all the villages, lack of adequate technical assistance at the villages, level for programmes like animal husbandry poultry development, social forestry etc. and likelihood of thinly spreading effort to water areas without yielding the expected results

3.23. It has been stated that the mid term plan ((1978—83) underlines the entire rural development plan which eventually would help the poor families. Therefore the idea contained in Antyodaya Scheme is proposed to be adopted with the existing approach of integrated rural development.

3.24. It has been stated further that the Integrated Rural Development approach embraces all the activities of the agriculture, animal husbandry, forestry and other allied sectors with a view to provide full employment in the areas which are taken up. It would not be possible to take up all the areas at the same time. Evaluation of the effectiveness of the programmes has been made and reports are still under consideration. The Committee have been informed that at present, there is no such thinking to take up the schemes like Employment Guarantee Scheme of Maharashtra or Antyodaya of Rajasthan at a national scale in the Central sector. It has been stated that some of the other States have also adopted this approach but the financial implications cannot be stated at this stage.

C. Food for work Programme

3.25. The first guidelines for implementation of the food for work programmes are stated to have been issued on 11th March, 1977. It was decided that the scheme will be for two years in the first

instance and will come into operation with effect from April, 1977. The scheme thus actually came into operation from 1st April, 1977 only. In the first year of its implementation i.e. 1977-78, the scheme was executed by the State Governments of Assam, Bihar, Karnataka, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal. This scheme which is now popularly known as the 'Food for Work Programme' did not make much headway in the beginning due to certain constraints inherent in the scheme itself. Later on, towards the end of 1977 a review of the working of the scheme was carried on the basis of the difficulties experienced and the scheme was liberalised to include on-going Plan works. Also the foodgrains supplied under the scheme were allowed to be used for executing the project throughout the year instead of limiting their execution through the lean period of 3-4 months. With the relaxation and enlargement of the scope of the scheme for other states viz., Andhra Pradesh, Gujarat, Haryana, Jammu and Kashmir, Nagaland and Mizoram have also started participating in it.

3.26. It has been stated in a note furnished to the Committee that in all the States where the execution of the works under the programme has been taken up seriously, this programme has become very popular in the rural communities particularly after the decision to enable the Panchayats in the execution of the works under the programme. In Orissa, where the works under the programme were taken up in a big way, the Programme had a great impact by benefiting a large number of people of the State who are now able to have two meals a day. The rural landless are now also in a position, to some extent, to bargain for their due wages instead of accepting whatever was being offered to them. Thus the Food for work programme gives bargaining power to the much oppressed landless rural labourers and comes to their rescue during the lean months when many of them fall prey to all sorts of deprivations and exploitations including getting into the clutches of bondage. Other important advantages of the Food for work Programme have been the stabilisation of prices of the foodgrains particularly in the interior areas. The price of the staple foodgrains both wheat and rice during the financial year, have been maintained. The variation between the prices during the drop season and thereafter has not been very much considerable.

3.27. The Ministry of Agriculture are of the view that Food for Work Programme can thus become a major instrument of rural development in the country

3.28. When asked if any evaluation of the Scheme has been carried out it has been stated by the Ministry that since the scheme was launched only recently i.e. with effect from last year, it is too early to carry out evaluation of the programme. However, the State Governments have been sending reports on the utilisation and the targets achieved by them under the Programme.

3.29. It is stated that considerable additional employment has been generated in various States under the Programme. Although complete information in this regard is not yet available, the current year (i.e. 1978-79) programme has the potential of generating about 40 crore man days of additional employment calculating 2½ Kg. of foodgrains per head per day.

3.30. A point was raised during evidence that if calculated on the per capita net availability of food per day there was no surplus. A doubt was, therefore, expressed whether the food for work programme was only to take away pressure on inadequate storage facilities and could not contribute towards creation of enduring assets for the people who were involved, the weaker sections and was only a palliative in the present environment and whether the programme could be called a basic and fundamental programme which would change the rural environment and structure and contribute in fundamental sense. The representative of the Department of Rural Development stated in this connection that:—

“Taking the nutritional standards, if a person were to get his definite requirements according to certain standards will there be surplus in the country? I am not sure about it. But one thing is apparent that considering the present trend of movement of foodgrains, our stock position is very comfortable. My Ministry does not say that we have not surplus foodgrains. It is only a programme of utilising the stocked foodgrains in the public distribution system for employment programmes. The thrust is on three things; one, employment; the second, nutritional standards; and the third creation of durable assets. I would submit that the Food for Work Programme has already started becoming a very powerful instrument for rural reconstruction, and if planned better, executed better, it could be a very powerful instrument for rural reconstruction.”

3.31. He pointed out that the programme could also be utilised in upgrading of skills in those areas where the programme is already making progress as for example in brick-making. The bricks could be sold to Public Works Department and this could help in creating assets. It can be utilised in strengthening the neglected embankments. He informed the Committee that this was the experience of the State Government of Orissa this year. Therefore, on the one hand it could be utilised for maintaining rural assets for which formerly there was shortage and on the other hand it could create new assets. There was no restriction as regards the type of durable assets at present in future it might take the form of a school buildings, roads, embankments, irrigation scheme and also housing for weaker sections. He stated that if the State Governments were giving subsidy for their programmes that subsidy could be substituted partly by foodgrains. The result would be not saving to the State Governments by the spread of the programme. One condition of the programme was that there would be no saving in the State's budget.

3.32. When pointed out that this programme could provide only temporary employment, the representative stated:—

"In certain cases, the employment can be temporary but then we are wanting and our Ministry feels that this programme should be continued for a few years to come. Though we have not been given any assurance by the two competent bodies, viz., the Planning Commission and the Finance Ministry, our expectation is that it will not only continue this year but for the next 2-3 years. In any case, though the employment itself is temporary but what is created can be such as will generate more employment. But I do not mean to say, that if one million man years labour is created, what is created will be such as to ensure in the next year one million man years of employment. It cannot be but the permanent employing capacity will also be increased. For instance, if irrigation schemes are undertaken, there will be multiple cropping and will create more sources of permanent and continuing employment. So, we are very anxious on the one hand to ensure that this scheme continues for quite some time so long as our unemployment problem continues to be such and we are also anxious to see that such assets are taken which will be really durable assets and which will again ensure more employment in future."

3.33. The representative stated that apart from good whether continuing for the last three years the stock position will continue

in view of 17 million irrigation programme and production will continue to increase. If there is one drought year it should be possible to carry on the scheme.

3.34. It has been stated that one of the basic objectives of the 'Food For Work' Programme is to create durable community assets which strengthen the rural infrastructure, and will result in higher production and better living standards in the rural areas. The list of works that can be taken up under the programme include major, medium and minor irrigation works, flood protection, drainage and anti-water logging works, soil and water conservation and afforestation works on Government and Community lands including social forestry, maintenance and construction of roads, construction of intermediate and main drains, fields channels, land levelling etc. in the irrigation command areas and land reclamation, school buildings in rural areas and community centres belonging to government and local bodies.

3.35. The Committee have been informed that during the year 1977-78, a quantity of 20 4580 M.T. of wheat and 1850 metric tonnes of milo of the value of Rs. 25.70 crores was allocated to the different States out of which they utilised 1,27,136.77 Metric Tonnes of the value of about Rs. 16.53 crore. The employment generated under the scheme and the physical assets achieved during the year 1977-78 are given at Annexure II.

3.36. The Committee have been informed that for the year 1978-79 a target of utilisation of 1 million metric tonnes has been kept. So far a total quantity of 13,79,200 metric tonnes of foodgrains (11,92,950 Metric Tonnes of wheat and 1,86,250 Metric Tonnes Rice) of the value of about Rs. 178.12 crores has so far been released.

3.36. On the basis of the information so far received State-wise details in regard to employment generated and physical assets created during 1978-79 indicated at Annexure III.

D. Land Reconstruction Army

3.37. The Minister of Industry is reported to have urged the Planning Commission to urgently consider creating a National Reconstruction Army consisting of one million persons with a view to tackle the problem of unemployment on a war footing.

3.38. The Committee wanted to know the salient features of the scheme; whether its feasibility had been examined and how it com-

pared with other special direct employment schemes like Food for Work Programme, Antyodaya and Employment Guarantee Scheme.

3.39. It was stated in a note furnished to the Committee (January, 1979) that a note on the subject had been received in the Planning Commission from the Minister of Industry and that the same was being examined. It was stated that since the matter was under consideration, it was not possible at the stage to comment on its feasibility or to compare the scheme with the Schemes referred to earlier.

3.40. The representative of the Department of Rural Development stated during evidence in this connection that:—

“Our Ministry has welcomed this proposal for having a National Reconstruction Army. This was placed before our Minister also and he also felt that it would be good thing to organise the labour into a kind of disciplined force where they will be given some kind of training and take up work of public utility.

This could include irrigation works, embankments—there are vast areas where ravines are there. There are large areas where afforestation programmes can be undertaken, soil conservation measures and all that. We thought that there are certain villages which have been devastated by floods and where the whole things may have to be re-built, there could be some kind of disciplined force. They can do a lot of good work. Most probably, 70 to 80 per cent of such works will be in the rural areas. So far as our Ministry and Department of Rural Development are concerned, we are very much interested in the scheme. We are very much interested in working out the details.”

The problem of Residual Labour

3.41. In this connection attention may also be drawn to the observations of Review Committee on Pilot Intensive Rural Employment Project (PIREP) in their Report submitted in August, 1977. That Committee said:—

“It is almost certain that even after or while all these measures (for generating employment) are adopted, there would be a sizeable number of persons without any source of employment or adequate income. Many of these with meagre or no resource base would be willing to migrate provided reasonable base would be given of long duration

employment. For them, large scale public works, such as land reclamation projects, could be an appropriate source of employment."

3.42. When asked to comment the representative of the Department of Rural Development stated during evidence:—

"We have emphasised in our IRD documents that labour mobilisation should be one of the important programmes. After all the sectors are exhausted—agriculture, crop and animal husbandry, rural industries and tertiary sector, it is quite possible that a large labour force may remain who are not able to get absorbed in all these putting together in spite of multiple cropping, animal husbandry and other subsidiary occupation. There are certain chronic areas where labour force is so large that they may not be absorbed. They can be tied up with any kind of infrastructure programme if National High Way is coming, if there is irrigation programme, in school buildings, brick manufacturing. But what still remains, there will have to be an organised attempt made to take them to those areas who are suffering due to scarcity of labour.

Certain amenities will have to be provided where major irrigation projects are finding it difficult to get labour. They will have to organise labour camps where certain minimum reasonable facilities will have to be given to enable them to stay in the camps."

3.43. The Committee have observed in the previous Chapter that the time has now come when right of every citizen to work promised under Article 41 of the Constitution should be recognised. The Committee are glad to note that the Employment Guarantee Scheme of Maharashtra is a step in this direction. The Committee feel that the Maharashtra Employment Guarantee Scheme has been successful in achieving its main objectives of providing gainful and productive employment to unskilled workers who need work and are prepared to do manual labour but cannot find it on their own. The scheme has also been able to create productive assets. The Committee do not share the view often expressed that it is only a palliative and an insurance against starvation. The Committee are of the view that the scheme is an insurance against unemployment. The Committee commend this scheme for adoption in all other States as early as possible.

3.44. The Committee have studied the working of the Employment Guarantee Scheme on the spot. They are of the opinion that the success of this scheme depends on the ready availability of shelf of schemes at District and Panchayat Samiti levels so that the works can be selected to suit the number of workers reporting for work and time lag between the demand and commencement of work avoided. The Committee feel that the blue prints of works which required to be prepared under the scheme should be up-dated from time to time. It would also be necessary to prepare manpower budgets to cover the same area as covered by the blue prints of works. The blue prints and the manpower budgets will together comprise the total format of employment, human resources and work planning and also constitute a careful exercise in multilevel planning on the basis of area development. The Committee would also suggest that the works selected under the scheme should be integrated with the comprehensive district development plans.

3.45. It was brought to the notice of the Committee that a saturation point may one day be reached under the Employment Guarantee Scheme when there may be no work left in the district to be taken up under the Employment Guarantee Scheme. But the Committee have been assured that the nature of works which have been taken up under the scheme are of productive nature and after their completion they are expected to lead to greater activity in the agriculture sector thus providing more opportunities to the workers to work in the fields. However, to forestall such a situation, the Committee would recommend that action should be taken for integration of the short term programmes under E.G.S. with the schemes envisaged under the Integrated Rural Development programme.

3.46. The Committee are informed that at certain places works taken up under the E.G.S. have remained incomplete for want of labour attendance. A study Group of the Committee were also told during their visit to work-sites in Maharashtra that the number of workers reporting for work was at times much less than the number registered under the scheme. The Committee would suggest that a sample survey be made to analyse the reasons for the lack of adequate response on the part of registered workers and the results of the survey kept in mind while drawing up new work programmes.

3.47. The Antyodaya Programme of Rajasthan, in the opinion of the Committee, is a laudable concept aiming at uplift of the poorest of the poor. Beginning with five families identified to be poorest in a village, the programme aims at reaching gradually about 6 lakh families in a 5 year period and hopes to achieve the target of covering all the eligible rural families in the State in the ten year period. The Committee are glad to note that the scheme has been taken in

the spirit of a special drive and out of 1.60 lakh families selected, 1.24 lakhs families had received benefits under the scheme during the first year (1977-78). The Committee feel that the Antyodaya—which means upliftment of the last man—has tremendous potential to eradicate poverty and unemployment. The Committee cannot too strongly commend this scheme to be extended to all other States speedily.

3.48. The Committee have been informed that the Programme Evaluation Organisation of the Planning Commission has made a quick concurrent evaluation of the working of the Antyodaya programme in Rajasthan. Some of the more important suggestions/observations by the Plan Evaluation Organisation are as follows:—

- (1) There is an urgent need to have a well-defined machinery for implementation and follow-up of the programme. Strengthening of extension agency has also to be ensured.
- (2) Land allotment is done out of surplus land, which was usually waste and unreclaimed. Therefore, land allotment should invariably be allowed by the loan assistance for land improvement. Food-for-work scheme could be fruitfully implemented in such cases, including construction of minor irrigation works.
- (3) There is also need to introduce the scheme for "Risk Fund" on the lines of SFDA Programme. This would encourage the financial institutions to advance loans to the beneficiaries liberally.
- (4) Credit facilities to enable the beneficiaries of the programme to meet their emerging consumption requirements like medical care during sickness etc. should be provided. Otherwise in case of those schemes where the flow of income is not immediate there is a danger of their mortgaging the movable and immovable property given to them as a part of the programme.
- (5) For effective economic activity of the identified families loan amount should be adequate to cover the cost of full unit of the benefit item as otherwise the return from un-economic units would not be able to cover the instalment for repayment.
- (6) Insurance of cattle and bovine stock provided under the benefit programme is essential; the rates of premium might be brought at par with the rates applicable to the beneficiaries of SFDA.

- (7) The beneficiaries had complained that the rate of interest charged by the Commercial Banks under differential rate of interest was 4 per cent whereas it was 13 per cent and later revised to 10 per cent by the Cooperatives.
- (8) The flow of benefits, i.e., actual loans disbursed after the actual number of families were identified needs to be accelerated so that not only the identification of the families but the flow of benefits is also faster.
- (9) Technical know-how in management, production and marketing should be provided to the Antyodaya families. The identified families who possibly had low motivation and low assets were disbursed to them. This is not satisfactory and the extension agencies as well as the technical personnel, particularly in the field of cottage industries etc., should assist them immediately so that the programme achieves the desired objective of building assets and enabling the poorest of the poor families to cross the poverty line.

There is urgent need to dovetail such special programmes with area planning in order that whatever new arrangements outside the programmes are required, as for example, marketing of wool or hand spun cotton, these are provided for in the area plans.

- (10) There should be necessary supportive secretariat/directorate assistance at the State level to implement this programme.
- (11) It would be very desirable to have a regular system of concurrent evaluation of the working of the schemes. The responsibility for the monitoring and evaluation might be undertaken by a separate Directorate at the State level.

3.49 The Committee would like that the Government bring these suggestions and the findings of the Study Group of the Committee (Para 3.18) to the notice of all the States where Antyodaya Scheme is in operation so that they can also benefit from these suggestions and are able to achieve better results from the implementation of the scheme.

3.50. The Committee note that while Employment Guarantee Scheme of Maharashtra is a sort of guarantee against unemployment, the wages paid under the scheme are barely enough for a worker's subsistence and will not be adequate to help him come up in life. Similarly the Committee also note that while the Antyodaya Scheme will surely help the poorest of the poor, those families who are not covered in the earlier rounds, will have to wait too long for their turn. The Committee feel that while both the schemes are good, either of them by itself will not be able to solve the problems of poverty and unemployment in a short span of time. In the Committee's opinion, the Employment Guarantee Scheme of Maharashtra should be supplemented by Antyodaya scheme to encourage the unemployed people to take to self-employment and improve their standard of living; and the Antyodaya scheme should be supplemented by Employment Guarantee Scheme to take care of those poor and unemployed families who may not be fortunate enough to be selected for assistance in early rounds.

3.51. The Food for Work Programme is another employment generating programme which has been taken up by the Central and State Governments with full vigour. The majority of States have already joined the programme. The results are also encouraging as the scheme has been able to provide employment, create assets, ensure minimum nutritional standards and maintaining price level of the food grains particularly in the interior areas.

3.52. The Committee welcome this programme and would like it to be continued. The Committee would also like the Government to keep a watch on the types of works executed under the "Food for Work" programme to ensure that only such programmes are taken up as lead to the construction of durable assets of productive and essential nature which will not only form part of the Area Plan but also create further employment in future and result in greater production.

3.53. The Committee note that Government have at present under consideration a proposal put forward by the Minister of Industry for creating a National Reconstruction Army consisting of one million persons with a view to tackle the problem of unemployment on a "war footing." The Department of Rural Development has welcomed the proposal. Such an organisation can play an important role in organising a disciplined and trained labour force which could take up public works of utility such as irrigation works, embankments, development of ravine areas, afforestation programmes, soil conservation, flood prevention and flood control works etc.

3.54. The Committee welcome the proposal of creating a National Reconstruction Army. The Committee feel that the proposed National Reconstruction Army should not be viewed only as a labour force or an ad hoc solution to the problem of unemployment, which it, no doubt, will solve to an extent. The Committee visualises it as a well-organised task force consisting of qualified, trained and disciplined workers which can be deployed to undertake on priority basis, projects of national reconstruction at any place in the country. It can be powerful instrument in the hands of Government to render help at the time of natural calamities. The Committee would suggest that an organisation on the proposed lines may be set up, to start with, on a modest scale and gradually build up in the light of experience.

3.55. It is too well known that there are water and other natural resources in various parts of the country which have not been fully harnessed so far. Also there are large groups of unemployed and under-employed labour force in various parts of the country, who seek work but are unable to get it. The Committee feel that if suitable schemes are formulated to deploy unemployed labour force on unharnessed natural resources, not only will the natural resources be harnessed for the economic development of the country but the unemployment situation will also ease to a considerable extent. The diffidence of the unemployed labour force to go to work on far off projects can be overcome by providing incentives like better working conditions at work sites, better health care, even better wages. The Committee would like to suggest that, to start with, a scheme of this nature may be drawn up and tried on an experimental basis and further action taken in the light of the results.

CHAPTER IV

AGRICULTURE & EMPLOYMENT

A. Shift from Agriculture

4.1. Out of the total labour force of the order of 266 millions as in March, 1978 and overwhelmingly large part i.e. about 192 million find employment in agriculture and as the Draft Plan says "it is a historically unique fact that over the last six decennial censuses, inspite of the impressive development of large scale manufacturing and infrastructure sectors, the share of agriculture in the work force has not diminished at all. It was 73 per cent in 1921, 73 per cent in 1961 and 73.8 per cent in 1971. The figure for 1971 is in fact 4.14 slightly higher than for 1961. In almost all the countries economic development is associated with significant decrease in this share. Even during the decade 1966-75, the share declined in 13 Asian Countries. But in India fairly rapid growth in non-agricultural sectors in last 25 years of planned development has completely failed to make any noticeable impact on the industrial distribution of the work force. The share of mining and manufacturing has stuck around 9 to 10 percent and the share of tertiary sectors around 16—18 percent for five decades. The inference is clear; Employment growth in these sectors has been insufficient to absorb an increasing proportion of labour force..."

4.2. It has been stated by a statesman expert that the ultimate solution of economic problem not only of the agricultural labourers but also of tens of millions of other poor or unemployed or under-employed in the country will depend mainly on increased agricultural production apart from the mental attitudes of the people. He therefore, holds the view that conditions have now to be so created that all those people who are unemployed and under-employed including agricultural labourers and the very small farmers (as also the educated unemployed) are attracted to the cottages and small scale industries and other small non-agricultural enterprises "except which there is decidedly no solution of malady at all."

4.3. According to the Draft Plan though a drastic shift in the distribution of the work force away from agriculture is normal and desirable, it is not likely to materialise in India in the near future.

4.4. Stressing the need to shift the dependence from land to avenues outside land, another statesman expert stated during evidence before the Committee that:

"I now stress that the problem of poverty in rural areas cannot be solved by making people dependent on land alone, because population there is increasing. The availability of land is limited. So, increase in productivity on land alone and making land available equitably among all the persons, is not going to solve that problem. It does not mean that there should not be an equitable distribution of wealth or assets within the rural community. But unemployment and poverty cannot be solved by providing opportunities on land alone."

4.5. Expressing his views on the capacity of land to maintain 70 percent of the population another expert stated during evidence before the Committee as follows:

"So many people cannot depend on land. 70 percent cannot be fed by land. It was not fed in the middle ages. Some of them will have to be shifted and that will depend on industrialisation. If there is tempo of industrialisation then certainly certain percentage can be shifted. According to an ILO study by 1985 no agricultural activities could create in the developing countries additional employment for about 60 percent of the increase in the total labour force. So, about 60 percent may be shifted to some other occupation but 40 per cent additional force will have to depend on land. That is not available. What can be done for them In this country, the question is whether we will continue this sort of occupational pattern. This is absurd. No developing country can grow in a modern way by retaining this occupational pattern where 70 percent people have to depend on agriculture and 30 percent on other activities. It is not possible. It has to be changed. In what way can you change it? That is the exercise which is to be done in the Planning Commission. They have not given thought to this aspect. That is my complaint. . . . Apart from it our major planning task now is how to remove the imbalance in the occupational pattern. But that is not even consciously tried by the Planning Commission. If Planning Commission can make a study how after 10 years or 5 years a new occupational pattern will evolve, I think, that will be a good exercise. But I am afraid, that has not been done as yet."

4.6. Stressing the need for looking for solutions outside agriculture, the representative of the Department of Agriculture stated during evidence:

"I do not think that the land distribution programme can provide an abiding solution to rural unemployment. This is because of certain basic facts. The net sown area in India has been fluctuating between 138 and 142 million hectares for the last eight to nine years. It is well known that the possibility of increment to arable land in this country is extremely limited. At the same time, the size of the work force in agriculture has remained constant at around 72 percent of the total work force for the last 50 years or so. But, while the percentage has been constant, the total number has increased. In 1921, the size of the agricultural labour force was around 82 million while in 1971, it has increased to about 167.3 million in other words, the numerical strength of agricultural labourers had almost doubled. An estimate of 1978 puts this population at about 192.43 million, and the percentage remains at 72.5 percent. There is a limit to which the static arable area can absorb increments to the work force. We shall, therefore, have to look for solutions outside agriculture."

4.7. When asked if any study had been made to determine the maximum number of people that can be economically settled on land in India, it was stated in a note furnished to the Committee that it is not possible to determine the maximum capacity of land to absorb people as agricultural technology is not static. With the expansion of irrigation and improvement in inputs the capacity of the agricultural sector to productively employ labour time will increase considerably.

4.8. The representative of the Ministry of Agriculture stated during evidence that:

"No such study has been made. Perhaps the reason is the feeling that practically the entire arable area with marginal exceptions has been brought under cultivation and the future increment of area will be only marginal."

4.9. The representative of the Planning Commission also stated that no such study had been made.

4.10. In this connection the National Commission on Agriculture has in its Report (1976) stated that:

"It will be seen that against the increase of 111.3 million persons in the total rural labour force in 2001 AD, expansion in

the various agricultural programmes is likely to generate employment opportunities for about 52 million persons. The figures of additional employment opportunities as already indicated represent only broad estimates and set out the broad parameters of the problem as viewed in a long-term perspective..... The most important conclusion from this analysis is that *more than* half of the additional increase in the total rural labour force by 2001 AD will have to be provided employment in the non-agricultural rural sectors. This fact will have to be duly weighed in any strategy for rural employment planning."

(Para 58-4-38, Report 1976)

4.11. The Committee note that out of the total labour force of the order of 265 millions overwhelmingly large part i.e. about 192 millions are at present employed in agriculture. In spite of large scale development in manufacturing and infrastructure sectors, the share of agriculture in the work force has not diminished at all. While the percentage of the agricultural labour force to the total labour force has remained static around 73 per cent during the last three decennial censuses, in numerical strength it has doubled from 82 millions in 1921 to about 167 millions in 1971 and has risen to 192 millions in 1978.

4.12. The Committee are informed that no study has been made so far to determine the maximum number of work force that can be economically settled on land. The Committee feel that an exercise to determine broadly the maximum number of persons that can be absorbed by agriculture in the long run is overdue and should be undertaken without loss of time. Without this information, it would be difficult for the Planning Commission and Government to formulate realistic policies and programmes for a balanced growth of agricultural and non-agricultural sectors in rural areas.

4.13. The Committee note that the Draft Plan (1978—83) recognises the need for such a shift but does not consider it likely to materialise in the near future. The National Commission on Agriculture (1976) estimated that against the increase of 111.3 million persons in the total rural labour force in 2001 AD, expansion in the various agricultural programmes is likely to generate employment opportunities for about 52 million persons, which means that more than half of the increase in the total rural labour force will have to be provided employment in the non-agricultural rural sectors.

4.14. As the net sown area in India has been fluctuating between 138 and 142 million hectares for the last 8-9 years and as the possibility of increment to arable land is extremely limited, at best, only marginal, there is a limit upto which the static arable area can absorb increments to the work force. In the Committee's opinion, a drastic shift of labour force from agriculture to non-agricultural activities is not only desirable but imperative and this shift must be brought about by a determined shift in the policies and programmes of the Government. The Committee would like that the Planning Commission and the Government should devise special rural employment programmes to bring about this much needed shift of rural labour force from agriculture to non-agricultural activities and strive to remove the imbalance in the occupational pattern of the labour force in rural sector.

B. Estimates of Employment opportunities in rural sector

4.15. The Draft Plan (1978—83) envisages creation of additional employment opportunities for 49.3 million man-years, out of which employment opportunities of the order of 22.8 million man-years are likely to be in the Agriculture and allied sectors during the plan period 1978-83.

4.16. An expert stated during evidence before the Committee in this regard:

"My main thrust is not that the policies are wrong but that too much result is claimed from them without adequate study. The policies and programmes will now create some employment but without adequate study of how much employment, where and at what levels. Big hopes have been given to the public and I have questioned those big hopes. In fact, I have specifically invited the Planning Commission to make known to the public the norms, the coefficients, the criteria on which they have arrived at these conclusions."

4.17. The Committee wanted to know the quantum of employment intended to be created during each of the five years of the plan period 1978—83 viz. in each of the sub-sectors like, Agriculture, Irrigation and flood control, Rural roads, Rural water supply etc.

4.18. The Ministry stated in a note submitted to the Committee that the estimates of employment expected to be created in the Plan 1978-83 are not available separately for rural areas and are only

available for broad sectors. These are presented in Table 4.18 of the Draft Plan 1978—83 at page 103 and are reproduced below:

Sectoral Employment Generation 1978—83
(Input-output Model)

Name* of the Sector	Estimated Employ - ment* (Millions)		Increase (Million)	Share of Sector in total Emip loyment (%) in 1982-83
	1977-78	1982-83		
(1)	(2)	(3)	(4)	(5)
<i>Agricultur</i>	99.213	121.981	22.768	56.387
1.1 Pady	16.127	19.019	2.892	4.792
1.2 Wheat	6.150	7.413	1.263	3.427
1.3 Jowar	4.436	4.757	0.321	2.199
1.4 Bajra	2.257	2.698	0.441	1.247
1.5 Other cereals	4.326	4.134(-)	0.192	1.911
1.6 Pulses	3.408	4.192	0.784	1.938
1.7 Sugar Cane	2.830	3.276	0.446	1.514
1.8 Jute	0.740	0.941	0.201	0.435
1.9 Cotton	1.972	2.439	0.467	1.127
1.10 Plantation	4.467	5.222	0.755	2.414
1.11 Other Crops	13.374	15.535	3.161	7.643
1.12 Other agricultural sectors	39.126	51.355	12.229	23.739

Figures are given for aggregated sectors on the basis of primary calculations for the 89 input-output Sectors model.

*Equivalent full-time person years. The concept and the method of estimation of the labour co-efficient used will be explained in a technical paper.

%The actual achievement at the end of 1978-79 is estimated at 99.213 million person-years.

4.19. The Committee have also been informed in a written note that no yearly targets of employment have been fixed. About the actual achievement at the end of 1978-79 also it has been stated by the Planning Commission (January 1979) that the actual data on employment generation is not yet available.

4.20. During evidence the representative stated in this connection that:—

“Even this 49 million which we expect to generate over the plan period, is not regarded as a target; it is only an expectation. If the investment pattern, output pattern, investment in the plan materialise, we expect that an additional 49 million years of employment would be generated. Now, we do not have any yearly targets for this purpose, and the information available for the measurement of employment from year to year is also rather meagre. We do not yet have information even in respect of organised sector for 1978-79.”

4.21. The Committee also wanted to know the investment employment norms which have been used for arriving at those estimates under each sub-sector and whether the reliability of these norms had been tested on investments made in earlier plans and actual employment created by the investments made in various schemes. The Committee have been informed during evidence that there has been a major change in regard to the norms in the Sixth Plan as compared with previous plans. The representative of the Planning Commission stated:

“In the previous plans we used to estimate the employment generated in terms of investment made. In this plan, we have switched over the labour output ratios i.e. we are estimating the employment in terms of output expected in various sectors and it is not related to the investments. These co-efficients have been derived on the basis of past data in regard to output and employment. Since they are actually based on past data, the question of testing does not arise.”

4.22. It was explained to the Committee further during evidence that while additional employment to be generated in agriculture was about 23 million man—years and this was related to the additional output expected in labour, it has not been worked out as to how much of this would come from various schemes or inputs like land, irrigation, seeds and fertilizers.

4.23. The representative of Planning Commission stated that efforts were being made to find out the employment component on account of various inputs.

He further added:—

“This question of estimation of employment was discussed in a seminar by the Planning Commission with eminent economists and other research workers in the field, and on the basis of their recommendations we are looking afresh into this problem of output levels. Our earlier estimates based upon the available information at that time indicated an increase of 49.3 million person years.”

4.24. He informed the Committee that the revised estimates were still being worked out.

4.25. The Committee note that the Draft Plan, 1978—83, on creation of additional employment opportunities for 49.3 million man-years, out of which 22.8 million man-years are likely to be in the agriculture and allied sectors during the plan period 1978—83. The Committee are surprised to note that though overall figures of additional employment stated above, have been worked out by the Planning Commission, they have no idea about the estimates of employment expected to be created under each programme like agriculture, irrigation, fertilisers, rural roads, etc., nor have they worked out yearly targets of additional employment to be created during the plan period. The Committee are informed that efforts are being made to find out the employment component on account of various inputs like land, irrigation, seeds and fertilisers. The Committee feel that unless figures of additional employment expected to be created programme-wise and year-wise are worked out, it will be difficult for the Planning Commission or the Government to monitor the progress in the creation of additional employment and they would not be able to know the areas where short-falls have taken place and reasons for the shortfalls. The Committee, therefore, suggest that for the success of the programme of creating additional employment, the Planning Commission/Government should work out targets of additional employment, programme-wise and year-wise, compare the achievements with these targets periodically and take corrective steps to remedy short-falls wherever noticed at the earliest opportunity.

4.26. The Committee are surprised to know that even the 49.3 million man-years which are estimated to be generated over the plan period, are not a target but are only an expectation. It is regrettable that the Planning Commission and the Government have not yet done any serious exercise to spell out the precise objectives to be achieved in the field of employment generation during the

plan period. The Committee feel that unless firm targets of additional employment opportunities are laid down, sector-wise and year-wise, the implementing agencies cannot be held accountable for the fulfilment of the roles assigned to them. This is a flaw in the draft plan which should be rectified.

C. Employment in Irrigation

4.27. Discussing the effect of irrigation on employment generation it was stated by the National Commission on Agriculture in its Report (1976) that on the introduction of irrigation in an area the labour requirement for irrigated crop husbandry becomes substantially more than that needed for dry farming. Additional labour becomes necessary for irrigating the crop, better field preparation, more extensive weeding operations, application of fertilizers and pesticides and for harvesting the increased produce. Also the cropped area increased because multiple cropping increases with irrigation.

4.28. The draft Sixth Plan envisages 17 million hectares of additional irrigation—8 million hectares through major and medium surface irrigation projects, 7 million hectares from ground water irrigation and 2 million hectares from other minor sources of irrigation—during the next five years (1978—83). These figures are, however, not final as the Planning Commission are stated to be still having discussions on the States Five Year Plan (1978—83) and Annual Plan (1979-80) and there could be some changes in the figures of the targetted additional irrigation potential when the Sixth Plan is finalised.

4.29. The Committee wanted to know the year-wise targets set for achieving irrigation potential during the Plan period 1978—83. Stating the position regarding minor irrigation the representative of the Department of Agriculture stated during evidence that:

“So far we have the target only for this year (1978-79). Next year target is not yet finalised”.

4.30. Regarding targets for creating irrigation potential in major and medium projects the Committee were informed during evidence that:

“On the major and medium irrigation sector, the provisional target for the Plan period 1978—83 is 8 million hectares. Now, we have had detailed discussions with the State Governments and the Planning Commission has yet to

finalise the figures and all that. But we are very hopeful and we will stick to the targets. But yearwise target has not been fixed. Only for the year (1977-78) the achievement is of the order of 1.35 million hectares. For the year 1978-79 we are now in the process of finalisation. But the target for the five-year period is 8 million hectares. That is based on various projects'.

4.31. The Committee wanted to know the employment potential expected to be created by additional irrigation during the Sixth Plan period. The Committee have been informed in a written note that employment generation on the construction of major and medium irrigation projects is expected to rise from the 1.8 million (average) in 1977-78 to 4 million (average) by the end of the Sixth Plan i.e. in 1982-83, provided it is possible to have a Plan of the size of investment of the order of Rs. 7250 crores.

4.32. The Committee wanted to know as to how many jobs would be of permanent nature and would survive the construction phases. The Committee have been informed that the permanent jobs created by major and medium irrigation will be restricted to the requirement of maintenance and operation of the projects. It has been stated that norms in this regard have not been evolved since the operation and maintenance activity will vary from structure to structure depending on the type, size, material of construction, canal headworks etc. The requirement of staff for the maintenance and operation works is not expected to exceed 5 per cent of the number engaged on the construction work.

4.33. An eminent economist expressing his views on the potential of irrigation in generating employment, stated during evidence that:

"The expectation is of the order of 22 million additional employment in agriculture. I say this subject to correction. If I get 17 million hectares of additional irrigation, we can certainly employ more persons on that and there is no problem on that....."

I do not see any difficulty in having 22 million additional employment in agriculture. And this 22 million additional employment in agriculture is of a permanent nature."

4.34. Regarding the potential of minor irrigation for generating employment the representative of the Department of Agriculture

confirmed the expert view above in the following words (February, 1979):

“So far as my knowledge goes about the all India condition, the cost of minor irrigation comes to 6000 rupees per hectare on the average. This is the initial investment. We have under the minor irrigation different types of schemes,—tubewell, tanks, diversionary schemes, lift irrigation, and so on. On these schemes it is roughly assessed that on the average about 45 per cent is accounted for by labour and the rest by materials including pipe, cement bricks, and so on and so forth. So 45 per cent is the labour cost. If we have 45 per cent of Rs. 6000 it comes to Rs. 2700 per hectare. This is the component of the labour cost. If we take Rs. 6 as the daily wage the labour component comes to 450 man days. For additional one hectare we would employ 450 man days of labour. In other words one and a half person per hectare would be additionally employed per annum (throughout the year) We have a target of bringing 1.45 million hectares during the current year (1978-79). It may increase from 1.45 to 1.6, 1.8, 2 and 2.2 or something like that in the subsequent years. 1.45 is the current figure and this means an additionality of about 3 lakh hectares over the figures of the previous year. In future also about 2 to 3 lakhs additional hectares are likely to be created during the year. We can work out the additional labour potential likely to be generated on the basis of $1\frac{1}{2}$ persons per hectare. This will be the measure of additional employment created.”

The representative added:—

“This is a temporary phase. In addition, if the irrigation potential is created, labour also gets permanently employed in additional agricultural activities generated from irrigation. Here I would agree with the expert who said that one man is employed almost all the year round for every hectare of additional irrigation potential created. So this is the employment of a permanent nature. It will create an additional employment potential every year”.

4.35. In regard to major and medium irrigation also, agreeing with the view that employment potential at the rate of one person

per hectare can be created, the representative of the Department of Irrigation stated (February, 1979):—

“Coming to the employment aspect of these major and medium projects, the employment position at present is of the order of 2 million in construction works. This year (1978-79) we are spending about Rs. 1040 crores and according to the information we are getting from the various project authorities and the State Governments, on construction activities alone, with an investment of the order of Rs. 1040/- crores the employment is of the order of 2 million. In the final year of the Plan in 1982-83, the investment is expected to be gradually stepped up and to go up to about Rs. 2,000 crores. If that happens then the employment is expected to go up to about 4 millions. That is, we can say hopefully that the additional employment potential, after investment on major and medium projects during this Plan period, will be a little over 2 millions. Works on the 8 million hectares will generate roughly about 7.25 lakh permanent jobs for maintenance of dams, canal systems etc. But at the same time, there will be really a fillip to the employment potential in major and medium irrigation activities because there is a lot of land levelling, land shaping work, etc. Here also, the Department of Irrigation would be inclined to agree with the experts who have estimated that this will generate about eight million jobs. This is the norm that we are accepting in regard to employment aspect”.

Yearly targets

4.36. The Committee wanted to know the measures taken to ensure that the targetted irrigation potential is achieved from year to year. In regard to minor irrigation the representative of the Department of Irrigation stated that:

“I would say that the first requirement is the finance. We are trying our best to secure the required amount of financial provisions for minor irrigation programmes. We have to do more during the next year. We are not yet sure about that. We required about Rs. 1600 crores under public sector provision for the five-year period. We do not know what we will get for the next year. But we will try to make up for whatever the deficiency in the initial years. In the later years”.

The representative added:—

“Then the next important source is the investment in the financial institutions like the banks, co-operative banks, the Land Development Bank, commercial banks and the A.R.D.C. During the current plan we may require about Rs. 2000 crores. This may have to be stepped up carefully and put on the minor irrigation side and the Rural Development Department is also taking possible measures in organising drives for recoveries, organising special camps for large-scale clearance of loan applications and all these measures are being taken”.

“The third important factor of minor irrigation is rural electrification because electricity can be made available for irrigation purposes at a substantially cheaper rate. In this connection, I would submit that power supply is not yet under our control. Power supply position in two or three States particularly in U.P. and Bihar is not satisfactory. But all efforts are being made to step up the tempo.”

Stating the measure taken to ensure that the Plan targets in respect of major and medium irrigation projects are achieved, the representative stated:

“Now, coming to the aspect of measures taken for ensuring to achieve those targets, the first step in the major and medium sectors is the preparation of detailed programme of works for each project and particularly for the major projects—for dam, canal, the distribution system, etc. Then the next step is the question of working out the requirements of men, machinery and scarce materials like steel, cement etc. We have set up in the Central Water Power Commission a very elaborate arrangement for monitoring of all major and medium projects and we have received periodical reports”.

“The other question is about the adequacy of funds. There is always a need for additional funds. One of the steps taken to ensure that the targets are achieved is the periodical review for the projects and after the detailed discussions with the State Finance Department and others which ever plans need some additional funds, we take steps to ensure that they get those funds. In this, the Department of Irrigation by and large succeeded.”

4.37. The representative stated that with the steps undertaken, and, also with our requesting the State Governments to intimate similar steps for monitoring at the state and project levels, the targets set for 1978—83 Plan period would be achieved, by and large.

Minor irrigations

4.38. An eminent economist expressed the view before the Committee that next to land distribution the highest priority ought to be given to minor irrigation and not major irrigation which could help increasing employment a great deal. But while emphasis was laid on minor irrigation it to be seen how much it was oriented towards small man.

4.39. In this connection, the Ministry have stated that the following measures have been taken or are proposed to be taken to ensure that the benefit of the minor irrigation programmes reach the small farmers and the weaker sections of the people:

- (1) The tubewells and other irrigation works are being taken in the public sector in areas where there is a preponderance of small farmers. The programme of Public Sector projects is being intensified.
- (2) Group loaning to small farmers who combined to own and operate a well/tubewell/pump set is being encouraged through higher quantum of subsidy. Normally, subsidy for small and marginal farmers is available at 25 per cent and 33 1/3 per cent of the cost of individual structure. In this case of community works, it is given at 50 per cent of the cost of the individual structure.
- (3) The scheme of individual boring operated by commonly hired pumpset on group basis, which the ORDC has since agreed to finance is being encouraged to the maximum extent possible.
- (4) Now the facility of the subsidy at rates mentioned in item (2) above has been made admissible for small and marginal farmers in all the areas including those that lie outside of the special Central Sector programmes such as SFDA, DPAP, CAD, IRD etc.

- (5) In case of tribal areas, there is a special component in the State Plan. Central assistance is also provided for these areas. Provision for subsidy has also been made and proposed to be made more liberal in the tribal areas in order to promote private minor irrigation works.
- (6) Now in case of Scheduled Caste population, the States are being persuaded to identify Schedule Caste population and earmark separate allocation for them under the State Plan.

Regarding potential likely to be utilised by small farmers and weaker sections of the people, there is no assessment available at present.

4.40. The Draft Sixth Plan envisages 17 million hectares of additional irrigation—8 million hectares through major and medium surface irrigation projects, 7 million hectares from ground-water irrigation and 2 million hectares from other minor sources of irrigation—during the 5 year period. The Committee have been assured during evidence by the non-official as well as official experts, that irrigation has the potential of creating employment almost at the rate of one to one-and-a half persons for every additional hectare of irrigation. Thus irrigation has the potential of generating overall employment of permanent nature for 17—22 million persons. The Committee find these projections encouraging. If full achievements are made in this sector the overall targets of 23 million man-years in the agricultural sector will be well within reach.

4.41. The Committee note that the target of 17 million hectares of additional irrigation is still only provisional as the detailed discussions with the State Governments in this regard are still going on. It is disappointing to note that, even after one year of the commencement of the Plan period, the yearwise targets have not so far been finalised. Though the target in respect of minor irrigation was worked out for 1978-79, for major and medium irrigation, even the target for 1978-79 was not available till February, 1979. Unless, yearwise targets are laid down, it will not be practicable for Government to monitor the progress and ensure the implementation of the irrigation schemes on schedule. The Committee are of the opinion that the firm targets for additional irrigation for the Sixth Plan as a whole as also for each year of the Plan should be worked out expeditiously and the progress of the irrigation programmes ensured according to the targets by setting up monitoring and in-

formation system and providing timely correctives in accordance with the rolling plan concept. If this is not done, the Committee are afraid, the target of generating an additional employment of 23 millions man-years in agricultural and allied sectors may suffer a setback and the Government may come to know of it too late to provide timely correctives.

4.42. The Committee are unhappy to note that availability of adequate finances for the minor irrigation programmes is not yet assured. The Department of Irrigation are not aware of the finances that will be available for these programmes during the next year let alone the remaining years of the plan. The Committee would urge the Government to take immediate steps to ensure availability of adequate finances for the minor irrigation programmes which are intended to benefit the poorer sections of the rural society more directly.

4.43. The Committee have been informed that Government have yet to tie up the arrangements regarding power supply in rural areas which constitute an important factor for achieving irrigation potential in the minor irrigation sector. What has caused concern to the Committee is that the position in this regard is particularly unsatisfactory in States like Bihar and U.P. where the unemployment situation is very acute. If rural electrification programmes are not linked with the minor irrigation schemes, the expected development in agricultural activities and the consequent increase in employment potential may not materialise. The Committee suggest that this matter should be taken up at high level with the State Governments concerned and measures taken to ensure the minor irrigation schemes do not suffer for want of timely power supply.

4.44. The Committee note that a number of steps have been taken to ensure that the benefit of the minor irrigation programmes reaches the small farmers and the weaker sections of the people in the rural sector. The Committee attach great importance to this aspect of the matter and would like Government to review the performance of these measures in the light of experience so far and make them as practical as possible so that the benefits really reach the intended sectors at the earliest. Success for implementation of the measures taken to benefit the small farmer will ultimately determine the success of the employment programmes for the rural sector.

4.45. The Committee attach great importance to irrigation programmes of the Sixth Plan in view of their high employment potential and would like to be apprised of the steps taken by Government in pursuance of the aforesaid recommendations.

D. Agrarian Reforms

4.46. The National Commission on Agriculture in its Report (1976) on Rural Employment has while discussing the effects of agrarian reforms on the employment generation in the rural sector observed that:

“It is well known that security of tenancy rights and elimination of such practices as share cropping is necessary to induce tenants to put forth their best and invest in farm production. Redistribution of land may also result in more employment. However, the full potentialities of agrarian reforms and security of tenancy rights can be realised only if the land reform measures are followed up by steps to provide credit and other requisites and introduce cooperative organisations for supporting the activities of the farmers.

4.47. It has been stated in the draft plan (1978—83) that out of about 2 million hectares of land declared surplus hardly 25 per cent of the land has been distributed. Only about 1/3rd of the land distributed has accrued to the members of the Scheduled Castes and Tribes. The slow progress is attributed to the unsatisfactory implementation of the ceiling laws. Several States are yet to bring their tenancy laws in line with national policy with regard to regulation of rent, security of tenure and conferment of ownership rights. In a number of States, the tenants and share croppers are liable to ejection in exercise of the landlord's indefinite right of resumption.

4.48. An eminent economist expressing his views on the need for land reforms stated:

“We know there is a great deal of false reporting. Planning Commission says that within the next five years proper land records will be made. Who is doing it? I think we should have proper system of land registration and that can be done through the local community. They know who has land and how much and who has not got land. Let there be an open meeting. Let them say that this man has got more land. Let things come in the open. We have that. I am sure, the total amount of land available for distribution will not be 4 or five million hectares which is the present estimated surplus, but it may be 30 or 35 million hectares. Whatever has been

declared surplus, of that hardly 25 per cent has been re-distributed. I attach highest priority to land distribution."

4.49. Indicating the impact of land reforms measures on employment generation the representative of the Department of Agriculture stated during evidence:

"We must also recognise the fact that a more equitable distribution of the land resource would be contributory factor to employment-intensive agriculture. A landless farmer, if he has his own land, would try to maximise the use of his own labour and the labour of the members of his family. There have been several studies both in India and abroad to indicate that small farms are far more labour-intensive than larger farms. One of the salient features of land reforms programmes, is ceiling laws. These laws limit the size of the holdings and distribute the surplus land among the landless labourers. They can be said to have paved the way for more labour intensive agriculture. This is particularly true in India where the problem is not so much chronic unemployment as prolonged periods of unemployment".

He elucidated his point later as follows:

".... if ceiling laws are properly implemented they will certainly generate additional employment. There is no doubt about this".

4.50. Basing its observations on the Reserve Bank data, the draft Plan says that as on 31st July, 1977 the estimated surplus area was only 5.32 million acres, the "declared surplus" as 4.04 million acres, the area "taken over" by Governments was 2.10 million acres, and the area actually distributed was only 1.29 million acres. Thus the distributed area remains less than one fourth of the estimated surplus.

The draft Plan adds:

"The disconcerting fact is that the officially estimated surplus is a fraction of the area held in large ownership holdings as estimated from survey data".

4.51. According to the latest information furnished to the Committee (January, 1979), the total area estimated to be surplus is 68.80 lakh acres, the area declared surplus is 44.98 lakh acres, the area taken possession of is 23.70 lakh acres and the area so far distributed is only 16.02 lakh acres.

4.52. The representative of the Department of Agriculture stated during evidence that the policy for distribution of surplus land is that the surplus land should be distributed among the landless with particular emphasis on scheduled castes and schedule tribes.

4.53. When pointed out that the process of distribution was slow the representative stated that the implementation of land reforms laws was with the State Governments. The Central Government have been drawing their attention to this tardy progress and urging them to expedite distribution and taking over of possession. He informed the Committee that out of 44.97 lakh acres declared surplus the major a-centage belonged to Andhra Pradesh and Gujarat States. About 15.37 lakh acres pertained to Andhra Pradesh where after the revenue tribunals had declared these areas surplus, a good deal of it was said to be covered by litigation. Another factor which accounted for some delay was that the land may be under crops and unless the crop was harvested the State would not take possession of it. Explaining the grounds of petitions lying with courts the representative informed the Committee that most of the ceiling laws declared certain transfers void. Some courts had ruled saving that most of these transfers should have been recognised by the revenue officers and not voided. Secondly, the classification of land had not been properly made. Unirrigated land had been declared irrigated.

4.54 The Committee have been informed that:

"Challenge of decisions in High Courts, and pendency of cases in lower Revenue tribunals are the major reasons for unsatisfactory disposal. As regards the former, cases have to be contested by the State Governments. The Committee on Land Reforms headed by Prof. Rai Krishna has recommended appointment of additional judges where the pendency of land reform cases is heavy. This recommendation has been commended to State Governments. As for other cases, the Union Minister for Agriculture & Irrigation has written to Chief Ministers of States more than once drawing their attention to the unsatisfactory progress in distribution of surplus land and requesting them to take necessary steps

for affecting an improvement. The Prime Minister has also addressed them to this effect in a letter dated the 4th January, 1979."

4.55. The Committee have been informed that the Committee appointed by the Government of India to review the progress of land reforms measures in different States has submitted its first report on November 9, 1978. This report deals with Constitutional protection for land reform laws and the machinery for quick disposal of land reform cases. The main recommendations of the Committee are as follows:—

- (a) All Land Reforms Acts passed by the States assented to by the President, but not yet included in the Ninth Schedule, and all land reforms laws enacted in future and assented to by the President, should be automatically presented by the Central Government to Parliament for inclusion in the Ninth Schedule of the Constitution.
- (b) The Central Government should immediately move the Parliament to delete the Explanation under the Ninth Schedule with retrospective effect.
- (c) The State Government should be moved to expand High Court Benches and request Chief Justices to name one or two Judges to deal exclusively with to dispose of all pending land reform cases within a stipulated period.
- (d) The number of Judges in High Courts where the pendency of land reform cases is heavy should be suitably increased.
- (e) Land reform laws of the States should be immediately amended to provide that all land reforms cases shall be dealt with by revenue functionaries alone below the High Court level.
- (f) The revenue machinery dealing with land reform cases should be suitably expanded to clear all pending land reform cases. Efforts should be made to expedite the disposal of selected categories of land reform cases by organizing camp courts.
- (g) The revenue authorities of all States should establish a time-bound programme for the disposal of land reform cases.

- (h) Only one appeal and one revision should be allowed against the decision of the revenue authorities in land reform cases.

The Committee have been informed that six out of the eight recommendations of the Committee i.e. (c) to (h) primarily concern the State Governments. Copies of the report have been forwarded to them. The State Governments are stated to have been requested that they may consider the recommendations of the Committee and take appropriate action. It has been stated that the Government are examining the report and trying to reach a decision on the recommendations referred to at (a) and (b) above.

4.56. Although a more equitable distribution of land resources through land reforms programmes has consistently been a major policy objective since independence the implementation of this policy has been slow throughout as will be seen from the fact that out of 68.80 lakh acres of land estimated to be surplus Government have taken possession of only 23.70 lakh acres of such land out of 44.98 lakh acres of such land declared surplus and out of that, only 16.02 lakh acres of land—1/4th of the total estimated surplus—has so far been distributed. The Government have admitted that a more equitable distribution of land resources would contribute to the employment intensive agriculture but even then the Government do not appear to have taken effective measures to bring about equitable distribution of the land.

4.57. The Committee are informed that the implementation of land reforms laws was with the State Governments and the Central Government have been requesting them at the highest level to take possession of the surplus land and distribute it among the landless expeditiously but it appears that these requests have not evoked adequate response. The Committee also note that in the light of recommendations made by Committee on Land Reforms headed by Prof. Raj Krishna, the Central Government have advised the State Governments on the need for strengthening the implementation machinery, expanding High Court benches to dispose of writ petitions against land reforms laws expeditiously and drawing up time-bound programmes for the disposal of land reforms cases by the revenue authorities. In the light of the past experience the Committee cannot but feel that mere issue of communications to the State Governments is not likely to produce the desired results. The Committee are aware that the Central Government have no direct authority in carrying out the land reforms and distribution of surplus land. The Committee, therefore, feel that this problem can

be solved only if a body at the highest level with the Chief Ministers as Members is constituted by the Centre to watch the progress of implementation of land reforms measures and redistribution of land already declared surplus.

4.58. The Committee take note of the observation made by an expert that the surplus land, according to the land ceiling laws, is much more than 68.80 lakhs acres estimated so far. According to the expert's estimation 30 to 35 million hectares of land should be surplus under the existing laws. This view is supported by an observation in the Draft Plan document which says that "The disconcerting fact is that the officially estimated surplus is a fraction of the area held in large ownership holdings as estimated from survey data." The Committee, therefore, feel that there is an imperative need to re-assess the surplus land so that the Government can have a clear and correct picture of the total surplus land available in the country. In this context the Committee would like the Government to take into consideration the views of the expert, who has suggested that there should be a proper system of land registration and the question of surplus land should be discussed and determined in open meetings held in the country-side.

4.59. The Committee note that several States have yet to bring their tenancy laws in line with the National Policy with regard to regulation of rent, security of tenure and conferment of ownership rights. In a number of States the share-croppers are liable to ejection in exercise of the landlord's indefinite right to resumption. The Committee suggest that positive measures be taken to persuade the State Governments to initiate legislative measures to amend the land reform laws of the States so as to bring them in line with the national policy.

4.60. The Committee note that Raj Krishna Committee on Land Reforms has also made certain recommendations for including the Land Reforms Acts passed by the States in the 9th Schedule of the Constitution and for making a certain amendment in the 9th Schedule of the Constitution with retrospective effect. The Committee would like to be informed of the action taken in pursuance thereof.

E. Soil Conservation and Land Reclamation

4.61. It has been stated in a note furnished to the Committee that the problem of Soil and Water Conservation and Land Reclamation in the country is quite severe. The Committee have been informed that no survey of the extent of areas requiring Soil Conservation/Land Reclamation treatment has been made. However, the National

Commission on Agriculture and the Working Group on Soil Conservation and Land Reclamation for formulation of the Sixth Plan, have estimated that an area of about 1750 lakh ha. is in need of Soil and Water Conservation measures for preventing degradation and restoring degraded lands. The treatment of this land is likely to generate an employment potential (casual labour) of about 220 crores man-days at the current rate of Rs. 6/- per man-day.

4.62. The Committee have been informed that an outlay of Rs. 231 crores was proposed in the Fifth Plan under State, Central/Centrally Sponsored Sector Schemes to treat an area of 43.20 lakh ha. By the end of Fifth Plan an area of 35.30 lakh ha. has been treated with various soil conservation measures at an expenditure of Rs. 171.72 crores. This programme is stated to have generated employment potential of approximately 30.50 crore man-days.

4.63. The Committee wanted to know as to how much of this work is to be taken up under various schemes during the next plan period and how much employment is sought to be generated thereby. The Committee have been informed that the report of the working Group on Soil Conservation and Land Reclamation for next Five Year Plan have recommended the treatment of an area of 104.39 lakh ha. under State, Central/Centrally Sponsored Sector Schemes at an estimated cost of Rs. 585 crores. This programme is expected to generate an employment potential (casual labour) of 49 crore man-days. It may, however, be mentioned that the exact outlays and targets both in respect of State/Central Sector Scheme are now being finalised in consultation with the State Governments and the Planning Commission.

4.64. An eminent economist observed during evidence before the Committee that:—

“The immediate benefits of soil conservation measures are very meagre. The finances of private individuals are not adequate. For that reason you cannot postpone them. If you do not do them, things would be worse after ten years. So, it has to be done at public cost. When I say there has to be employment, people will ask where is the productive work? If you are willing to distribute land, it is all right, but there is no land to distribute. So, what harm is there to develop the land of poor people at public cost? So, for 20 years a large labour force has to be withdrawn from agriculture and engaged in soil conservation and water conservation.”

4.65. When asked to comment on the desirability of taking up this job at public cost, the Ministry have stated that keeping in view the magnitude of the problem, this work cannot be taken up entirely at public cost, particularly when the benefits accruing therefrom would go to individual land-holders. However, some sort of incentives by way of grant of subsidy/loan at low interest and the technical guidance would be considered to tackle the problem. It has been stated further that since land is a State subject, the decision for taking up soil conservation/land reclamation on individual holdings at public cost has to be taken by the concerned State Governments.

4.66. The Committee note that at present an area of about 1750 lakh hectares is in need of soil and water conservation measures for preventing degradation and restoring degraded lands in the country. The treatment of this land is likely to generate an employment potential (casual labour) of about 220 crore man-days. The Working Group on soil conservation and land reclamation for Sixth Five Year Plan have recommended the treatment of an area of 104.89 lakh hectares under State and Central Sector Schemes at an estimated cost of Rs. 585 crores which is expected to generate an employment potential of 49 crore man-days.

4.67. In the Government's view because of the magnitude of the problem this work cannot be taken up entirely at Government cost, on the plea that the benefits accruing therefrom would go to individual holders, but some sort of incentives by way of grant of subsidy/loan at low interest and technical guidance would be considered to tackle the problem. The Committee think the Government are taking too short-sighted a view of this problem. If individual owners of land cannot afford expenditure on soil and water conservation measures and the Government do not agree to undertake this work at public cost for reasons stated above, who ultimately suffers? The nation. The Committee cannot overemphasize the importance of undertaking the soil and water conservation measures according to a time-bound programme and, if the proposed incentives by way of subsidy or cheaper loans do not evoke adequate response from the individual owners, the Committee hope the Government would not let the State Governments abandon or slow down this programme which has a tremendous potential of raising food production and generating employment of 220 crore man-days of which 49 crore man-days are envisaged in Sixth Plan period.

F. Mechanisation in Agriculture

4.68. It has been represented to the Committee that apart from land reform, multiple cropping, expansion of irrigation facilities and

other improved farm practices, crucial area in which programmes and policies will have to be mounted should concern policies of introducing employment maximising technology in agriculture. These policies will have to vigorously ensure that human labour is never displaced by any technological change.

4.69. On the question of adoption of mechanisation in agriculture an expert expressed the view during evidence before the Committee that the approach should be that of selective or relevant mechanisation. He added that "where the introduction of a tractor is going to throw the people out of jobs, that should never be done."

4.70. Another expert stated that:—

"I am afraid, we cannot just take to mechanisation. We shall never have mechanisation for harvesting. We shall use agricultural labour. This will be all right in majority of regions. But where you want to have multi-crops, then it becomes important how soon you prepare the land before the next crop and unless you prepare the land sufficiently in time, then you may lose the season and you may not have the next crop. That is why, in places like Panjab, you are taking three crops. Even when you have two crops, unless you provide opportunities for the preparation of the land in time, you cannot have the second crop and to that extent employment is affected. Therefore, when you move from second crop pattern to multi-crop pattern, a certain amount of rational mechanisation is necessary. Upto what level and beyond which it should not be allowed to go, is a matter for consideration taking into account the nature of the land, etc. You will have the pattern of mechanisation for each region and then you should work out what is the optimum level upto which mechanisation can take place.

4.71. Concurring in the approach of selective mechanisation another agricultural expert stated during evidence before the Committee:—

"The principle of selective mechanisation has to be accepted, only to ensure that we should not over-mechanise and displace labour. Mechanisation has to be selective, and in certain areas. It will vary from place to place, depending upon the intensity of agriculture, because mechanisation does not mean only tractors. It also includes other equipments like threshers and seed drills. We see

sometimes that we are doing over—mechanisation also. The capital investment in mechanisation by farmers is more than required. We see that some farmers are capitalising too much in mechanisation, without much benefit to the individual farmers. We should adopt selective mechanisation and see that it does not replace labour to that extent From Punjab and Haryana, they were strongly advocating—scientists, economists and the farmers—that they required some machine to harvest their crop quickly so that they could transplant their wheat crop at the proper time to get proper yield. That is why I said: selected cases. We have to advocate the use of combine in very limited areas. We do not recommend that combine should be used to harvest all the crops of the State; it should be used upto 4-5 per cent. Upto 4-5 per cent of the crops should be mechanically harvested. There is no danger to the displacement of labour. We have made a study and in certain cases this mechanism will help in employment of extra labour, because the farmers will be able to sow more areas and other crops if the land is free."

472. While holding the view that there should be no indiscriminate mechanisation the representative of the Department of Agriculture stated during evidence that Government's policy is, and has been to have a selective mechanisation, with certain principles. One of them is that mechanisation should not be there to the extent of displacing human labour substantially. Secondly, where something can be done with normal human and bullock power, mechanisation should not be done, resulting in displacement of such labour. Again, even with mechanisation, though it has some economy of human labour, various service and manufacturing activities together, can add substantially to employment. So, mechanisation by itself should not get a blackened condemnation that it is something which displaces human labour.

In conclusion he stated that:—

"Thus we would say that a selective produce of mechanisation will not in any way seriously affect the existing labour. On the other hand, because of its other implications, its capacity to absorb people in the service and secondary sectors of production etc. It might, if properly implemented, help in meeting the situation."

4.73. The Ministry have stated that within the overall framework of this policy of selective mechanisation, the following guidelines have been laid down by Government:—

- (i) In meeting the power needs of agricultural operations, priority would be given to the utilisation of manual and bullock power in the context of availability of labour and draught animals and small farmer economy of the country.
- (ii) Programmes for improvement, production, popularisation and distribution of improved agricultural implements and tools would be necessary and may be undertaken for increasing the efficiency of manual and bullock power.
- (iii) The use of mechanical means like tractors may be necessary and justified—
 - (a) in areas with variable and low rainfall and where lack of sufficient bullock power at the right time is a constraint,
 - (b) in difficult terrain;
 - (c) for land shaping in difficult situation;
 - (d) for reclamation of large tracts of land for cultivation for the first time.

4.74. The situations given above against (iii) are only indicative and not exhaustive.

4.75. The Ministry have informed the Committee that the findings of the studies carried out in the past have been questioned and are not considered free from defects. Government of India have recently (June, 1973) set up a Committee headed by Shri B. Sivaraman, Member, Planning Commission to study the effects of tractors etc. on employment, output and cost. The report of the said Committee is awaited.

4.76. It has been represented to the Committee that apart from land reforms and other measures to step up agricultural production, the crucial areas in which programmes and policies will have to be mounted should concern policies of introducing employment maximising technology in agriculture. All the non-official experts who appeared before the Committee were unanimously of the view that there should be a selective mechanisation in agriculture. Mechanisation which displaces human labour and throws workers out of

jobs without any corresponding advantage should not be allowed. The areas in which selective mechanisation is relevant are those areas where double or multi-cropping or other agricultural development programmes are proposed to be introduced. The Government also subscribe to the view that mechanisation should not be there to the extent of displacing human labour substantially. The Government have laid down guidelines within the overall framework of the policy of selective mechanisation. The Government have also appointed a Committee headed by Shri B. Sivaraman, Member, Planning Commission, to study the effects of use of tractors, etc. on employment output and cost. The report of the Committee is awaited.

4.77. The Committee are of the opinion that mechanisation in agriculture should be kept under constant watch and should not be allowed where it displaces human labour without any corresponding advantage. The Committee, however, feel that indiscriminate mechanisation in agriculture cannot be checked, unless areas where mechanisation is to be avoided in national interest are identified and the extent to which it is to be allowed in other areas determined. The Committee would, therefore, like the Central Government to give this matter a serious consideration and persuade the State Governments, to implement this concept of allowing mechanisation only in those fields where it is unavoidable and essential in national interest.

G. Scientific know-how for the Rural Sector

4.78. Stressing the need for accelerating the application of modern technology to the rural sector an expert expressed the view during evidence before the Committee that:—

"You cannot solve poverty with primitive methods unless science and technology is made available for the purpose of exploiting these natural resources, it will not be possible to have higher productivity, remove poverty and raise the standard of living..... Shift of the technological man-power into the rural areas becomes another important factor, and unless that happens, we shall be struggling with primitive methods where productivity may not increase and the benefits may not be equal to the labour we put in."

4.79. An agricultural expert expressing his views on the adequacy of the institutional arrangements for imparting improved technology to the farmers with a view to maximising production

and helping the workers raising their productivity and income stated during evidence before the Committee:—

“.....although the Punjab State is doing its best, I am not very much satisfied. If you see the yield of the university farm and the yield of the progressive farmer of the State which we consider only 10 per cent, you will find that their yield is still 30 per cent higher than the average farmer of the State. The yield of Ludhiana's farmer is 25—30 per cent higher than the yield of the farmers of the other districts. So, that of transfer of technology is still there very much in the most economically advanced State of Punjab. We have not been able to reach the farmers, give them proper training, to ensure proper supply and credit and to see that their yield and production increased.”

4.80. It has been stated in a note furnished to the Committee that there is a lot of sophisticated know-how available at the research farms in the country.

There is, however, a very wide gap between the research stations and the average yields. Average yields in India even in command areas of irrigation projects are one of the lowest in the world. The Government of India have now accorded very high priority to agriculture and rural development. The aim is to increase agricultural production and also to ensure that the benefits of the various programmes percolate down to all the farmers, including small and marginal farmers.

Lab to Land Programmes

4.81. The Committee have been informed that the I.C.A.R. is initiating a Lab to Land programme aiming at transfer of technology to the agriculture to mark the Golden Jubilee of the Council this year which was set up 50 years ago on 16th July, 1929. As per the decision of the National Organisation Committee held in its meeting on 8th August, 1978 under the Chairmanship of the Minister for Food and Rural Development, a national programme on an experimental basis is being taken up for transfer of technology to 50,000 farm families. The programme has plans to select 50,000 farm families belonging to all marginal and landless labour and aims at assisting them in developing and implementing individual farm plans for improving the entire farming programme. The idea is also to try to release technologies which can help in diversification of labour use and to introduce supplementary source of incomes in

the field of animal husbandry, sericulture, pisciculture etc. The Committee have been informed that the work on the identification of the block and the farming families and the finalisation of farm plans for each family selected were proposed to be completed by March, 1979. The programme will continue for three years and may be followed by similar other programmes depending on its success.

4.82. The representative of the I.C.A.R. informed the Committee that there were more than 70 research studies conducted by staff as well as post graduate students in different States. These studies explained a lot of gap between what was available and what had been transferred. The gap was obvious as it had not been possible that all technologies could be transferred to the field. Pilot programmes were therefore necessary for involving the scientists who had evolved the techniques and also the State Governments.

4.83. The Committee note that a wide gap exists between the sophisticated know-how available in realm of Science and Technology in agriculture and its actual applicability in the field and consequently the average yields in India even in commend areas of irrigation projects are one of the lowest in the world. According to an expert "if you see the yield of the University farm (in Punjab) and the yield of the progressive farmer of the State which we consider only 10 per cent, you will find that their yield is still 30 per cent higher than the average farmer of the State" Evidently, therefore, wider application of the techniques projected in the University and the laboratory will go a long way in raising the productivity and income of the farmers in the country. In this context the Committee note, a small experiment—lab to land programme—has been launched this year by the Indian Council of Agricultural Research for the transfer of technology to 50,000 farm families all over the country.

4.84. The Committee welcome this 'Lab to Land' programme but feel that by transferring technology to only 50,000 farm families, it will be touching only the tip of the problem. The need for modernising agriculture under this and similar other programmes launched by I.C.A.R. and Government cannot be over-emphasised; if successfully implemented, they will go a long way in bringing about economic well-being of the farming community and solving to a considerable extent the problems of poverty and under-employment in the countryside. The Committee would like the Government to explore the possibility of mobilising the support and cooperation of State authorities to extend the benefits of science and technology to a much larger-segment of farming community than is envisaged under the 'Lab to Land' programme.

H. Forestry

4.85. J. Sholto Douglas and Robert A. de J. Hart. in their book "Forest Farming" have stated:

"Of the world's surface, only eight to ten per cent is at present used for food production. Pioneer agriculturists and scientists have demonstrated the feasibility of growing food-yielding trees in the most unlikely locations—rocky mountain sides and deserts with annual rainfall of only two to four inches.

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The water taken up by trees from the sub-soil is transferred into the atmosphere and falls as rain. The ecologist with Richard St. Barbe Baker's Sahara University Expedition discovered that a single eucalyptus tree forty feet high transpired eighty gallons of water a day. Tree plantations also attract rain clouds and cause them to shed their loads, so that extensive tree growing can make a substantial contribution to the annual rainfall of a drought ridden area.

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E. F. Schumacher, in a speech in 1966, said: The Central economic task of mankind, at this juncture, is to build up an efficient and satisfactory way of life in the rural areas, to achieve an agro-industrial structure which conquers rural unemployment, stops rural decay, and arrests the seemingly irresistible drift of destitute people from the countryside into the big cities, already overcrowded and rapidly becoming unmanageable. "Forest farming could make a considerable contribution to the fulfilment of this aim."

4.86. The National Commission on Agriculture have in their Report on Rural Employment (1976) highlighted the importance of forestry as a potential source of employment in the Rural Sector. It has been stated by the Commission that forestry is an important source of employment in the rural areas. Employment offered in this sector is often in the off-season for crop production and is, therefore, complementary to the employment in farm production. For instance, logging is generally carried out in the lean agricultural months. Secondly, as forests are located in backward areas, direct employment in forestry activities can benefit the backward communities such as tribals. Besides, the activities in the forestry sector require a very high component of unskilled labour and, therefore, would benefit primarily the unemployed and under-employed agricultural labourers and weaker sections of the rural community.

4.87. Indicating the contribution of forest development activities to the generation of employment opportunities, it has been stated in the Report of the Commission that these activities can be associated with (a) production forestry, (b) social forestry and (c) minor forest produce. As regards forestry production, the related activities are logging, road construction and regeneration. There is increasing demand for industrial wood and fuelwood. The falling and logging operations which are generally taken up in off-season create employment of 10 to 11 man-days per cubic metre of industrial wood produce. It has been estimated by the National Commission on Agriculture as an additional production of about 35 million cubic metres of industrial wood is expected by 2000 A.D. these operations alone are expected to generate additional employment for 350 million man days or about 1.16 million man-years. Similarly, there will be an additional production of about 50 million cubic metres of fuelwood from regular forests generating additional employment worth 0.33 million man-years annually by 2000 A.D.

4.88. The regeneration of forests both natural and man-made consists of clearing of forests, collection of seeds, raising of nurseries, preparation of sites etc. This provides employment to unemployed in the neighbouring villages. It is estimated by the Commission that concentrated regeneration would be of about 0.8 Mha. in 2000 A.D. against the present level (estimated) of about 3 lakh hectares in 1973-74. Considering that at least 250 man-days per hectare are required for creation of man-made forests and about 30 man-days per hectare for regeneration of natural forests, total employment in these regeneration operations would alone be about 0.36 million man-years in 2000 A.D.

4.89. In addition to the employment potential in production forestry and regeneration operations the Commission has estimated that road construction in forest areas social forestry and minor forest produce and ancillary activities can also generate additional employment of the order of 0.1 million, 1.1 million and 2.5 million man years respectively by 2000 A.D. The Commission estimates that the additional employment generated by 2000 A.D. will be of the order 5.5 million man years by 2000 A.D. In addition there is a large scope for employment in the rural areas in the transport of forest produce and in forest based industries such as saw milling, pulp and paper panel products, matches, Katha, Resin, Lac etc.

4.90. Bhagwati Committee on Unemployment also endorsed the suggestion of the National Commission on Agriculture and observed that these activities would not only help in the proper maintenance of the country's forest wealth and the exploitation of its resources,

but would also provide much needed employment in the primary, secondary and tertiary sectors.

4.91. The objective of forestry development as per the Draft Sixth Plan will be to meet the economic demand for forest products and maintain and improve the quality of the environment as well as provide substantial employment, particularly to the poorer sections of the society. The main thrust of the development programme will be on accelerating production forestry, substantially enlarging social forestry including farm forestry and linking forestry development with the economy of the people living in around forest areas.

I. Fisheries

4.92. The National Commission on Agriculture observed in its Report on Rural Employment also studied the scope of fisheries in generating employment in the rural sector. The Commission says that employment is generated largely in inland and coastal fisheries. The employment potential of distant water fishing operations which are capital intensive is comparatively small. Agriculture accounts for the largest part of employment creation in the fishing industry. Employment is created as a result of exploitation of reservoirs, village ponds and reclamation of swamps. In addition, there are considerable possibilities for expanding the tertiary sectors including preservation, processing and marketing of fish and fish products which would result in creation of additional employment potential.

4.93. It has been estimated that per capita productivity of 2000 Kg inland fish would constitute an adequate employment unit to support a family of five persons at the desirable minimum level of consumption. On the basis of the expansion of production of inland fisheries by about 3.7 million tonnes, there will be increase in the employment potential from 0.8 million man-years in 1970 to 2.4 million man-years in 2000 A.D. There will be additional potential for employment of about 0.25 million man-years in the coastal regions of the country particularly due to increased activities in mariculture yielding about 1.0 million tonnes of aquatic products. Thus employment potential in marine fishery would increase from 1.0 million in 1970 to 2 million man years in 2000 A.D as a result of increase in production to 3.5 million tonnes.

4.94. The Draft Sixth Plan promises that special attention will be given to augment fish production, as it is one of the sectors eminently suited to assist a large mass of economically weaker and backward sections of the rural community. Fisheries offer a large scope

to fulfil the basic objective of production-cum-full employment envisaged in the Plan. It is observed in the Draft Plan that increased fish production would considerably help in filling the gap between the availability and requirements of high quality protein subsidiary foods for internal consumption at reasonable prices. The present practice of granting fishing rights in public waters by the State Governments, Panchayats etc., would be reviewed and modified so as to ensure achieving the twin objective of creating a base for increased production and raising the economic standards of the communities already engaged in or inducted into fishing occupations.

4.95. The Committee note that the National Commission on Agriculture (1976) had gone into the question of employment potential of forestry programmes. The Commission came to the conclusion that forestry is an important source of employment in the rural areas and as it requires a very high component of unskilled labour, it would benefit primarily the unemployed and under-employed agricultural labourers and weaker sections of the rural community. The Commission estimated that forestry operations and ancillary activities can generate about 5.5 million man-years of additional employment by 2,000 A.D. In addition, there is large scope for employment in the rural areas in the transport of forest produce and in forest based industries. The Bhagwati Committee on unemployment agreed with the National Commission on Agriculture that forestry operations can provide much needed employment in the primary, secondary and tertiary sectors. The Committee note that the Draft Plan, 1978-83 has also taken note of the employment potential of forestry development. The Committee also feel that afforestation programmes and other forestry operations have great potential in generating employment particularly in the country side where the unemployment situation is more acute. The forestry operations can not only provide direct employment to the unemployed but will also make substantial contribution to the annual rain fall of drought ridden areas and can thus stimulate agricultural activities in such areas and provide more employment in agricultural operations. The Committee, therefore, recommend that suitable programmes for forestry development should be drawn up and implemented all over the country.

4.96. The National Commission on Agriculture has also studied the scope of employment in fisheries. The Commission has been of

the view that an increase in the employment potential from 0.8 million man-years in 1970 to 2.4 million man years in 2000 A.D. is possible if inland fisheries are expanded. Similarly employment potential in marine fisheries can also be increased from 1 million man-years in 1970 to 2 million man-years in 2000 A.D.

4.97. The Draft Sixth Plan document (1978-83) has also taken note of the large scope of fisheries to fulfil the basic objective of production-cum-full employment envisaged in the Plan. The Committee have no doubt that the fisheries particularly the inland fisheries will be exploited to the fullest extent in the Plan period so as to provide employment to the unemployed and fuller employment to the under-employed.

CHAPTER V

EMPLOYMENT IN VILLAGE AND SMALL INDUSTRIES

A. Employment programmes

5.1. The Committee have been informed that the Working Group on the Khadi and Village Industries has proposed creation of 32.03 lakhs additional jobs provided funds to the tune of Rs. 1295.66 crores are made available for this purpose during the years 1978—83. Similarly, in the Handloom Sector, the Sub-Group of the main Working Group on Textiles and Handlooms have proposed creation of 3.2 million jobs provided funds to the extent of Rs. 189 crores are made available under the Central Scheme and Rs. 183 crores under the State Schemes. The Working Group on Sericulture has recommended creation of additional 10 lakhs jobs, provided funds to the tune of Rs. 50 crores and Rs. 110 crores respectively are made available for this purpose under the Central and State Scheme.

5.2. The Small Scale Industry Sector is expected to create additional employment of about 30 lakhs persons during the Plan period 1978—83. The Committee have been informed that in pursuance of the Industrial Policy of the Government, new units would not be encouraged in urban areas having population above five lakhs. It has been stated that as the estimates of additional employment has presently been worked out by broad industrial classification, it is not possible to indicate precisely how many additional jobs would be created in the rural sector alone. Among the different industrial groups covered under this sector non-metallic mineral products, wood products and leather products would account for about 10 lakh additional jobs on wage basis, these employment opportunities would by and large be created in rural areas. In the case of chemical products, electrical engineering products, rubber products, paper products, printing and publishing, the additional employment might be evenly distributed between urban and rural sector or might be distributed somewhat in favour of urban areas. These products groups are expected to create about 7 lakhs of additional jobs. The programme of District Industry Centres would also place emphasis on creating employment opportunities in the rural sector. It has been stated in a note furnished to the Committee that as the small indust-

ries have within their purview units voluntarily registered with the Director of Industries and those not so registered, monitoring of employment generation in urban and rural sector is somewhat difficult. It is expected that the District Industry Centres would set up an Information System so that generation of additional employment in rural areas would be assessed and if there is deviation from the generally accepted Government Policy of creating employment in rural areas, this could be corrected.

5.3. The Committee were informed during evidence that during the Sixth Plan, employment in rural areas is expected to be created around 6 to 7 millions in the decentralisation sector which would represent principally the village and khadi industries, handloom, handicrafts and to some extent to the southern States the coir industry and sericulture.

5.4. It has been stated in the Draft Plan that the main objectives of the programme for development of village and small industries during the preceding plans were to create large scale employment opportunities, promote decentralisation and dispersal of industries, improve skills of artisans, quality of their products, reduce role of subsidies and step up the production of consumer goods, essential articles for the masses and those having large potential for exports.

5.5. The Plan states that according to the available data "fuller and additional full time employment generated in most traditional rural industries was not up to the expectation". Dealing with the reasons for shortfalls in this sector, the Draft Plan states that: "common production programmes were not formulated in detail. There was also an increase in the number of schemes, agencies and institutions without adequate arrangements for coordination and monitoring of their activities. Most of the artisans, craftsmen and other small entrepreneurs failed to get a package of assistance and services, especially scarce raw materials. The Khadi and Handloom industries also experienced marketing problems from time to time."

5.6. Explaining the reasons for failure of the past plan to achieve objectives in this sphere the Ministry have stated in a note to the Committee that earlier policy and planning had not given adequate emphasis or evolved supporting programmes for rural industrial development. The main thrust of the new Industrial Policy is on providing larger employment opportunities through development of village and small scale industries in the rural sector. The main instrument of the Government for creation of employment opportunities and dispersal of industries from the urban areas to the

rural areas is the scheme of District Industrial Centres. This scheme was launched in May, 1978. Till April 1979, 346 districts are stated to have been covered and the remaining 50—60 districts are expected to be covered within few more months. District Industries Centres have been set up as a focal agency to deal with all the requirements of small and village industries, under a single roof and they will have close linkages with the existing institutions like the Khadi and Village Industries Commission, Handicrafts Board and the Handlooms Board, who are already engaged in the economic upliftment of rural masses through various schemes. These Centres will also interface closely with activities of the proposed Integrated Rural Development Blocks.

B. Policy

5.7. During evidence the representative of the Department of Industrial Development stated that 'the Industrial Policy Statement made in Parliament has laid a great emphasis on the promotion of Small scale Industries in rural areas and small towns. With that emphasis the focus on development has also shifted to the Smaller areas. For instance, for the establishment of large industries in respect of urban areas with a population of above 5 lakhs, no new industrial units would be permitted to come up under the Industrial Policy Statement. So, there is distinct policy in terms of the location of the industries to enable employment opportunities generated in rural areas and simultaneously a shift in the administrative arrangements relating to promotion of industries particularly through the mechanism to promote the tiny sector which was broadly understood to be the units where investment on plant and machinery would be below Rs. 1.0 lakh and located in towns with a population below 50,000.'

5.8. The Committee have been informed that the list of items reserved for exclusive development of small scale industries has been increased from 180 to 504 (807 according to National Industrial Classifications). Tiny Sector which forms nearly 90 per cent of the small scale units has been identified and schemes of assistance of margin money, lower rate of interest and other facilities have been formulated for them. Government are also considering schemes whereby the activities of the Khadi and Village Industries Commission in certain industries, e.g., match making and toilet soap are considerably expanded.

Reservations

5.9. According to the views of KVIC one of the reasons for the failure of the village and small industries has been the competition

they have to face from large scale sector. The Industrial Policy Statement has stressed effective mobilisation of cottage and small industries widely dispersed in rural areas and small towns. It has also emphasised that whatever can be produced by small and cottage industries must only be so produced. Against this background the following elements of policy support have *inter alia* been suggested:

- (1) Reservation of sphere of production; (certain lines or items exclusively).
- (2) Non-expansion of the capacity of large-scale industries or pegging the levels of production.
- (3) Reservation of areas where large scale units need not be set up.

5.10. It has also been stated that a policy support for an industry necessarily implies a measure of control by the Government especially even the organised side of the industry and adoption of a differential approach with in-built advantage of decentralised sector. It has been stated that the Central Government has emphasised that appropriate measures will have to be taken to demarcate areas of differential technologies and to provide for statutory reservation of spheres of production for small scale and cottage industries.

5.11. In regard to reservation of spheres of production in certain areas or items exclusively the representative of the Department of Industrial Development stated during evidence that a number of items had already been reserved for the exclusive production in the small scale and village industries sectors. This number had been raised from 247 to 807 in the year 1978.

5.12. When asked as to what was meant by reservation the representative explained that it meant that once an item was reserved for production in the small scale sector additional capacity would not be allowed in the organised sector.

5.13. When asked how the unauthorised expansion of the capacity was being checked and through what machinery, the representative explained that there was a procedure by which the DGTD was required to obtain quarterly returns from the production units in terms of production capacity; the end-production in each of the units was also liable to be checked from time to time. The system was capable of furnishing adequate controlling of information by which this could be checked at any point of time. The stated that in respect of those items which had been reserved for the small scale sector no

new capacity or expansion had been licensed by the Ministry of Industry. As regards non-expansion of the capacity of large scale industries or pegging the levels of production, the representative stated that the Ministry were pegging production in the organised sector in respect of items reserved for small scale sector. When asked specifically whether in the organised sector, after reservation, the production of these items had not increased, the representative stated:—

“I cannot definitely say that. But at the same time, as I said, we had the capability to obtain that.”

5.14. When asked how much of production had gone up in the small scale sector in regard to the reserved items, the representative stated that he would make every effort to make available this information. This information was however not received from the Ministry.

Small Scale vis-a-vis Cottage Industry Sector

5.15. In laying down the strategy for the Sixth Plan it was stated that “in selected mass employment consumer goods sectors an optimum allocation of new capacity between different techniques will be recommended so as to ensure that the growth of employment in each of these sectors is satisfactory.”

5.16. Asked to state the main decisions taken in this regard it was stated by the representative of the Department of Industrial Development that:

“I did mention that we were trying to differentiate between the type of production in the organised sector and village industry sector which can lend itself to a de-segregation and decentralisation. Of course, the level of technology is related to the scale and the size of investment involved. Where there is a large investment, it is always related to the high capital intensive technology. For instance, mentioned yesterday in regard to the handlooms. Now, the rest of the processing in the textile industry can be in the mechanised industry including spinning, pre-processing and post-processing. The weaving part of the work will be only in the handloom sector because this is one area which lends itself very conveniently to labour orientation without affecting the viability. The other area which offers itself in the same manner is leather which can be on a widely decentralised basis if adequate raw material inputs in terms of improved leather, improved implements are made available to the village people. We are also

having discussion with the Khadi and Village Industries Commission and the State Trading Corporation as to how the State Trading Corporation can take up large export of goods produced by the Khadi and Village Industries."

"Now, I will give you the other instance of matches. Its production has been reserved entirely for the Cottage Industry sector as against even the small-scale sector. In regard to other areas, while the Government has not yet taken a decision, the areas are being identified. The Industrial Policy statement has gone on record to say that the cottage industry sector will be protected even against the small scale sector. We are now in the process of identifying those areas where we can lay down clear demarcation between the organised sector and the small scale sector and the village industry sector by which you can give the protection to the decentralised sector and other small scale sector as the case may be."

5.17. Asked by what time the exercise will be over it was stated by the representative that this would be a progressive exercise. For instance for the small scale sector 800 items had been identified which were exclusively reserved for this sector and more and more items will be reserved. Every year additions will be made to this sector. There was a Committee on Bureau of Costs and Prices which would go into the production aspects and try to accommodate production of items in this sector and give justification of items in this sector and give justification for reserving their production in the sector. The representative added that while these activities were under taken the economy should not suffer and the consumer should not be put into any difficulties and at the same time he must be protected.

Shifting of Production of Sophisticated goods to rural areas

5.18. The National Commission on Agriculture in its Report on Rural Employment (1976) observed that:

"Deliberate efforts will have to be made to see that the production of sophisticated goods and services which is at present concentrated in the urban Sector is decentralised and shifted to the rural areas. These sophisticated goods and service would cover a number of dairy products, processed good of various kind including malts and beverages, jams, jellies and squashes, biscuits, processing especially at primary stage including milling, tanning, oil extraction, chilling of milk, fruit processing, canning and preserva-

tion, packaging, storage etc. There is a wide margin between the price received by the farmer for his produce and price paid by the consumer or the price of the processed products in the urban areas. This difference is accounted for by processing, marketing transport, packaging and advertising charged. These activities have large employment content. In India, the price spread between the farmer and the consumer is at present due to commission and profits of various intermediaries besides marketing and transport charges. This has to be eliminated. In the future, the trend in consumption will be towards use of processed materials and in some cases in packaged forms. This trend is welcome and should be encouraged because it provides greater employment opportunities in these sectors. But in order to ensure that these benefits go to the rural or semi-urban areas there is need for bringing activities such as whole-sale and retail trade, distribution, packaging and processing, Marketing etc. within the fold of rural sector in organised forms."

The Commission, therefore, recommended that:

"Production of sophisticated processed food and processed agricultural raw materials should be reserved for the rural sector as a matter of national policy. Accordingly, activities such as wholesale and retail trade distribution, packaging and processing, marketing etc. should be brought within the fold of the rural sector."

5.19. The Committee wanted to know the decision taken by Government in the matter and the measures taken in this direction and the amount of success achieved in the matter so far.

5.20. The representative of the Ministry of Industry stated that:

"This has a very wide perspective about it. It could be looked at from the concept of emphasis on relegating production to where the raw material inputs are available. It could also reflect a shifting of production from urban to rural areas. The industrial policy statement has made it clear and this has been conveyed as a decision that no new licensed capacity will be allowed to be set up in urban areas with a population of 5 lakhs and in metropolitan towns with a population of 10 lakhs within the municipal limits or the standard urban areas, as the case may be. We are implementing that decision and so no new licences are being given accordingly.

So far as the decentralisation of industrial operations resolution, we would subscribe to the view that the industrial operations should be as close as where the raw material exists because transportation of raw material would necessarily increase the cost of transportation. It would certainly create a much greater rural employment in the areas than what is happening today.

Regarding the shifting of industries from urban to rural areas we have generally welcomed it. Now we have left it to the State Governments to clear any industrial unit. In regard to existing units they need not come to the Government of India for clearance."

5.21. The Committee are informed that according to the various programmes in the decentralised sector the Government expect to create 102.23 lakh jobs during the plan period (1978—83). 32.03 lakh additional jobs are proposed to be created by Khadi and Village Industries Commission; 30.20 lakh additional jobs are to be created in handloom sector, 10 lakhs in sericulture and 30 lakhs in small scale sector. Of the 102.23 lakh additional jobs, 60 to 70 lakh jobs are expected to be created in the rural areas. The Committee note that during the preceding Five Year Plans also there were a number of programmes to create employment opportunities in the decentralised sector but the additional employment generated in this sector was not upto the expectation. According to the Draft Plan 1978—83 the shortfall in the employment generation in this sector was due to a variety of reasons. Common production programmes were not formulated in detail. There was an increase in the number of schemes, agencies and institutions without adequate arrangement for coordination and monitoring of their activities. Most of the artisans, craftsmen and other small entrepreneurs failed to get a package of assistance and services. The Committee are informed that these drawbacks noticed in the implementation of previous plans will be taken care of through the instrument of District Industries Centres in the 6th Plan. The Committee have dealt with District Industries Centres Separately in this Report. The Committee, however, cannot help emphasising the need for learning lessons from the past mistakes which led to shortfalls in the employment generation targets in the decentralised sector. The targets of additional employment of 102.23 lakh jobs of which 60 to 70 lakhs jobs will be in the rural sector are highly impressive no doubt, and these targets are also within reach if the various schemes and programmes are properly implemented. The Committee would suggest that these targets may be broken up year-wise State-wise and even region-wise; specific responsibilities

may be assigned to specific bodies in each area which may be held accountable to implement the programmes and to achieve targets. At Central and State levels, the progress under the various programmes should be continuously monitored and the working of various organisations and programmes fully coordinated and ways and means found to overcome constraints that may be encountered in the achievement of the targets. All this calls for a constant and close watch and it is here that the responsibility of the apex bodies at the Central and State levels is crucial. The Committee would like that the year-wise targets and achievements with reference to each programme should be fully reflected in the annual reports of the respective bodies who may be assigned the responsibility of implementing these programmes and the Government at the highest level should come forward to help them as soon as any shortfalls are apprehended or noticed.

5.22. In order to achieve the target of additional employment generation the Khadi and Village Industry Commission has suggested policy support for the small and village industries in the form of reservation of spheres of production, non-expansion of the capacity of large scale industries and identification of areas where large scale units need not be set up. The Committee have been informed by the Ministry that in their new industrial policy a great emphasis has been laid on the promotion of small scale industries in rural areas and small towns. Large industries will not be allowed to come up in urban areas having a population of over 5 lakhs. Certain lines of production have been reserved for small scale industries. The number of such items has been increased from 247 to 807 in the year 1978. Tiny sector which forms nearly 90 per cent of the small scale units has been identified and schemes of assistance of margin money, lower rate of interest and other facilities have been formulated for them. The Government have stated that once an item is reserved for production in the small scale sector, additional capacity therefor would not be allowed in the organised sector. The Committee have been informed that Director General Technical Development is required to obtain quarterly returns from the large production units in terms of production capacity and to check the end production in each such unit from time to time. The representative of the Ministry of Industry could not say categorically during evidence as to whether after the reservation of certain items for small scale sector production of the reserved items in the organised sector had not increased. He promised to furnish this information to the Committee subsequently but this information has not been received so far. The Committee feel that while reservation of items for production in the small scale and tiny sectors is an excellent idea which

has a tremendous potential of stimulating growth of these sectors, its implementation in the field is bound to prove problematical. In fact, as large sector has failed to provide adequate employment opportunities to the growing work force and as decentralised sector has the potential to absorb much larger work force than at present, there is no alternative but to support small scale and tiny sectors by reserving certain lines of production exclusively for these sectors and thus helping them provide more employment opportunities to the unemployed persons especially in rural areas. But if the concept of reservation has to be made a success, the Government must not only take powers to prevent large sector from producing what belongs to the decentralised sector but also strengthen the implementing of this policy and ensure that the large sector does not grow at the cost of small and tiny sectors.

5.23. In this context the Committee take note of the observations made by the National Commission on Agriculture in their report, 1976, that "deliberate efforts will have to be made to see that the production of sophisticated goods and services which is at present concentrated in the urban centres is decentralised and shifted to the rural areas. These sophisticated goods and services would cover a number of dairy products, processed food of various kinds including malt and beverages, jams, jellies, squashes, biscuits, processing especially at primary stage including milling, tanning, oil extraction, chilling of milk, food processing, canning and preservation, packaging, storage etc. The Committee endorse the recommendation made by the Commission that production of such sophisticated processed food and processed agricultural materials should be reserved for the rural sector as a matter of national policy and activities such as wholesale and retail trade distribution, packaging and processing, marketing etc. should be brought within the fold of rural sector

5.24. The Committee note, under the new industrial policy, while the small scale industry will be protected against the large industry, the cottage industry will be protected against the small industry. The Government, it is stated, are in the process of identifying those areas where they can demarcate between the organised sector, the small scale sector and the village industry sector. They have, for instance, reserved additional weaving for handloom sector; matches also are stated to have been reserved entirely for cottage industry sector. The Committee welcome this approach as they feel that this measure alone will go a long way in not only protecting the village industry sector from the small industry and the small industry from

the large industry but also in generating more employment in decentralised sector, particularly the village industries sector. They would like the Government to complete this exercise of demarcating roles of large sector, small scale sector and village/cottage industry sector without delay so that the benefit intended for the small and cottage industry sector starts according to them at the earliest.

C. Khadi & Village Industries Commission

5.25. In a note submitted by the Ministry of Industry, It has been stated that the Draft 6 year plan (1978-79 to 1983-84) prepared by the Khadi & Village Industries Commission in August, 1977 has envisaged employment generation at the end of 6 years (1983-84) at 77.58 lakh persons (19.89 lakhs in Khadi and 57.69 lakhs in Village Industries) on the basis of project outlays during this period of the order of Rs. 1937.76 crores.

5.26. The Committee have been informed that the Working Group appointed by the Government of India to recommend the strategy, policies and the programmes for the development of Khadi & Village Industries during the 5 year plan period 1978-79 to 1982-83 (which submitted its report in December, 1978) has recommended a total outlay of Rs. 1295.66 crores during the five year period, which is expected to provide employment of 55.17 lakh persons (32.03 lakhs additional).

5.27. The Working Group Report has been forward to the Planning Commission (at whose instance the Working Group was const tuted) and its recommendations are under consideration of the Planning Commission.

5.28. The Committee wanted to know whether KVIC would be able to achieve the enhanced target.

The Ministry have stated that the implementation of the targets envisaged under the Khadi & Village Industries Programmes is dependent on a number of factors such as adequate budgetary support, expansion and liberalisation of bank credit, institutional infrastructure for under-taking the widespread network of its grass roots activities, and administrative and managerial capabilities of the organisation.

The budget, allocations made to the Khadi & Village Industries Commission during the last five year and the employment generated thereby are given below:

	Funds Allocated (Plan & Non-Plan) (Rs. crores)	Employment Generated (Lakh persons)
1974-75	21.52	18.83
1975-76	31.05	19.45
1976-77	33.35	20.46
1977-78	47.90	25.60 (estimated)
1978-79	21.01	28.41 (targeted)

5.29. During evidence the representative of the Department of Industrial Development stated:

"We believe that if the funds as indicated in the working group report, are made available it should be possible to generate this level of employment. We would go further and say that while the outlays indicated here appear to be on the high side in terms of budgetary outlays, with the liberalisation in the credit arrangement from the banking sector particularly following a meeting taken by the Prime Minister with the Chairman of the nationalised banks, some working groups had been appointed which went into the liberalisation of credit to the small scale industries and the conclusion of the working groups are far reaching. If they are implemented in letter and spirit by the banking sector, they would enable the rural artisan to get credit from the banking sector, which would, in that case, perhaps, reduce the dependence of the Khadi and Village Industries Commission on budgetary allocations. So in the event of budgetary allocations being made available, these would go much longer in generating additional employment in rural areas."

He added further:

"The Khadi and Village Industries Commission, through its own agencies and the Khadi and Village Industries Board, have a widely distributed network of operations which through certain administrative orientation and impulse could certainly take on a much larger programme than it is doing today. It is today a grass-roots organisation. Perhaps it has not developed the kind of administrative capabilities and skills which are required to push through a programme of this magnitude, but the efforts on the part of the Commission are evident in trying to build up the organisational capabilities. The State Boards are also making efforts and trying to organise their programmes, so that they will be able to carry forward this programme on a much wider scale."

He further added that:

"Now we have set up a Committee in the Ministry of Industry to identify how the budgetary support, which goes to the KVIC can enlarge itself effectively in terms of K.V.I.C's operations, how that Commission can be strengthened in administration, in its regional set up, decentralised frame-

work so that it can take up the responsibility of providing the kind of employment that we are indicating.”

5.30. The Committee note that the Khadi and Village Industries Commission have drawn up programmes to generate 55.17 lakhs jobs (32.03 lakhs additional jobs) during the period 1978—83 with an investment of Rs. 1296 crores. The implementation of these programmes depends on a number of factors like adequate budgetary support, liberal bank credit, institutional infrastructure and administrative and managerial capabilities of the organisation. The Committee welcome this ambitious programme. But they are not sure whether KVIC has the organisational capacity to nearly double the employment generation from 28.41 lakhs in 1978-79 to 55.17 lakhs in 1982-83. And this doubt is confirmed by the statement made by the representative of the Ministry of Industry during evidence that “perhaps it (KVIC) has not developed the kind of administrative capabilities and skills which are required to push through a programme of this magnitude”. The Committee note that the Government have set up a Committee to suggest ways and means of strengthening the Commission to enable it to discharge its responsibility in this field. The Committee would be unhappy if the programmes for generating 32.02 lakh additional jobs during the Plan period are allowed to lag behind schedule just for lack of adequate administrative and managerial capabilities in the KVIC. The Committee would like the Government to spare no effort to strengthen the Commission organisationally and administratively so as to equip it to push through the employment programme according to target.

5.31. The Committee find that another factor which can stand in the way of KVIC's achieving the targets is uncertainty of budgetary and financial support. The uncertainty on this account should not have been there in view of the decisions reported to have been taken by the nationalised banks to provide liberal credit to meet the needs of small scale sector and rural artisans. The Committee urge that the Government should ensure adequate budgetary support and liberal bank credit for the programmes of KVIC to enable the Commission to generate additional employment opportunities for 32.03 lakh persons and thus make its full contribution in the fight against unemployment.

D. Marketing and Raw Materials

Marketing

5.32. As the draft Plan observes, besides the continued dependence of a significantly large number of different rural and other small

industries for marketing on middlemen, an increasingly larger number of these industries has also been experiencing difficulties in marketing their products.

5.33. The Committee have been informed in this connection that a sub-group of the Working Group on small scale industries has been set up to examine in detail various marketing problems being faced by the small scale industries and to suggest suitable measures for accelerating the pace of development. Marketing assistance programmes already taken up by the SIDO include setting up of sub-contracting exchanges at the small industries Service Institutes; providing assistance to the State Government for setting up of Trade Centres and liberalisation of imports of raw materials and comments for small scale industries. The Committee have also been informed that it is also proposed to strengthen the marketing activities of the Khadi and Village Industries Commission by increasing the number of marketing outlets, and adoption of modern marketing techniques e.g. use of brand name, packaging etc. and undertaking of marketing research.

Raw Materials

5.34. In regard to the proposal regarding reservation of raw materials for exclusive use for the decentralised sector, the representative of the Department of Industrial Development informed the Committee that efforts were being made to increase the availability of raw materials to the decentralised sector. For instance in the case of small scale industries allocation of iron and steel had substantially increased during the current year (1978-79) despite the shortages in the supply of steel. The Committee were informed that the recent meeting of the small scale industries Board had recommended to the Government to ensure the fullest allocation to the small scale sector in its allocation of raw material even in preference to the organised sector and these recommendations were being examined with a view to ensuring that the small sector got full share.

5.35. The Committee were informed that small industries institutions existed in almost all the States. The Small Industries Corporations undertake, distributing some raw materials like iron and steel, coal, cement, copper-brass etc. Imports were also arranged through S.T.C. It was stated, however, that the arrangements did not exist in respect of all raw materials nor were they foolproof. The arrangements were being strengthened.

5.36. On the question of the problem relating to provisioning of raw materials for the rural industries and marketing of rural indus-

tries products, the representative of the Department of Rural Development stated during evidence:—

“There is one very important bottleneck in organising rural industries.....Marketing of finished goods is an important factor, similarly non availability of raw materials acts as an important bottleneck. So we want that rural marketing centres should also be organised in those blocks which are picking up to sizeable extent.....”

We all act together and we thought about the best way of establishing rural marketing societies in every block where there is sizeable activity in the field of rural industry. Such rural marketing societies can supply raw materials to artisans. They can serve as outlets with the outside world also. Many of our products could go outside the country. They may be demanded abroad. These are the things which could be organised in the villages. The block administration has to play a more important role. The District Industries Centres for instance play an important role. They are closely associated with the industries.”

5.37. It has been stated in a memorandum to the Committee that the private sector will not have necessary willingness and abilities to provide total employment. It has been suggested that with a view to involving Government in production and service activities in the rural areas there should be “small public sector” in rural areas as a parallel to “large public sector” in urban areas. These small public sectors should start a chain of multi-purpose farming units including production of foodgrains cash crops, milk, poultry etc. and agro-based and agricultural related industrial complexes of appropriate sizes. At least one or two such units should be set up on an experimental basis in every block.

5.38. During evidence before the Committee an expert stated in this connection that:

“What is needed is a package of services, a service organisation which may be, if you call the small public sector, it should not really be a producing organisation. It must be the small public sector which should provide relevant services to the self-employed persons in the village who enter into productive capacity. It is very well known that even for sophisticated things, you can get each part made by the different houses provided you have standardised on raw material etc. In my concept, the rural public

sector should not be a replica of the other public sector but it should be some kind of a service organisation which can provide standardised raw material, improved designs and other forms of assistance to the self-employed persons in the village itself. This would probably make a large impact than a few small companies."

5.39. Explaining his views in this regard the representative of the Department of Rural Development stated that:—

".....For certain type of activities, some kind of a public sector organisation is very much necessary. For example supply of raw material. This will go a long way in removing the distress of rural artisans. Secondly many big organisations are there whose marketing links are so well-organised that even they extend to the international trade. So, if these marketing organisations can be linked to the rural units through some organisation, that will be a good thing."

5.40. Needless to say, assured availability of raw materials and outlets for the products of the rural and small scale industries are essential pre-requisites and very crucial factors for the successful development of this sector which is expected to provide employment for the rural labour force found surplus or under-employed in the agricultural sector. This will also provide a tremendous incentive for the new entrepreneurship to enter these sectors.

5.41. The Committee are informed that small industries institutions and small industries corporations are taking care of the needs of small scale industries in these matters. The Committee suggest that the Government may keep a watch on the problems of the small scale industries and strengthen the existing organisations, where necessary to enable them to meet the raw materials needs of these industries and provide marketing outlets for their products.

5.42. The Committee feel that for meeting the raw materials requirements and providing the marketing outlets for the products of the village industries, direct support by the Government in these fields, is imperative for their success. The Committee suggest that suitable schemes should be evolved for organising a network of small organisations in public sector to provide standardised raw materials, improved designs and marketing outlets to the self-employed persons in the villages and to the village and cottage industries. This organisation alongwith the DICs will provide a complete set up for a healthy growth of the village and small industries.

E. District Industries Centres Scheme

5.43. *Introduction*:—It is the policy of the Government of India to promote the rapid growth of small scale and tiny industries in the rural and backward areas, to maximise employment and raise income levels in rural areas while at the same time increasing the supply of mass consumption goods. The Committee have been informed that number of schemes have been evolved for the promotion of rural industrialisation. Arrangements are also being made for increasing availability of credit for rural industries. The number of items reserved for manufacture in the small and tiny sector has been increased to 807 .

5.44. It has been stated that while these initiatives are very useful, their effectiveness can be maximised only if the intended benefits of the various schemes are brought within the easy reach of people in the rural and backward areas. One generally gets a feeling that there are too many schemes being implemented by too many agencies with the result that a complicated imaze of officers, systems and procedures could easily be wilder and put off a number of small rural entrepreneurs. It is, therefore, necessary to structure the organisation at the 'cutting edge' of policies and schemes with reference to the attitudes, capacities and needs of the average entrepreneur in the rural and backward areas. The first step in this direction would be to simplify, streamline and rationalise the organisation at the district level.

5.45. The Ministry have stated that the statement of the Minister of Industry on the industrial policy that was placed before parliament on 23rd December, 1977 stresses the importance that is being attached to the promotion of small, village and cottage industries and clearly states that the focal point for such development will be the District head quarters rather than large cities and States capitals. The statement also mentions the proposal to set up District Industries Centres (DICs) throughout the country. The main objective of the DICs is that an average person who is interested in setting up a rural industry should have one-and only the place to visit for seeking all his needs. This would provide a tremendous practical and psychological advantage to entrepreneurs that DIC would be acting or the coordination organisation for all the inputs and facilities for establishing and operating small, tiny and cottage industries. Under the single roof of the District Industries Centre, all the services and support required by small and village entrepreneurs will be provided. The District Industries Centre will undertake the economic investigation of the potential for development of the District including its raw materials and other resources—Supply of machinery and equipment, provision of raw materilas effective arrangements for credit facili-

ties, marketing assistance and quality control, research, extension and entrepreneurial training. It is the intention of the Government to make the District Industries Centre also an operational mechanism for according sanctions and other facilities for setting up industries in the rural and backward areas and ensuring their continued viable operation by developing close linkages with the Rural Development Blocks on the one hand and with the specialised and development institutions on the other. Institutions like KVIC, Directorate of Handlooms and Directorate of Handicrafts which are involved in grassroot activities, wherever these programmes are functioning or have an identifiable potential, will work through the DIC and integrate their activities with the DIC set up.

5.46. Central Government Assistance:—Since the Central Government attaches the greatest importance to the effective functioning of the DICs the scheme is proposed to be financed by the Government of India as Centrally sponsored scheme in the following manner: Government of India will provide:—

- (i) Non-recurring grant of Rs. 2 lakhs per DIC for construction of a building for office accommodation for the staff of the District Industries Centre.
- (ii) Non-recurring grant of Rs. 3 lakhs for meeting the expenditure on furniture and fixtures, office equipment vehicles (preferably diesel operated jeep) etc.
- (iii) Recurring grant not exceeding Rs. 3.75 lakhs subject to corresponding contribution by the State Government of Rs. 1.25 lakhs per Centre. Where the recurring expenditure on the DIC set up is less than Rs. 5 lakhs, the contribution from the Centre would be limited to 75 per cent. thereof.

Organisational Set-up

5.47. The staffing pattern for the DICs is as follows:—

(i) General Manager:—

should preferably be of the rank of a Joint Director of Industries in the State. Senior Deputy Director drawing not less than Rs. 800/- (basic) in the scale may also be considered if found exceptionally suitable.

(ii) 7 Functional Managers:—

May be of the rank of Deputy Director/Senior Assistant Directors (if found exceptionally suitable) and would look after the following disciplines:

- (a) Economic Investigation;
- (b) Machinery and Equipment;
- (c) Research, Extension and Training;
- (d) Raw Materials;
- (e) Credit;
- (f) Marketing; and
- (g) Cottage Industries;

Depending of the requirements of the Districts, the number of Functional Managers may range from 4—7. If necessary the activities of two contiguous districts could be combined under one Functional Manager. The Districts Industries Centres have become operative from 1st May, 1978.

Credit

5.48. The Committee have been informed that the banks have willingly come forward to participate actively in the DIC programme. They have agreed to lend the services of one of their officers as a Credit Manager to each DIC, so that a bridgehead is established between the DIC and the bank in every district. The banks have agreed that no application for finance will be delayed beyond one month from the date of the application being received by the local Branch Manager. This is a bold and welcome departure from the age old conservative approach of security consciousness and administrative delays.

Work Programme

5.49. DICs are to frame their annual work programme in respect of various assistances required to establish small scale units and run them effectively.

The finding of the scheme will be done under Centrally sponsored schemes of Government of India and the schemes will be reviewed and approved in the context of State annual plans. The funds would be allotted to the State/Union Territory Governments in the beginning of the financial year and it would be followed up by the quarterly sanction and disbursement of funds. The release of funds for

the first two quarter could be done on a *pro-rata* basis of the allocations as per pattern, but the release of the sanction of funds for the 3rd and the 4th quarter of the year will be made on the basis of the actual expenditure incurred on the scheme as per the pattern to be furnished by the State/Union Territory Governments.

Delegation of Powers

5.50. It has been stated that simple disposal of information and consultancy services is not going to allow the objective of expeditious development of small, tiny and cottage industries in rural and backward areas be achieved. It is even more essential that the set of persons employed to effectively run the DICs are also vested with adequate power to provide the assistances which they feel is genuinely required by the entrepreneurs. The Government of India is stated to have already taken steps in this direction and the State Governments have been requested to delegate the powers to liberally identify the powers which could be delegated to the General Managers of the DICs and initial steps immediately in this direction.

Action Plan

5.51. The guidelines for preparation of action plan have been provided to DICs and the State Governments have been requested to ensure that such plans as well as the work programmes based on them are finalised in each DIC before the end of March, 1979. This will enable serious implementation of the Industrial enable serious implementation of the Industrial promotional effort in a systematic manner all over the country.

5.52. Th action plans being formulated by the DICs are to concentrate on the demands skills and surplus resources of the district concerned. The action plans have also to provide details of the programmes blockwise and bring out financial, employment and production potentials separately for artisans basic activities, they tiny and small scale units. This should also provide as estimate of quantities of different inputs required and the organisational support needed to implement the programme. It would also facilitate provision of various inputs by concerned institutions, such as commercial banks, State Financial Corporations, State Industrial Development Corporations etc.

5.53. Many of SISIs have already prepared model action plans. The SISIs have also been instructed to provide adequate support to the General Managers in working out action plans. In addition, SISI staff have been decentralised and posted in a group of 2 to 3 persons at Divisional Headquarters. This is expected to go a long way to give expeditious support to DICs.

Maintaining and Evaluation

5.54. To provide a suitable arrangement for effective coordination between DICs and other State Government Departments|Undertakings, District Advisory Committees are being constituted. These will be headed by the Collector of the district and consist of District level officers of other Departments, Semi-Government and local bodies, non-officials members representing Industry and Trade Association, Members of Parliament and Member of State Legislatures. To supervise and monitor the functioning of the District Industries Centres the constitution of State Level Coordination Committee with the Chief Minister|Minister for Industries as Chairman has been suggested. Six Regional Committees have been set up to provide overall coordination in a region and for exchange of information between State and regional and all India bodies. A Central Coordination Committee with the Union Ministry of Industry as the Chairman has been constituted which will review from time to time the policy and broad framework of DIC set up in the light of the experience gained. The Development Commissioner (Small Scale Industries) will be regularly monitoring the progress of the District Industries Centres. The State Governments are also setting up cells at the State Industries Department to monitor the progress of this Scheme.

5.55. The latest position as regards the progress made by the District Industries Centres was given by the Ministry of Industry during his reply to the discussions in Lok Sabha on Demands for Grants concerning his Ministry on 19 April, 1979.

5.56. Since 1st May, 1978 out of 399 districts DICs have been set up in 346 districts. There are thus hardly 50 to 60 districts that are yet to be covered by DICs. The Minister of Industry stated that in another few months every district in the country will be covered by a DIC. Out of these 346 DICs that have been set up 164 DICs have started functioning. These DICs are stated to have reported that they have identified 52,000 entrepreneurs; they have prepared 13400 project profiles; they have been instrumental in establishing 36,660 units; have created employment for 1,16,465 persons; and have made available financial assistance amounting to Rs. 47.2 crores to the small entrepreneurs. These 164 units which have started functioning reported visualising establishment of 90814 units.

5.57. The Committee have been informed that all the State Governments have been advised to delegate wide powers to the General Managers|Functioning Manager in the DICs so that the DIC can really play an effective role. It may of the States the powers of

the Directorate of Industries have already been delegated and steps are being taken to delegate powers of other Departments which could be exercised by the DIC staff without hampering the efficiency of work. In regard to the remaining powers the necessary arrangements are being worked out.

It has been stated that all the existing organisations engaged in the field of small scale industries, village industries and tiny industries, have been advised to develop close linkages with the DICs. The DICs will work in close unision with these organisations and will not take over their existing functions. A scheme has been drawn out after detailed discussion with the Department of Rural Development whereby the activities of the DICs will be inter-faced with those of the Integrated Rural Development Blocks. The State Governments have also been advised to have one of the Functional Managers from the Khadi and Village Industries Commission, Handicrafts Department or Handlooms Department depending upon the nature of activity which is predominant in a particular district.

5.58. The Committee have no hesitation in saying that District Industries centre as conceived provides an ideal organisational framework for the implementation of the new industrial policy and programmes envisaged in the Plan in the context of the importance being attached to the development of small scale, village and cottage industries. Rightly the DIC will, for the first time, take the focal point to the district and provide the whole package of services to entrepreneurs under one roof. This Centre will provide a tremendous psychological and practical advantage to the new entrepreneur and will save him of all the running about and harassment resulting from time consuming processes in setting up or running an industry.

5.59. The District Industries Centre is an innovative scheme capable of achieving very encouraging results. The Committee note that the scheme has taken off with great enthusiasm and will be covering the whole of the country in the next few months. The Committee have no doubt that if DICs perform the functions expected of them in letter and spirit and the new entrepreneurs take full advantage of the services available in the DICs, the small scale and rural industries will make great strides in each district and will go a long way in wiping out unemployment and under-employment in the foreseeable future.

5.60. The Committee would like the Government to keep the working of DICs under close and constant watch. It is essential to ensure that the managers selected for manning the DICs are fully-qualified for the jobs and are endowed with a spirit of service. It

should be ensured that they do not carry with them the legacy of bureaucratic approach from the Departments from which they are drawn. They should be progressive minded and forward looking officers who should have positive approach and not cramped in their working by narrow rules and regulations. They should make the entrepreneurs feel welcome on being approached and they should judge an entrepreneur by the enterprising spirit and not merely by the amount of capital that he can raise. Their approach should be fully commercial, business like and practical and not at all bureaucratic.

5.61. The Government should ensure that the managers who will all be hailing from different departments and disciplines work as a homogenous team. There should be perfect equation not only between the General Manager and the Managers but also between all the Managers. They should be officers who cooperate and collaborate with one another in the pursuit of common goal of helping an entrepreneur.

5.62. Unless Managers, are invested with adequate authority to solve the problems of the entrepreneurs in the field of finance, licence, power, water supply etc., they will not be able to achieve any significant results. The Committee are informed that necessary powers have been delegated to the DICs in certain matters and in certain other matters they are in the process of being delegated. The Committee would like the Central Government to make sure that all the necessary powers are vested in the Managers at the earliest as otherwise they will be acting merely as a "post office" and will cause more frustration and disappointment to the entrepreneurs than hitherto.

5.63. The District authorities will have to be responsive to the proposals made and initiatives taken by the District Industries Centres. They should view it as a joint venture and joint opportunity to serve the people. The Committee hope that the Central Government have impressed upon all the State Governments the need to bring about necessary reorientation in the approach of the officers at the district level.

5.64. The Committee would judge the efficiency of District Industries Centres by the number of entrepreneurs they receive and help and by the number of industrial units they succeed in setting up. The Committee would like the Government to constantly monitor the progress made by each District Industries Centre and wherever the progress is found to be slow, Government should render all possible administrative and managerial assistance to that centre to

get over the constraints and to be able to discharge the role expected of it.

5.65. DIC is an organisation which will supplement the work relating to development of small and village industries in the area. There is no doubt that it is bound to develop itself into a focal point for the development work in this regard. It will be advisable, therefore, that no time is lost by DIC in developing effective linkages and cordial relations with all the organisations engaged in this work like Khadi and Village Industries Boards and the Commission, Handicrafts and Handlooms Boards, the banking and commercial institutions in the area etc. and also elected representatives of the area. While the DICs will have to work in close coordination with these organisations they should take care to see that they do not attempt to take over all the existing functions of these organisations.

5.66. An important pre-requisite for successful implementation of the DIC concept is the proper assessment of economic and manpower resources of the district. A survey of the district and economic and manpower resources if not already available should be taken up immediately and the projects/profiles in respect of them drawn up in consultation with the block/district development authorities because the implementation of the work programme of a DIC will be dependent on the data obtainable through such a survey.

5.67. The Committee wish also to point out that the DIC has not to be seen as an isolated effort which is going to solve all the problems relating to the development of small and village industries by itself. It has instead to be seen in broader perspective of economic scene. It can perform its task successfully if adequate policy support is available for the small scale industries and Policy measures concerning dispersal and decentralisation of industries are implemented vigorously and faithfully. The Committee hope that these aspects will be kept in view and this experiment which is highly promising and on which Government are in fact pinning a lot of hope is not allowed to go the way many other schemes have gone in the past.

CHAPTER VI

ADMINISTRATIVE AND PLANNING MACHINERY

A. Planning Machinery at the National Level

6.1. It has been represented to the Committee by an eminent economist during evidence before the Committee that:—

“The objectives of the Plan are the same from the beginning till today. In this plan they try to put more emphasis on rural development but according to me, they have not benefited by the experience gained so far. They have committed the same mistakes. Before they formulated the plan they have not involved the economists, the administrators, the State Governments etc. They have simply increased the allocation to rural development. When there is no involvement at any stage is it not bound to fail?”

6.2. The representative of the Planning Commission had the following comments to offer in this regard:—

“The orientation of the development objectives and strategy in the draft Five Year Plan is meant precisely to reverse the past mistakes and learn from past experience. As stated in that Plan, in spite of some significant growth and progress towards such objectives as import substitution and self-reliance in the past 25 years, the objectives of removal of poverty, unemployment and inequalities remain as remote as ever. The new strategy is therefore oriented towards making a frontal attack on the problems which seem to have grown worse in the past few years. It was decided to abandon the old approach to planning and development and to launch a new strategy as early as possible. The draft Plan had therefore to be prepared in a very short time. It was not therefore, possible to consult the representatives of various sections of society at the time of the formulation of the draft Plan. The intention however, was to do so before the Plan was finally adopted. In pursuance of this, meetings of representatives of trade and industry, trade unions and economists were convened and the dialogue will continue. As for the State

Governments and administrators they are very much a part of the plan-making machinery, and have been closely involved in the formulation of the annual as well as the five year Plans."

6.3. It was pointed out by the Committee that the previous Plans were formulated in consultations with the States. Even then the targets were not achieved and there was a feeling in the States that this Planning Commission was a super Government. Now the Planning Commission was completely assuming the development of the country without involving anybody. Even when the Plans were implemented involving the States, we were not able to achieve the targets. Then how the Planning Commission could achieve the targets without involving the States while formulating the Plans.

6.4. The representatives of the Planning Commission stated that what was being considered was the draft Plan and in the process of finalisation, the States were being closely consulted.

6.5. An expert stated during evidence before the Committee that—

"I am afraid I have to say that even the Sixth Plan will not create the necessary impact, particularly on employment and with regard to rural development also, mainly because, in my view—I have dealt with planning from the very beginning, from the First Plan onwards, and I have intimately known the expertise available in the Planning Commission—while they may be competent to build models, and perhaps perfect models with consistency between the various sectors, I don't think the Planning Commission possesses the expertise required for the purpose, particularly for dealing with rural development programmes and employment programmes in the rural areas. In the past, when we were dealing with the establishment of large-scale industries and building up the infra-structure there were models available outside the country, which we could easily follow—for example the Soviet model—and quite a few countries followed, the Plan which we had formulated and implemented to the best of our abilities. Even though there might have been deficiencies in the implementation and even in the Plan itself, the Planning Commission itself had precedents and therefore it was possible for the commission to make plans for building up the infrastructure in the industrial sector and the agricultural sector, with irrigation projects etc., at a global level. But this alone would not bring about the transformation which is necessary in the rural areas, and

that is why today we have to think in terms of what should be forum in which this should be discussed and Plans drawn up, or at least to give an indication at the national level our new approach to planning for the purpose of bringing about this rural development. Fortunately, we have quite a few organisations, which have been working in the field, and I have come across people who have developed competence in dealing with the problems at the grass-root level in the rural areas. Perhaps the time has come to pool the expertise which is available and also the experience that has been gained. It is not merely the allocation of resources which is important but, on the other hand, it is a sort of planning for the utilisation of the resources which is important. In my view, unless such a step is taken, even the allocation of larger resources is not going to yield better results. That is what I would say with reference to the short-comings of the past Plans and what we should do for the purpose of improving our approach to Planning particularly with reference to the rural areas.

Secondly, till now our planning has been at the national level and even for the States the Plans had been drawn up by the Planning Commission at the Central level. Even during the formulation of the Fifth Plan, we thought that the Planning should go down at least to the State level. But, unfortunately, though this was realised and various communications went to the State Governments, and they also formed some sort of cells for planning. But it was with the same old personnel and no serious effort was made for the purpose of training people for the purpose of taking up more detailed planning and micro-level planning at the state level and then take it down to the district level. Therefore, it is not only the national picture which is important and that is necessary for the purpose of giving guidelines to the various State Governments, but we should have at the State level, also a sort of planning committees and planning Boards whatever you may call it, who have a feel for these things and who have some experience in this field. Otherwise, it would become difficult. Then it will have to be taken to the district level and then to the block level at least. If it is not block level, at least homogenous regions will have to be taken up for the purpose of formulating plans and unless this is undertaken, all our effort would be, in my view, waste of re-

sources again and what we want to achieve may not be achieved in spite of the fact that we have diverted resources for this purpose.

It is difficult to re-organise the Planning Commission. What is important is even within the Planning Commission there should be a big enough cell and expertise available for the purpose of dealing with the problem. After looking into it as to how much expertise has been deployed in the Planning Commission on this I find it is nothing. So unless attitude changes in the Planning Commission you cannot do anything."

6.6. Asked to give views on the adequacy of expertise available in the Planning Commission for rural development and employment programmes and on the suggestion of setting up an exclusive and well-staffed cell in the Planning Commission for rural development and employment, the Planning Commission stated in a note that the detailed schemes for rural development are not drawn up by the Planning Commission. This is the responsibility of the State Governments, and the Department of Rural Development at the Centre gives them *general guidance*. Within the States schemes have to be prepared at various levels and the aim of the Planning Commission is to encourage development planning especially at the block and the district level.

6.7. The task of the Planning Commission is to consider policies for rural development and employment generation, and to advise the States on their rural development programmes. The primary responsibility within the Commission for this kind of work rests on the Members incharge of (i) agricultural and rural development and (ii) labour and employment. In their tasks, the Members are assisted not only by their respective Divisions but also by Programme Evaluation Organisation and Consultants who may be appointed from time to time. The Commission also seeks the advice of academic institutions, voluntary bodies in the field of social work, trade unions and political parties in framing plans and policies.

6.8. The Committee have been informed that consequent upon a higher priority being given to rural development, a separate Unit

has been created in the Commission under the overall charge of the Adviser (Agri.) This Unit has the following composition :

1. Joint Adviser*	1
2. Deputy Secretary (Rural Development)	1
3. Deputy Secretary (Land Reforms)	1
4. Director (Cooperation)	1
5. Director (Agro-Economic Research)	1
6. Senior Research Officers	2
7. Research Officers	2

6.9. The Planning Commission is of the view that the present set-up appears to be adequate to cope with the work. This Unit is supported by all other concerned subject Divisions in the Planning Commission especially Agriculture Division, Employment and Manpower Division, Village and Small Scale Industries Division, Social Welfare Division, Transport and Communications Divisions, Health and Water Supply Division, Multi-level Planning Unit and the like. The rural Development Division is expected to maintain liaison with the Department of Rural Development in the matter of formulation and implementation of policies as well as formulation and monitoring of rural development programmes. The subject Divisions in the Planning Commission would in their respective sectors provide the expertise in the formulation, implementation and monitoring of programmes. Thus, taking an overall view, it would appear that the Rural Development Unit as presently constituted and envisaged to function would be able to provide the requisite expertise needed for rural development programmes.

6.10. The Committee on Unemployment headed by Shri B. Bhagavati, made the following recommendation in their report (1973) :

"We feel that it is necessary that there should be a separate organisation at the national level with sufficient autonomy and authority which should devote itself exclusively to a comprehensive assessment and review of the employment situation on a continuous basis and provide guidance and advice to the various Ministries of the Government and other agencies in their policies and functions in relation to the employment situation. We feel that besides the Department of Employment and Manpower Planning at the Centre there should be a separate high-power organisation with adequate authority. We therefore, recommend that a National Commis-

sion on Employment and Manpower Planning should be established. The Commission should enjoy the requisite autonomy and be in a position to take up *suo motu* the consideration of any matter relating to its functions."

6.11. The Committee wanted to know whether Government has set-up any organisation at the national and State levels exclusively to plan, guide and coordinate employment schemes at various levels and monitor progress and if no such organisation had been set-up at the Centre, how it would be possible to have an overall picture about the progress made and the results achieved. It has been stated in reply that the recommendation of the Bhagavati Committee on Unemployment regarding the setting up of a National Commission on Employment and Manpower Planning was considered in consultation with the Planning Commission. The work relating to employment and manpower at the Centre was reorganised in February, 1973. As a result of this, the Directorate of Manpower of the Ministry of Home Affairs and the Employment and Manpower Cell of the Cabinet Secretariat were merged with the Labour and Employment Division of the Planning Commission to form an expanded Employment and Manpower Planning Division in the Planning Commission. It was felt that this enlarged Division was in a better position to coordinate employment and manpower planning in consultation with the Centre Ministries and State Governments and that, therefore, it would be worthwhile to allow this arrangement to continue.

6.12. The Committee wanted to know whether the recommendation of the Bhagavathi Committee had been accepted in principle.

6.13. The representative of the Ministry of Labour stated that no decision had been taken to accept it or otherwise.

6.14. The Committee on National Employment Service of the Ministry of Labour headed by Shri P. C. Mathew in its Report submitted in November, 1978 also recommended that "there should be separate Ministry of Manpower Planning and Employment at the Centre (and corresponding Departments in the States) together with the normal executive field staff or a Directorate General (or a Statutory National Manpower Commission as in the United Kingdom) which combines both executive and secretariat functions at Government levels in respect of the subjects concerned."

6.15. It is learnt that the report of the Committee has been forwarded to the State Governments for eliciting their views in the matter.

Micro-Planning:

6.16. The Committee wanted to know whether micro-planning had been carried out and then the whole material information aggregated in order to plan out further or in other words whether the Plan proceeded from top or it originated at the bottom. The representative of the Planning Commission stated during evidence that—

“The Planning process, as it has taken place, involved preparation of a draft plan at the national level which indicates the role of the Central Plan and that of the State Plans. The States had then been requested to formulate Plans within the State Plan sector. These were being discussed in the Planning Commission separately with each State. As it happens, every State comes forward with an outlay at least two or three times what is permissible under the available resources. So, there is a dialogue between the Planning Commission and each State in order to determine a more realistic level of the State Plans.

So far as the lower levels are concerned, I should concede that there has not been any attempt to build up the plans from the block level to the district levels and from District level to the State level as you suggested. But in the intensive area Planning programme, at the block level it is expected that the resource inventories will be prepared in respect of each of these blocks which have been taken up for planning, appropriate surveys will be conducted in respect of each of these blocks and plans prepared appropriately at the block level.”

B. Planning Machinery at State Level

6.17. The Planning Machinery at the State level differs from State to State. The Machinery at the State level is practically similar to the Planning Commission. The Chairman is the Chief Minister.

6.18. During the Fourth Plan, Planning Commission had suggested a model for the setting up of different functional units in the State planning departments and one of the functional units recommended was a regional/district planning unit. The Planning Commission also launched in 1972-73, a Central Scheme under which Central assistance was provided to the State Governments to meet 2/3rd cost of setting up these functional units equipped

with qualified and competent technical staff. The Scheme is in operation.

6.19. The Committee were informed during evidence that all the States have planning boards. These have been of varying degrees of effectiveness. Sometimes they have been wound up and again revived. It has been changing. So far as the experts are concerned gradually there has been improvement. Initially, the manpower was not available. The representative of the Planning Commission stated that Departmental personnel wanted to use it as an avenue of promotion. What was required was to have first class personnel.

6.20. Asked if the Planning Commission was not responsible for this situation, the representative of the Department of Planning stated that previously the Planning Commission itself was a different kind of body, playing a different kind of role, approving scheme by scheme. The whole approach had since undergone a change under the leadership of Prof. Gadgil allowing freedom of planning to the States with block loans and grants.

C. Machinery at Block Level

6.21. The Working Group on Block Level Planning has observed in its Report (1978) that some measures have been adopted during the Fourth and the Fifth Plan to strengthen the planning machinery at the State level. At the district level, however, the position relating to planning machinery is quite different. In majority of States, no attempt seems to have been made to improve the personnel resources at this level. Even in the case of States which have set up something like 'District Planning Machinery', the composition of the staff reflects that there has been no serious attempt to induct technical skills in planning. The staff who have been appointed in these units perform only routine secretariat functions, assisting the District Development Council under the Collector but do not provide much technical support in the tasks of plan formulation, monitoring, review and evaluation. Thus in many States, the district planning cell consists of a District Planning Officer assisted by Statistical and Research Assistants and clerical staff who mainly look after the implementation of the district plan somewhat in a routine manner.

6.22. The Working Group has represented that the inadequacies of the existing set-up are realised by all the State Governments and many of them, already have proposals for augmenting the planning staff at the district level. Owing to financial constraints, however, the augmentation to the requisite extent has not materialised so

far. Apart from the required number of personnel necessary to support the planning activity, the quality of the personnel engaged is also not such as could be relied upon to promote planning on scientific lines. Thus even a State like Maharashtra, which has a district planning set-up consisting of one Deputy Chief Executive Officer (Planning), two Research Assistants, one Planning Assistant and one Junior Assistant, the component of the technical expertise is deficient. This has been keenly felt by the State Government which has made proposals for strengthening the set-up both at the district and divisional levels in order to increase the technical competence of the Planning team.

6.23. Regarding the capabilities available for planning at the block level the Working Group has observed that the present staffing pattern in the blocks is mainly tuned to implementation tasks and not so much towards planning functions. The set-up basically consists of a Block Development Officer who is assisted by five Extension Officers, each in the fields of agriculture, animal husbandry, co-operation, panchayats and rural industries. The other staff consists of an Overseer, a Social Education Organiser, a Progress Assistant and VLWs. In the block, there are also Veterinary Stockmen, a Medical Officer, a Sanitary Inspector and a Lady Health Visitor some of them with the necessary supporting staff. In some States there is also an Extension Officer for programmes relating to women and children. Thus it may be seen that the staffing pattern at the block level is essentially meant for getting the development programmes implemented in the field. There is a Progress Assistant who keeps record of the Plan programmes and their progress and assists the BDO in sending regular progress reports. Beyond this, there is no other person assisting the BDO in the planning functions.

6.24. Having taken into account the existing pattern of staffing available for planning purposes at the district the working Group has expressed the view that both quantitatively and qualitatively, it leaves much to be desired. While at the district level, there is some staff for planning (at least in a few States), at the block level, even this modicum of staff is absent.

6.25. The Working Group feels that considering the functions the block level district level machinery is to perform the present planning machinery available at the district and block levels is not suitably equipped to perform all these technical planning functions. The Group say that it is deficient both in expertise and staff strength. The Working Group is of the view that at the present stage of development, it would be better to pool together the avail-

able planning skills at the district level instead of scattering this scarce resource in several blocks. If the district planning cell could be strengthened suitably, it would be capable to taking care of block level planning also. In the opinion of the Working Group, this will have many advantages. Apart from ensuring the optimum deployment of the personnel resources available for area planning, it would also enable the planning team to take a broader perspective of resources potential and constraints, and ensure better co-ordination and integration of the block plans with the district plan. In this way, the block plan will be harmonised with the district plan. It may be noted in this context that we are visualising the planning team located in the district, essentially as a peripatetic team, which will move down to the selected blocks and prepare the block level plans in association with the BDO, the Panchayat Samiti, Voluntary Agencies and other concerned persons at the block level. In course of time, as the programme is extended to other blocks the same team will prepare plans for other blocks also and will fit them into the district plan.

6.26. The recommendations of the Working Group are stated to be at present being processed for Cabinet decision.

6.27. For the district level, however, the Working Group on Block Level Planning has recommended the setting up of a Planning Cell with a core staff consisting of (besides the Chief Planning Officer) the following six technical officers :

1. Economist/Statistician (Project formulation and evaluation).
2. Cartographer/Geographer.
3. Agronomist.
4. Engineer (Irrigation/Civil).
5. Industry Officer (Small and Cottage Industries).
6. Credit Planning Officer.

6.28. The block plan prepared by the Planning Team would consist of schemes and projects which would fall in different sectors like Agriculture, Irrigation and Allied activities, Cottage and Small Industries, Local Road construction, social services etc. The programmes will have to be executed by the concerned State departments. However, monitoring of these projects will be done by the Planning Team.

6.29. The Committee note that it has been recognised by Government that the new plan priorities (reflected in 1978-83 Plan) will call for basic changes both in planning process and in the machinery for implementation and monitoring the progress of the Plan. Some measures have already been initiated in this direction such as the adoption of the concept of Rolling Plan system so that year to year targets could be set up for selected sectoral outlays and output within the five year plans and the imbalances that used to arise from year to year can be corrected. Measures have also been taken to strengthen the planning machinery to meet the requirements of the new concept.

6.30. An eminent expert has expressed a view before the Committee that inspite of the emphasis in this plan on rural development, the planners have not benefited from the experience gained so far. Before formulation of the plan, they have not involved the economists, the administrators, the State Governments, etc. The representative of the Planning Commission has stated that the draft plan had to be prepared in a very short time and it was not therefore possible to consult the representatives of different sections of the society at the time of the formulation of the draft Plan. The Planning Commission is stated to have since held discussions with representatives of trade-industry, trade unions and economists. The States Governments have also been closely involved in formulation of Annual as well as Five Year Plans.

6.31. The Committee take note of the view expressed by an eminent expert that the Planning Commission as constituted today does not have the expertise particularly for dealing with rural development and employment programmes. According to him there are some organisations in the country who have developed competence to deal with the rural problems at grass roots level. It is not merely the allocation of resources which is important but planning for the utilisation of the resources which is important.

6.32. The Deptt. of Rural Development have informed the Committee that, consequent upon a higher priority being given to rural development, a separate unit has been created in the Planning Commission. This unit is supported by all other concerned subject Divisions in the Planning Commission. The Planning Commission has observed that taking an overall view, it would appear that the Rural Development unit as presently constituted would be able to provide the requisite expertise needed for rural development programmes.

6.33. The Committee, however, cannot but take serious note of the view of the expert who has been connected with Planning Commis-

sion at the highest levels, that the Planning Commission does not have the expertise for dealing particularly with the rural development and employment programmes. The Committee feel that unless the Rural Development Unit establishes links with the reputed organisations working in the field and pools all the experience and knowledge available in and outside the Government, it will not be able to take a comprehensive view of the problems at grass-roots level in the rural areas and will not be able to find abiding solutions to the problems. In the Committee's opinion, setting up of a Rural Development Unit under an Adviser (Agri.) might strengthen the Planning Commission organisationally but it does not necessarily mean that this step will automatically equip the Commission with the expertise in rural development and employment programmes.

The Committee strongly feel that there is an imperative need for not only setting up a separate unit for rural development and employment programmes, as is stated to have been done, but also for strengthening this unit by appointing experts of the proven talent and experience particularly in the micro planning processes in rural areas.

6.34. The Committee note that the Committee on Unemployment (1973) (Bhagvati Committee) had felt the need for setting up a separate organisation at the national level which should devote itself exclusively to a comprehensive assessment and review of the employment situation on a continuous basis and provide guidance and advice to the various Ministries of the Government and other agencies in their policies and functions in relation to the employment situation. The Bhagvati Committee had recommended that, besides the Department of Employment and Manpower Planning a National Commission on Employment should be established. The Commission should enjoy the requisite autonomy and be in a position to take up suo motu the consideration of any matter relating to its functions.

6.35. The Department of Rural Development/Planning Commission have stated that, after considering the aforesaid recommendation of Bhagvati Committee, the work relating to employment and manpower planning at the centre was re-organised in February, 1973 and, an expanded Employment and Manpower Planning Division was formed in the Planning Commission. It was thought that this enlarged Division was in a better position to coordinate employment and manpower planning in consultation with the Central Ministries and that, therefore, it would be worthwhile to allow the arrangement to continue.

6.36. The Committee on National Employment Service of the Ministry of Labour headed by Shri P. C. Mathew in its Report submitted in November, 1978 also recommended the setting up of a separate Ministry of Manpower Planning and Employment at the centre (with corresponding Departments in the States) together with normal executive field staff or Directorate General (or a statutory National Manpower Commission as in the United Kingdom) which combines both executive and secretariat functions at Government levels in respect of the subjects concerned. A reason put forward by this Committee in support of its recommendation is that the dispersal of closely related functions in field of Manpower Planning and Human Resources Development and Deployment between several Ministries of the Government of India is not conducive to securing quick progress towards the Government's declared employment objectives. The Department have informed that the Mathew Committee report has been sent to the State Governments for eliciting their views.

6.37. The Committee regret to note that the Government have been dealing with this matter since 1973 in a very routine manner with the result that, while the unemployment situation has been worsening day by day the Government have not set up any separate body at the Centre with sufficient powers to deal with the problem. The Committee agree with the Mathew Committee that the dispersal of closely related functions in the field of employment and manpower planning among different Ministries, as at present, is not conducive to securing quick progress towards the Government's declared employment objectives.

6.38. Now when the Government have decided to remove unemployment within a period of 10 years, of which one year has already elapsed, the need for setting up a Central Ministry of Manpower Planning and Employment is urgent and imperative. If a frontal attack has to be made on unemployment situation and results achieved within the specified time the work relating to employment should no longer be scattered over various departments at the Centre and in the States and employment should not remain one of the numerous charges of an over-worked Ministry or Department. The time has now come when a separate Ministry of Manpower Planning and Employment should be set up at the Centre under the full fledged charge of a Minister and correspondingly the State Governments are also persuaded to set up separate Departments under the full fledged charges of State Ministers to deal with this problem in a concentrated manner. The Committee recommend an urgent decision on this

recommendation and would like to be informed of the action taken in this regard within three months.

6.39. From the views expressed by the non-official experts and the representative of the Planning Commission the Committee find that the existing planning machinery at the State level is not satisfactory and is not attuned to the requirements of the new situation. No serious effort is said to have been made to develop expertise for taking up micro-planning at the state level and then down to the district level. So far the Plans have been drawn up by the Planning Commission at the national level and even for the States, the plans had been drawn by the Planning Commission at the Central level. During the formulation of the Fifth Plan, the Planning Commission it is stated, thought of going down at least to the State level but the effort did not meet with much success though certain States did try to strengthen the Planning machinery at the State level.

6.40. A central scheme to set up planning units at State level is understood to be in operation since 1972-73. According to the Planning Commission, most of the States have, under this scheme, set up cells/Divisions, dealing with Planning, formulation and implementation at regional and district level as part of the State Planning Department.

But the Planning Boards set up at States level, it is stated, have been of varying degree of effectiveness. Sometimes they have been wound up and again revived.

6.41. The Committee are informed that even in the case of States which have set up something like "District Planning Machinery" the composition of the staff reflects that there has been no serious attempt to induct technical personnel in planning. Lack of development of Planning machinery at the district level has also been brought out in the Report of the Working Group on Block Level Planning appointed by the Planning Commission. The Working Group is of the view that while the staff is deficient in number the quality of personnel is also not such as could be relied upon to promote planning on scientific lines. At the block level also the present staffing pattern is mainly attuned to implementation tasks and not so much towards planning functions.

6.42. The Committee feel that the Planning machinery at the State level is neither adequate nor equipped with the necessary expertise in planning. Until the Planning machinery at State level is strengthened and activated, the States will not be able to have an active and meaningful participation in the formulation of State

plans and the plans made for such States at the central level will not reflect the real priorities and problems.

6.43. The Committee feel that the decentralisation of the planning process which is absolutely necessary for the success of plan and more so in view of the new emphasis on micro-planning, is possible only if the planning machinery at the States level and at the District level is adequately strengthened not only quantitatively but also qualitatively. The Committee recommend that the Central Government|Planning Commission should pursue this matter with the State Governments concerned and help them strengthen their planning units.

D. Integrated Rural Development

6.44. Out of a total of approximately 5100 blocks in the country over 2950 blocks are covered by one or more of three special programmes, viz., SFDA, DPAP and CAD. The draft Sixth Plan envisages that out of these blocks, 2000 will be distributed to the States on acceptable priorities to intensify the work in these blocks so as to increase employment and productivity. During each year of the Plan another 300 blocks will be selected on certain criteria of priority and will be taken up for intensive development so that by the end of the Plan, full employment would have been attempted and substantially reached in 2000 blocks and in 1500 blocks the work would be in various stages. This will leave 1600 blocks for the next five year period starting April, 1983, and full employment to be reached in 3100 blocks by 1988.

6.45. The Deptt. have, in a note further explained that out of about 3000 blocks covered by one or more of the three special programmes of SFDA, DPAP and CADP, 2000 blocks have been taken up for intensive development under the IRD Programmes. In addition, 300 blocks will be taken up under the programme every year, starting from the financial year 1978-79. These blocks will be selected from areas not covered by the three special programmes mentioned above. Thus it would be possible to cover 3500 blocks under the programme during the five year Plan period (1978—83).

6.46. Out of 2000 blocks covered by one or more of the three special programmes, and taken up under the IRD Programme, it has been subsequently decided to select 1000 blocks for further intensification of development effort so as to attempt full employment in these blocks by March, 1981. In the remaining 1000 blocks, attempts will be made to achieve full employment in these blocks by March, 1983.

6.47. The main criteria adopted in allocating 2000 blocks to the States/UTs was the extent of coverage of blocks under the three special programmes of SFDA, DPAP and CADP and the blocks were allocated among the States/UTs on a pro-rata basis. In selecting the blocks, however, the States/UTs were requested to keep the concentration of Scheduled Caste Population, incidence of unemployment, lower agricultural productivity, preponderance of people living below the poverty-line, etc., in view. As the special programmes were already under implementation in these blocks and necessary infrastructure was available, it was considered feasible to attempt full employment in them during the Plan period (1978—83). The 1500 new blocks to be taken up under the programme during the Five Year Plan period will be selected from areas not covered by the three special programmes mentioned above. In allocating these blocks, it is being specifically ensured that blocks are with 20 per cent Scheduled Caste population are covered under the programme during the Plan period (1978—83). The economic backwardness of the districts is also kept in view in allocating these blocks.

6.48. Out of about 3000 blocks covered by one or more of the three special on going programmes of SFDA, DAP and CAD, 2000 blocks have been taken up under the IRD programme during the current financial year. Out of these 2000 blocks, it has been decided to select 1000 blocks for further intensification of development effort with a view to achieving full employment in these blocks by March, 1981. The final selection of these blocks is left to be decided by the State Governments, and approval of the Government of India in finalising the selection is not required. However, while finalising the selection of these blocks the following criteria are proposed to be recommended:

(1) The State Governments have already been requested to give priority in selection to these blocks which have higher concentration of Scheduled Caste population. Blocks having higher percentage of population belonging to these categories, should be given priority.

(2) Blocks endowed with the required infrastructural facilities including availability of financial institutions, efficient organisational set up etc. may be given priority. In particular, the blocks covered under the major on-going programmes mentioned below, may be given priority in selection:

(i) Blocks covered under operation Flood II.

(ii) Blocks covered under the special Animal Husbandry Programme of the Deptt. of Agriculture.

- (iii) Blocks having or likely to have major irrigation projects with potential for creating additional employment opportunities.
 - (iv) Blocks having special programmes of development in fisheries etc. can also be given preference.
- (3) Block which have shown greater potential for development, while implementing the Integrated Rural Development Programme for intensive development, may be given priority.

6.49. As indicated earlier, the Government of India's approval in finalising the selection of 1000 blocks is not considered necessary. However, before the final selection is made, the list of blocks proposed to be selected may be put up for consideration in the meeting of the State Level Coordination Committees and its approval obtained.

Progress

6.50. According to latest information furnished during evidence in February, 1979 for 1627 blocks, the plans have been prepared and they are in operation. Formal sanction had been given to 1087 blocks. The representative of the Department of Rural Development informed the Committee during evidence that since the guidelines were very clear and the time was very short the States Governments had been advised that within the guidelines, the Block authorities and District authorities could go ahead with the programme but simultaneously the States should as early as possible compile all the lists together and give formal sanction. So, in some cases, the blocks are working, though not approved.

6.51. The representative of the Department of Rural Development stated during evidence before the Committee that while concept of micro level and block level planning had been accepted, the work on a regular basis taking block as a unit and preparing the resources inventory and so on, has not yet fully started. The block plans had been prepared but it was not a complete block plan in the real sense. He explained (January, 1979) that:

"A number of States have got the block plan prepared in a general way, but not in details; we cannot expect them to do in detail now because the detailed guidelines as to how to go about it are under preparation; they have not yet been issued to the States. We have told them that, pending receipt of these guidelines, ad hoc they could go about

making some kind of an ad hoc plan for the current year. But the detailed block level planning would start only a little later."

6.52. It was pointed out that already one year of the plan period was over and Government was committed to removal of unemployment in ten years and yet the guidelines had not been prepared.

6.53. The representative explained the position as follows:—

"First of all, we have given a guideline for integrated rural development project in a somewhat detailed form during the current year. This was issued a few months back, based upon which the State Governments can implement the programme in selected blocks. These are enumerated in one chapter—the number of activities which can be taken up what kind of financing can be expected, what kind of subsidy can be given, etc. We have told them that pending receipt of the detailed guidelines and pending preparation of detailed block plans, they could have an ad hoc arrangement by which 300 or 400 beneficiaries belonging to the target groups can be taken during the current year and the programme can be looked after this year; if there are imbalances, these imbalances can be corrected as we proceed. We wanted them to select these and use this additional amount of Rs. 5 lakhs for beneficiary oriented programmes which have been listed in our guidelines. The guidelines are for integrated rural development, but a new concept is coming now that there should be micro-level planning, the people should be involved in the planning process, institutions like panchayats and various other bodies should be involved in the process; they may even have to go below the block level plan to prepare detailed plans. In August, 1977, a Seminar was held on block level planning. Afterwards, three Committees were constituted; one of them was to look into the role of the Panchayati Raj, that is, the Asoka Mehta Committee, which has given its report; another one on block level planning was a Group under Prof. Dantwalla, which has also submitted its reports; the third was under Shri Sivaraman Member, Planning Commission, to look into the voluntary agencies and rural development. All these reports have relevance on each other's activities. After getting Prof. Dantwalla's report, it was found that detailed guidelines would have to be prepared which could

be understood at the block level by the B. D. Os and extension officers; they should be able to get some guidance how to go about. Since these details have not been gone into in the main report, a Group was constituted, of which Mr. Majumdar, Secretary, Planning Commission, is the Chairman. They have almost completed their draft report which is under final consideration. This will also help in preparing detailed block plans."

He added:

"Another thing is that we have also to identify certain beneficiaries, make some survey regarding their present status and all that, and how to raise them above the poverty level. This exercise has to be done. This also is contained in the detailed guidelines. But pending that, we are not keeping quiet. We have given enough guidance to the State Governments, so that they could go about preparing certain plans which are, in a way, the block plan but not a detailed block level plan. We have delegated authority to sanction block level plans to the State Governments. A State level Committee will examine these block level plans and give general approval to them. Afterwards, detailed implementation will be done at the district level. This is the present position."

6.54. Asked by what time the guidelines will be issued the representative stated:—

"I expect that the guidelines will be issued some time in the month of February, 1979. Afterwards, in the course of six to eight months, the State Governments may be able to prepare the first draft. You will agree with me that we cannot wait for a perfect resource inventory. But as we proceed, the block level plan will be perfected with more data being available."

6.55. He added that the block plan should be on the ground next year (1979-80). He stated though it was not possible to start a detailed block planning in the first year, towards the middle of the second year it should be possible in atleast majority of the blocks to prepare the first somewhat detailed block plan.

6.56. It will be seen the outlay for each of the 2000 blocks already covered by any one of the three-on-going special programmes will

be Rs. 5 lakhs in addition to the allocation they will be getting under the on-going programmes. In the case of 300 new blocks that are being taken up for intensive development and planning, an amount of Rs. 2 lakhs per block will be provided. When asked whether an assessment of the ten year requirements had been made for these allocations or it was based on the current availability of resources, the representative replied:—

“Personally, I am not convinced that by an additional investment of Rs. 5 lakhs per block in the course of five years the block can attain full employment. I personally feel that it is an impossibility. But the point is that the Planning Commission as also the Government have not told us that Rs. 5 lakhs is the upper limit per block. Unless we get some idea of the size of the problem, it is anybody's guess whether the programme will have to be made for 3000 families or 600 families per block.”

6.57. When asked how then Government had been advised that unemployment could be eradicated in ten years the representative stated:—

“Government took a decision that unemployment should be contained in the course of ten years. So far that in integrated rural development programme has been formulated. In the first phase of the programme we shall get a definite idea of the size of the problem. For instance, when the first block level plan is to be prepared, we shall know how many families require subsidy, how many are below poverty line; there may be many others who will require institutional finance. So unless the size of the problem is known, it will be anybody's guess to say that in a particular block the number of families to be taken up is 300. In a population of 1 lakh in a block we estimate 20,000 families may need assistance. In a population of 2 lakhs, it will be 40,000 families. At present we are only thinking of covering about 300—500 families per year under this programme. So 300—500 families in selected blocks and 2300 blocks have been selected next year, it will be 1*44 because 300 blocks have been started somewhat late this year. In these 200 blocks, 300 x 5-1500 persons need assistance. Whether this is the size of the problem, we can only make a guess now. Possibly it may be much more than that.”

The representative stated that:

"So without a detailed survey, it will not be possible to arrive at the number of families below the poverty line and how many of them will require special assistance schemes. Then we will have to draw the attention of the Government; if you want to attain full employment, a much better infra-structure is necessary. For instance, during the current year we have allotted Rs. 5 lakhs per block to all the State Governments. The first instalment has been given. But the infra-structure facilities particularly for institutional finance is not that strong that all of them are able to absorb Rs. 5 lakhs per block. So unless and until infra-structure facilities are available, it is no use allocating higher and higher amount simultaneously."

Infrastructure

6.58. The representative of the Department stated that during the current year Rs. 5 lakhs per block had been allocated to all the State Governments but the infra-structure particularly for institutional finance was not so strong that all of them could absorb this amount per block. So unless and until infrastructure facilities were available, it was no use allocating higher and higher amount simultaneously.

6.59. Spelling out the nature of infra-structure required for the purpose, the representative elaborated:

"The most important infra-structure I have in my mind is the institutional finance, that is, banks and cooperatives. Even in some of what you call advanced States, the cooperatives are in such a bad condition that they will not be able to absorb all the money and take advantage of many of the schemes. Take for instance, Maharashtra, Tamil Nadu, Gujarat etc. where there are heavy overdues. They will not be able to absorb. Similarly, in a number of States, the banking institutions and cooperatives are weak. In those places we have simultaneously taken up the matter of strengthening the cooperatives as well as spreading the rural branches of commercial banks and regional rural banks. So all these things are a pre-conditions. So simultaneously while allocating some funds for rural development, we are also trying to build up the infra-structure."

Cooperatives

6.60. The Committee wanted to know as to what measures were being taken for strengthening the cooperative. The representative of the Rural Development stated that the Cooperatives were being primarily looked after by the State Governments and the Central Government was in dialogue with them for improving administration of cooperative societies. Many secretaries of cooperatives were not professional people. Some villages did not have the professional knowledge of bank and cooperation, they were often guided by favouritism of party policies and things like that. The Cooperatives needed to be professionalised so that they could have full time secretaries. There were some incentive schemes for the purpose. There are also some schemes for strengthening State and Central Co-operative Banks etc.

Resource Inventories

6.61. The Indian Council of Agricultural Research has been entrusted with the responsibility of preparing Integrated Resources Inventories for the Projects to be taken up under the Integrated Rural Development Programme in 20 selected districts. It has been consistently emphasised that "employment generation programmes must spring from scientific resource utilisation strategies." This view point was reinforced by the Dantawala Review Committee Report on the Pilot Intensive Rural Employment Project (August, 1977) which stated that that a stage has been reached when:

"More needs to be known about the local resource endowments, the potential for augmenting them and the type of policies needed for exploiting them fully rather than about the employment situation, or more specifically about the magnitude of unemployment."

6.62. ICAR took the initiative in drawing the Vice-Chancellors of Agricultural Universities into the task of preparing Resources Inventories in the following districts:

1. Rohtas, Bihar
2. Kutch, Gujarat
3. Hissar, Haryana
4. Kangra, H.P.
5. Tunkur, Karnataka
6. Puri, Orissa
7. Hoshiarpur, Punjab

8. Banswara, Rajasthan
9. Dharmapuri, Tamil Nadu
10. Tehri Garhwal, U.P.
11. Mirzapur, U.P.
12. Bankura, West Bengal

Necessary funds were made available to these Universities within a certain overall budget ceiling.

6.63. The Committee have been informed that Patel Technology Centre at the Indian Agricultural Research Institute, New Delhi has also worked in close collaboration with the Punjabrao Krishi Vidyapeet Akola, in completing Resources Inventories for the districts of Chandrapur and Wardha, Maharashtra. The WTC has also completed the Resources Inventory for Cannanore district, Kerala. In the absence of an adequate response from the concerned Agricultural Universities, the WTC was also entrusted with the responsibility for preparing Resources Inventories in the following five districts:

1. Mehboobnagar in collaboration with the Andhra Pradesh Agricultural University
2. Kamrup
3. Garo Hills
4. Anantnag
5. Bastar.

6.64. The Committee have been informed that so far, in addition to the Resource Inventories relating to Chandrapur, Cannanore and Garo Hills, inventories for Hissar, Hoshiarpur, Dharmapuri and Tehri Garhwal have been completed. Two more resources inventories for Wardha (Maharashtra) and Mirzapur (UP) have also been completed as indicated in the enclosed Table. In addition the resource inventories for Banswara (Rajasthan) is nearing completion. The Agricultural Universities are in the process of preparing the resource inventories for the remaining districts assigned to them.

6.65. The work of preparing resources inventories are now being looked after by the Department of Rural Development, Ministry of Agriculture and Irrigation.

6.66. The Committee have been informed that under the area planning it is proposed to build up and continuously up-date a detailed inventory of manpower supply and demand keeping in mind seasonal

variations. Since this scheme has been launched only recently the results thrown up by it will not be available for some time.

6.67. From the draft plan document (1978—83) the Committee find that out of a total of approximately 5100 blocks in the country, about 3000 blocks are covered by one or more of the three special programmes namely SFDA, DPAP and CAD. Out of these 3000 blocks, 2000 blocks have been taken up for intensive development under the integrated rural development (IRD) programme. In addition 300 blocks will be taken up under the programme every year starting from the financial year 1978-79. The Government have decided that out of the 2000 blocks selected for intensive development under the IRD programme, 1000 blocks will be selected for further intensification for development efforts so as to attempt full employment in these blocks by March, 1981. In the remaining 1000 blocks attempts will be made to achieve full employment by March, 1983. Thus by the end of the plan period, full employment would have been attempted, and, according to Government estimation, substantially reached in 2000 blocks and in 1500 other blocks the work would be in various stages.

6.68. The Committee find that as in February, 1979, development plans have been prepared in respect of 1627 blocks and formal sanction has been given to only 1087 blocks. The Committee are surprised to learn that though one year of the plan period has already gone by, guidelines for the preparation of detailed plans at the block level have not been issued so far. The development plans have been prepared in a general way. These are not detailed plans but some sort of ad-hoc plans for the current year. The detailed block level planning would start only after the guidelines have been issued by the Government; these were expected to be issued in February, 1979.

6.69. The Committee are very unhappy to note that the Plan 1978-83 which had set before it an ambitious target of removing unemployment to a large extent has started in a very unsatisfactory way. Even after one year of the commencement of the plan, the detailed plans for the blocks are not ready. This will no doubt have a serious effect on the progress that would be made by the end of the plan period. The Committee are not satisfied with the reasons advanced for the delay in the issue of guidelines for preparation of detailed plans. The Committee hope that the detailed guidelines have been issued by now and the Governments will pursue this matter through the State Governments concerned to ensure that detailed block level plans are prepared and sanctioned within the expected period of 6 to 8 months after the issue of guidelines. Unless this is done according

to the time schedule, the Committee are afraid, even the second year of the plan would have gone by without any substantive progress in this regard.

6.70. The Committee note that though the concept of micro and block level planning has been accepted, the work on the preparation of the resource inventory for each block has not yet been fully started. The Committee attach great importance to the preparation of resource inventory for each block without which there cannot be any realistic and meaningful planning. The Committee, therefore, cannot over-emphasise the need for expeditious action to prepare resource inventory for each block and making it the basis for all future planning in the block.

6.71. The Committee note that outlay for each of the 2000 block already covered by the three on-going special programmes will be Rs. 5 lakhs in addition to the allocation that they may be getting under the ongoing programmes. When asked whether an additional investment of Rs. 5 lakhs per block in the course of 5 years will be able to bring about full employment in that block, the representative of the Department of Rural Development stated that "I personally feel that it is an impossibility". The Committee find that so far the size of the problem in each block and the number of families requiring assistance in the block are not known and will not be known till a detailed survey has been completed. The Committee are surprised as to how without knowing the size of the problem, Government have come to the conclusion that an investment of Rs. 5 lakhs per block would be able to solve this problem. This is an ad-hocism which should have been avoided. The Committee would like to stress that the question of allocation of outlay per block should be kept open and decided realistically after the magnitude of the problem in each block is known with certainty. The Committee also feel that blocks where the unemployment position is very acute should receive larger funds to be able to deal with the problem realistically and effectively.

6.72. The Committee note that the Department of Rural Development are sceptic about the capacity of all the blocks to absorb Rs. 5 lakhs as already sanctioned for IRD programmes because of inadequate infra-structure in the block. The representative of the Department stated during evidence that "unless and until infra-structure facilities are available, it is no use allocating higher and higher amount simultaneously." The Committee are informed that the most important infra-structural facilities lacking in the blocks are institutional finance, branches of commercial banks and cooperatives. The Committee agree that it is no use pumping funds in a block if the block administration does not have the capacity to absorb and utilise those funds.

6.73. The Committee would therefore, like to recommend that the weaknesses of the block administration to absorb funds should be identified and adequate infra-structural facilities ensured for the success of various schemes under IRD programme. If this is not done, the Committee are afraid that the Government may find at the end of the plan period that all the funds ear-marked for the block have been spent but the desired results have not been achieved.

E. Personnel Policies

6.74. An expert stated during evidence before the Committee that:—

"Many persons think that for tackling rural problems, third rate manpower is adequate. It is completely wrong approach because the problems are so difficult and complicated. Unless we have first class talent, atleast in the initial stages, to look into the problems, at the project level and the administrative level you will not get benefits. Therefore, personnel policies will have to change. Today education is urban oriented, administration and science and technology are all urban oriented; all these will have to be given rural orientation. How do we do it? There are two ways of doing it one way is by sanctions; perhaps China is attempting to do so. Ours is a different society. The other way is incentives. Incentives alone could provide the motive power for people to shift to rural areas. Scientists, doctors, engineers and others we are giving city allowances; once a person is shifted out of the city, that allowance is taken away; may be though a person is posted to a rural area or a backward area, he may have to educate his children in a town or urban area; still his allowance would be cutt off. All these will have to be looked into and rurality oriented personnel policy beomes necessary. Unless we do this we will not be able to attract first class talent to solve those problems."

6.75. It has been stated by Government in this connection that although bulk of the personnel working in the rural areas belong to the State cadres, the Government of India are very keen that good officers should be posted to rural areas and in connection with the programmes which are made to improve the economic conditions of the rural people. In this connection the P.M. on October 20, 1977, also wrote to all Chief Ministers indicating very clearly that suitable incentives should be given to attract best talent to work for rural people.

6.76. It has been stated that Government of India are also keen to attract candidates from rural areas for the All India and Group 'A' Central Civil services. The system of combined competitive examination for recruitment to the Civil Services has been changed from the year 1979. The new system will take away the advantage which candidates from public schools had because of their superior knowledge of English language. Until 1978, the compulsory subjects included one paper on English essay and the other on General English which is supposed to give some weightage to urban candidates, particularly those studying in the public schools. The new system will have a preliminary examination of an objective type and in the final examination, there will be only qualifying examination in English and another Indian language.

6.77. The Committee have been informed that there is extreme dearth of skilled and technical manpower required for implementation of the various programmes in the rural sector. It has been brought to the Committee's notice that unless we have first class talent, at least in the initial stages, to look into the problems at the project level and at the administrative level, we may not be able to get the desired results from the rural development programmes. It has been suggested that a rural oriented personnel policy should be adopted to attract competent experts to work in rural areas. The Committee are informed that the Prime Minister has also drawn attention of the State Governments to this matter and has observed that suitable incentives should be given to attract best talent to work for rural people. The Committee also strongly feel that the personnel policies of the Central and State Governments should be given a rural orientation and provide for liberal incentives to attract the best and most competent technical and administrative personnel to take charge of the rural development programmes and make a success of them. The Committee feel that the Central Government should give a lead in this respect to the State Governments.

SATYENDRA NARAYAN SINHA,

Chairman,

NEW DELHI;

April 27, 1979

April 27, 1979

Estimates Committee.

APPENDIX I

Vide Para 2.31

DAILY STATUS UNEMPLOYMENT BY STATES 1972-73

Sl. No.	State/Union Territory	Unemployment in equivalent person-years	Share of state in Total All-India Unemployment	Unemployment Rate	Share of state in total All India labour force
(1)	(2)	(3)	(4)	(5)	(6)
		(Million)	(%)	(%)	(%)
1.	Tamil Nadu	9.35	12.63	12.17	8.68
2.	Andhra Pradesh	9.32	12.49	12.01	8.70
3.	Maharashtra	7.22	11.93	9.73	11.16
4.	Bihar	2.05	11.05	10.24	9.49
5.	Kerala	1.88	10.11	23.23	3.35
6.	West Bengal	1.64	8.79	10.66	6.50
7.	Uttar Pradesh	1.22	6.54	3.68	14.86
8.	Karnataka	1.18	6.36	9.20	3.78
9.	Orissa	1.01	5.43	10.82	4.20
10.	Madhya Pradesh	0.71	3.83	3.67	8.77
11.	Gujarat	0.66	3.56	6.36	4.68
12.	Rajasthan	0.49	2.62	3.72	3.89
13.	Punjab	0.23	1.26	4.54	2.33
14.	Haryana	0.15	0.79	4.10	1.61
15.	Jammu & Kashmir	0.14	0.74	8.38	0.74
16.	Assam	0.09	0.48	1.92	2.02
17.	Delhi	0.08	0.42	5.47	0.64
18.	Goa	0.07	0.36	18.97	0.16
19.	Tripura	0.04	0.19	6.41	0.25
20.	Pondicherry	0.03	0.16	11.86	0.08
21.	Manipur	0.02	0.11	5.14	0.17

1	2	3	4	5	6
22.	Himachal Pradesh	0.01	0.06	0.82	0.65
23.	Meghalaya	0.01	0.05	1.82	0.22
24.	Chandigarh:	*	0.01	**	0.03
25.	Nagaland	*	0.01	**	0.01
	All-India	18.57	100.00	8.34	100.00

* Less than 5 thousands.

**Negligible

APPENDIX II

Vide Para 3.35

Employment generated and physical assets created during 1977-78 under Food, for Work Programme

State	Employment generated (Mandays)	Physical assets created
1. Bihar	14,76,000	488 km (Roads), 450 Hect. (minor irrigation), 90 Hect. (Soil con.), 2850 Hect. (Flood protection)
2. Himachal Pradesh	69,685	Physical achievements not reported so far
3. Karnataka	5,02,000	32 Minor irrigation works, Plantation work completed in 21 units on 1743 Hect. Maintenance of 370 Hect. Plantation.
4. Kerala	21,42,808	1,279 Hect. (minor irrigation), 504 Hect. (Flood protection), 651 km. (Road construction).
5. Madhya Pradesh	*2,20,000	244 road works, 279 tank works, 32 school buildings and 408 afforestation works.
6. Orissa	68,68,820	17,000 Hect. (Minor irrigation), 16,40 Hect. (Flood protection), 18,700 Hect. (Soil con.), 2650 Nos. (Plantation), 65, Nos. (Gully control), 3,000 Hect. (Conservation), 22,400 km. (Road repaired 260 km. (new roads constructed).
7. Punjab	14,000	600 sq ft. of concrete pavement, 95 sq / of brick pavements, and 750 sq ft. dismantling of brick works.
8. Rajasthan	6,87,000	31 works completed and creation of 15,100 Hect. of irrigation potential, 457. km. of roads constructed/improved, Rehabilitation of degraded forest on 3900 Hect.
9. Uttar Pradesh	58,19,000	2893 km. (Road earth work), 1375 Hect. (afforest), 1,479 km. (Roads in progress).
10. West Bengal	218,43,000	42,137 Hect. Minor irrigation works, 82 sq. km. flood protection, 462 hect. soil conservation, 18,346 km. road construction, 935 primary school buildings.

No. of persons

APPENDIX III

Vide Para 3.36

Statement showing the statewise information regarding employment generated physical assets created during 1978-79 under Food for work programme

Name of the State	Employment generated (Lakh mandays)	Physical assets created during 1978-79 (upto Sept. 78)
1. Andhra Pradesh	49.992	1056 Km. (roads formed), 9859 km. (roads gravelled), 311.27 km. (roads metalled) 292 CD works, 134 MI works area 735 Acra. of Aya cut under MI 88 new and 154 repairing School Buildings
2. Assam	NR	NR
3. Bihar	77.720	2334 km. roads, 12566 Hect. MI 1200 hect. (flood prot.) 19 hect. (SC). 1488.93 lakh (CFT) earth work 1163 km plan port and plantation and 24.07 hect nursery, 365.32 km weeding 200 hect. irrigation.
4. Gujarat	37.760	29488 hect. maintenance and repairs under major medium and MI works 96000 cm excavation works under MM and MI works, 172092 cm earth work, 1356 k m road side new Plant. 2319 hect. new plant., maintenance of road side Plant, 927 km and 4155 hect., plan weeding 1440 hect filling of 1 lakh plants and watering to 25 lakh Plants, 135912 km maintenance and improvement of road, 1500 hect. field channel works 500 hect. land leveling works.
5. Haryana	NR	NR
6. Himachal Pradesh	1.205	17 maintenance works and 18 new works completed. Details not received.
7. Karnataka	0.868	Repairs to 44 MI tanks under execution. foodgrains have been utilised on maintenance of PWD works infn. incomplete, maintenance of Plantation in 693.35 Hect.
8. Kerala	11.687	49 hect. of land reclaimed, 12 renovation works completed and 97 works in progress and 120 km Bunds completed, 84.56 km. Road completed. Under the Roads State high ways works 93.27 km Road-completed and 59 Road works in progress.

1	2	3
2. Madhya Pradesh	NR	Maintenance of 1662 local dev. works 522 nos. of scarcity works.
10. Maharashtra	98.100	172 Minor irrigation tanks, 418 percola- tion tanks, 48 other minor irrigation works completed, 2,55,000 hectares land brought under contour bunding, 1660 Nalla bunding works completed 1990 kms. road completed and develop- ment of 29,000 Hect. of command area of major and medium projects completed.
11. Orissa	175.640	Maint. of 1015 MI Protect earth work 905301 cum, 3885 km road con., maint and cashew plant. 9988 acres, eco. land 100 hect by 32 units, 3 culverts and 130 channels 344 School building, removal- tion of 24 tanks and con. of 908 wells maint. rep. of 234.50 km embank.
12. Punjab	9.151	38 hect. SC works, 124.22 kms. of Dev. land PWD B&R 26.90%, 43.47% PWD (RWS) 262.65 M. Tonnes.
13. Tripura	Nk	NE
14. Uttar Pradesh	27.953	315 Km. earth works, 94 km. brick on edge. 969.26 km. link roads, 1800 hec plantation.
15. Rajasthan	55.760	NR
16. West Bengal	67.650	11658 km of roads improved 20130 hect. benefitted under major, medium & minor irrign. by new schemes and improvement of old schemes. 453 kms. of embankment improved, 660 hect. of land reclaimed 905 sch. & community buildings impro- ved.
17. Mizoram	0.011	13 school buildings, construction of 3 fall bridges constn. of 25 common hall constn. of 21 playground, constn. of 114 water tank and 12 craft centre. Construc- tion of New Road 8 Km.

540-892

1. Food for Work Programme was not implemented by the State Govt. of Andhra Pradesh, Gujarat, Haryana, Maharashtra, Tripura and Mizoram during the year 1977-78.
2. *Relates till the period ending 31-12-1975.
3. N.R.—Report not received.

APPENDIX IV

Summary of Recommendations Observations

S. No.	Para No. of the Report	Recommendations Observations
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(1)	(2)	(3)
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Lessons from past mistakes

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|---|--------------------|---|
| 1 | 1.30
to
1.34 | The Committee have examined in this Report the problem of unemployment in rural sector, where 16.5 million out of the total of 20.6 million unemployment persons live, from various angles and have made certain suggestions for removing unemployment. |
|---|--------------------|---|

The Committee feel that for the success of the Sixth and subsequent Plans in tackling unemployment problem, it is necessary that the causes responsible for the failure of the employment schemes to achieve the desired results in the past are borne in mind and the authorities charged with the responsibility of formulating and implementing similar schemes in the future are not allowed to commit the same errors and fail the Nation again in its resolve to remove unemployment in 10 years.

Definition of "employed"

- | | | |
|---|------|---|
| 2 | 1.43 | The Committee note that at present while determining the status of a person (whether he is 'employed' 'under-employed' or 'un-employed' more emphasis is laid on technical rather than practical considerations and many persons are likely to be classified as employed when in fact they may be leading a life much below the subsistence level. The Committee feel that a person's |
|---|------|---|

(1)

(2)

(3)

employment status should not be determined on the basis of time criterion alone. If a person is not able to earn enough to rise above the poverty line, he should not be deemed to be fully employed.

Right to work

3

2.25

to

2.27

The Committee are informed that the earlier Five Year Plans did not aim at elimination of unemployment and that even the planned employment did not materialise as the Plans failed to achieve the targets. The Committee take note of the views expressed by other experts on the desirability of the State taking over the responsibility of providing direct employment. The experts were of the opinion that if the Government fails to provide work, then it should be the duty of Government to give them unemployment allowance. The Committee note that Government do not favour the idea of extending the employment guarantee scheme like the one in operation in Maharashtra to other States at this stage as they consider the magnitude of unemployment too large at present to make such a solution feasible. The Planning Commission, it is noted, is not opposed to the concept of Antyodaya.

The Committee have no doubt that the long and medium term programmes envisaged in the Plan (1978—83) will bear fruit and generate employment. But the twin problems of poverty and unemployment cannot wait for a long term solution and something concrete has got to be done in the immediate present to defuse the explosive situation which is developing on unemployment front. The Committee are of the considered opinion that immediate problem of unemployment cannot be solved unless the long and medium term employment generation schemes are supplemented by direct employment schemes. The

(1)

(2)

(3)

Scheme like Maharashtra Employment Scheme guaranteeing minimum wage or unemployment allowance are needed now when the unemployment situation is very acute. These may become much less attractive and may even phase out when the long and medium term schemes start producing results and absorbing the unemployed in more remunerative jobs.

4

2.28

The Committee are of the opinion that the time has now come when the citizens right to work should be recognised and the State should accept responsibility to provide work to its citizens and in the event of its failure to provide work, give them unemployment assistance and thus honour the long ignored Directive Principle enshrined in Article 41 of the Constitution. The Committee further feel that this responsibility should now be made a statutory responsibility binding on the Union and State Governments who should not delay any longer the formulation of direct employment schemes and implementing them on national scale and devising ways and means of overcoming the financial constraints to make these schemes a success.

Employment Intensive Strategies

5

2.29

The Committee agree with the strategy of employment intensive schemes to tackle the problem of rising unemployment and the plan proposal to regulate technological change to protect and enhance employment. The Committee would, in this context like to observe that in formulating schemes to provide employment a care will have to be exercised that the schemes do not provide only more employment but also lead to more production at reasonable cost. If a scheme produces only more employment and does not produce goods or services commensurate with investment and does not add to national wealth, it will be an unproductive scheme and will not be able to sustain itself. There cannot be a better strategy at the present juncture than the strategy

(1)

(2)

(3)

of employment for growth chosen by the planners. but it should be ensured that in actual practice there is "growth" also and not only "employment".

6

2.30

The Committee note that a large number of schemes have been launched in the past with a view to eradicating unemployment problem in the country, particularly in the rural areas. The schemes included the Rural Works Programmes, the Rural Industries Project, Rural Artisans Programme, Crash Scheme for Rural Employment, Small and Marginal Farmers Development Agency, Minimum Needs Programme, Pilot Intensive Rural Employment Projects etc. Even an impressive array of schemes as this, however, could not make an impact on the unemployment situation in the rural sector as most of these schemes were of pilot or *ad hoc* nature grafted into the economy without adequate integration, in the overall area plans. The Schemes were inducted without proper pre-planning and understanding of the magnitude of the problem in the relevant area and for that reason they suffered from such deficiencies as being small and scattered, lacking adequate financial and administrative support matching the magnitude of the problem. Consequently, the problem continued to grow worse. A lesson, that the Committee feel, has to be learnt from the past is that though *ad hoc* or isolated schemes of employment may work well for a short time, they cannot sustain for long and are bound to fail to achieve their purpose. The Committee would, therefore, like Government to so orient their approach that no scheme for creating additional employment should be taken up in future unless it fits in the national economy and is part of continuous chain of process of development and is fully dovetailed in the national plan for economic development with full financial and administrative support.

(1)	(2)	(3)
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*States|Districts with greater intensity of
unemployment*

7	2.37 to 2.39	<p>The Committee note that three-fourths (73.4 per cent) of total of all India unemployment is concentrated in seven States, viz., Tamil Nadu (12.63 per cent) Andhra Pradesh (12.49 per cent), Maharashtra (11.93 per cent), Bihar (11.05 per cent), Kerala (10.11 per cent), West Bengal (8.79 per cent) and Uttar Pradesh (6.54 per cent). It has been brought to the Committee's notice that there are about 40 per cent of the districts in the country which had economic growth rate below 1 per cent and out of them 25 per cent of the districts had a negative growth rate.</p>
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The Committee are surprised to be told that even in the current plan which intends initiating some redistributive measures aiming at reducing disparities, there are no special or specific allocations for tackling the unemployment problem in these seven States for accelerating growth rate in the 40 per cent of the Districts having less than 1 per cent growth rate.

The Committee are of the view that high intensity of unemployment in these seven States and stark poverty and backwardness in 40 per cent of the Districts are not problems which can be solved by the States on their own. In the Committee's opinion, the Government should take upon themselves special responsibility to help these States and Districts to come upto the level of the national average; otherwise in the country's march to progress, these regions will continue to lag behind and this should not be allowed to happen in larger national interests.

8	2.40	<p>The Committee would also like the Government Planning Commission to investigate the</p>
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reasons why, inspite of expansion of irrigation facilities and increase in the use of high yielding varieties of seeds and fertilisers, 40 per cent of the districts in the country have had negligible growth and 25 per cent of the districts negative growth. Allocation of more funds may not help these districts. Government should identify these districts, go into the root cause of their negative growth and devise concrete measures to solve their problems without avoidable delay.

Employment Guarantee Scheme

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The Committee have observed in the previous Chapter that the time has now come when right of every citizen to work promised under Article 41 of the Constitution should be recognised. The Committee are glad to note that the Employment Guarantee Scheme of Maharashtra is a step in this direction. The Committee do not share the view often expressed that it is only a palliative and an insurance against starvation. The Committee are of the view that the scheme is an insurance against unemployment. The Committee commend this scheme for adoption in all other States as early as possible.

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The Committee have studied the working of the Employment Guarantee Scheme on the spot. They are of the opinion that the success of this Scheme depends on the ready availability of shelf of schemes at District and Panchayat Samiti levels so that the works can be selected to suit the number of workers reporting for work and time lag between the demand and commencement of work avoided. The Committee feel that the blue prints of works which required to be prepared under the Scheme should be updated from

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time to time. It would also be necessary to prepare manpower budgets to cover the same area as covered by the blue prints of works. The blue prints and the manpower budgets will together comprise the total format of employment, human resources and work planning and also constitute a careful exercise in multi-level planning on the basis of area development. The Committee would also suggest that the works selected under the scheme should be integrated with the comprehensive district development plans.

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It was brought to the notice of the Committee that a saturation point may one day be reached under the Employment Guarantee scheme when there may be no work left in the District to be taken up under the Employment Guarantee Scheme. But the Committee have been assured that the nature of works which have been taken up under the scheme are of productive nature and after their completion they are expected to lead to greater activities in the agriculture sector thus providing more opportunities to the workers to work in the fields. However, to forestall such a situation, the Committee would recommend that action should be taken for integration of the short term programmes under E.G.S. with the schemes envisaged under the Integrated Rural Development programme.

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The Committee are informed that at certain places works taken up under the E.G.S. have remained incomplete for want of labour attendance. A study Group of the Committee were also told during their visit to work-sites in Maharashtra that the number of workers reporting for work was at times much less than the number registered under the scheme. The Committee would suggest that a sample survey be made to analyse the reasons for the lack of adequate res-

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ponse on the part of registered workers and the results of the survey kept in mind while drawing up new work programmes.

Antyodaya Scheme of Rajasthan

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| 13 | 3.47 | The Antyodaya Programme of Rajasthan, in the opinion of the Committee, is a laudable concept aiming at uplift of the poorest of the poor. The Committee feel that the Antyodaya—which means upliftment of the last man—has tremendous potential to eradicate poverty and unemployment. The Committee cannot too strongly commend this scheme to be extended to all other States speedily. |
| 14 | 3.48
and
3.49 | The Committee have been informed that the Programme Evaluation Organisation of the Planning Commission has made a quick concurrent evaluation of the working of the Antyodaya programme in Rajasthan. |
| | | The Committee would like that the Government bring the suggestions of the Plan Evaluation Organisation and the findings of the Study Group of the Committee (Para 3.18) to the notice of all the States where Antyodaya Scheme is in operation so that they can also benefit from these suggestions and are able to achieve better results from the implementation of the scheme. |
| 15 | 3.50 | The Committee feel that while both the Schemes (Employment Guarantee Scheme of Maharashtra and Antyodaya Scheme of Rajasthan) are good, either of them by itself will not be able to solve the problems of poverty and unemployment in a short span of time. In the Committee's opinion, the Employment Guarantee Scheme of Maharashtra should be supplemented by Antyodaya Scheme to encourage the unem- |
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ployed people to take to self-employment and improve their standard of living; and the Antyodaya scheme should be supplemented by Employment Guarantee Scheme to take care of those poor and unemployed families who may not be fortunate enough to be selected for assistance in early rounds.

Food for Work Programme

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and
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The Committee welcome the 'Food for Work' programme and would like it to be continued. The Committee would also like the Government to keep a watch on the types of works executed under the "Food for Work" programme to ensure that only such programmes are taken up as lead to the construction of durable assets of productive and essential nature which will not only form part of the Area Plan but also create further employment in future and result in greater production.

National Reconstruction Army

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and
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The Committee welcome the proposal of creating a National Reconstruction Army. The Committee feel that the proposed National Reconstruction Army should not be viewed only as a labour force or an *ad hoc* solution to the problem of unemployment which it, no doubt, will solve to an extent. The Committee visualises it as a well-organised task force consisting of qualified, trained and disciplined workers which can be deployed to undertake on priority basis, projects of national reconstruction at any place in the country. It can be powerful instrument in the hands of Government to render help at the time of natural calamities. The Committee would suggest that an organisation on the proposed lines may be set up, to start with, on a modest scale and gradually built up in the light of experience.

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. Exploitation of Water and Natural Resources

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It is too well known that there are water and other natural resources in various parts of the country which have not been fully harnessed so far. Also there are large groups of unemployed and under-employed labour force in various parts of the country, who seek work but are unable to get it. The Committee feel that if suitable schemes are formulated to deploy unemployed labour force on unharnessed natural resources, not only will the natural resources be harnessed for the economic development of the country but the unemployment situation will also ease to a considerable extent. The diffidence of the unemployed labour force to go to work on far-off projects can be overcome by providing incentives like better working conditions at work sites, better health care, even better wages. The Committee would like to suggest that, to start with, a scheme of this nature may be drawn up and tried on an experimental basis and further action taken in the light of the results.

Capacity of agriculture to absorb work force

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and

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The Committee are informed that no study has been made so far to determine the maximum number of work force that can be economically settled on land. The Committee feel that an exercise to determine broadly the maximum number of persons that can be absorbed by agriculture in the long run is overdue and should be undertaken without loss of time. Without this information, it would be difficult for the Planning Commission and Government to formulate realistic policies and programmes for a balanced growth of agricultural and non-agricultural sectors in rural areas.

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Shift from agriculture to non-agricultural activities

20	4.13 and 4.14	The Committee note that the Draft Plan (1978—83) recognises the need for such a shift but does not consider it likely to materialise in the near future.
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As the net sown area in India has been fluctuating between 138 and 142 million hectares for the last 8-9 years and as the possibility of increment to an able land is extremely limited at best, only marginal, there is a limit upto which the static arable area can absorb increments to the work force. In the Committee's opinion a drastic shift of labour force from agriculture to non-agricultural activities is not only desirable but imperative and this shift must be brought about by a determined shift in the policies and programmes of the Government. The Committee would like that the Planning Commission and the Government should devise special rural employment programmes to bring about this much needed shift of rural labour force from agriculture to non-agricultural activities and strive to remove the imbalance in the occupational pattern of the labour force in rural sector.

Additional Employment in Agriculture

21	4.25	The Committee note that the Draft Plan, 1978—83, envisages creation of additional employment opportunities for 49.3 million man-years, out of which 22.8 million man-years are likely to be in the agriculture and allied sectors during the plan period 1978—83. The Committee are surprised to note that though overall figures of additional employment stated above, have been worked out by the Planning Commission, they have no idea about the estimates of employment expected to be created under each programme like
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		<p>agriculture, irrigation, fertilisers, rural roads etc. nor have they worked out yearly targets of additional employment to be created during the plan period. The Committee feel that unless figures of additional employment expected to be created programme-wise and year-wise are worked out, it will be difficult for the Planning Commission or the Government to monitor the progress in the creation of additional employment and they would not be able to know the areas where short-falls have taken place and reasons for the short-falls. The Committee, therefore suggest that for the success of the programme of creating additional employment the Planning Commission/Government should work out targets of additional employment, programme-wise and year-wise, compare the achievements with these targets periodically and take corrective steps to remedy short-falls wherever noticed at the earliest opportunity.</p>
22	4.26	<p>The Committee are surprised to know that even the 49.3 million man-years which are estimated to be generated over the plan period, are not a target but are only an expectation. It is regrettable that the Planning Commission and the Government have not yet done any serious exercise to spell out the precise objectives to be achieved in the field of employment generation during the plan period. The Committee feel that unless firm targets of additional employment opportunities are laid down, sector-wise and year-wise, the implementing agencies cannot be held accountable for the fulfilment of the roles assigned to them. This is a flaw in the draft plan which should be rectified.</p>
		<p><i>Employment in Irrigation Works</i></p>
23	4.40	<p>The Committee have been assured during evidence that irrigation has the potential of generating overall employment of permanent nature for 17—22 million persons. The Committee</p>
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find these projections encouraging. If full achievements (17 million hectares) are made in this sector the overall targets of 23 million man-years in the agricultural sector will be well within reach.

The Committee note that the target of 17 million hectares of additional irrigation is still only provisional as the detailed discussions with the State Governments in this regard are still going on. It is disappointing to note that, even after one year of the commencement of the Plan period the year-wise targets have not so far been finalised. The Committee are of the opinion that the firm targets for additional irrigation for the Sixth Plan as a whole as also for each year of the Plan should be worked out expeditiously and the progress of the irrigation programmes ensured according to the targets by setting up monitoring and information systems and providing timely correctives in accordance with the rolling plan concept.

Funds for Irrigation

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The Committee are unhappy to note that availability of adequate finances for the minor irrigation programmes is not yet assured. The Department of irrigation are not aware of the finances that will be available for these programmes during the next year let alone the remaining years of the Plan. The Committee would urge the Government to take immediate steps to ensure availability of adequate finances for the minor irrigation programmes which are intended to benefit the poorer sections of the rural society more directly.

Power Supply

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The Committee have been informed that Government have yet to tie up the arrangements regarding power supply in rural areas which

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constitutes an important factor for achieving irrigation potential in the minor irrigation sector. The Committee suggest that this matter should be taken up at high level with the State Governments concerned and measures taken to ensure that minor irrigation schemes do not suffer for want of timely power supply.

Benefits of minor irrigation

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The Committee note that a number of steps have been taken to ensure that the benefit of the minor irrigation programmes reaches the small farmers and the weaker sections of the people in the rural sector. The Committee attach great importance to this aspect of the matter and would like Government to review the performance of these measures in the light of experience so far and make them as practical as possible so that the benefits really reach the intended sectors at the earliest. Success for implementation of the measures taken to benefit the small farmer will ultimately determine the success of the employment programmes for the rural sector.

Report on Progress

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The Committee attach great importance to irrigation programmes of the Sixth Plan in view of their high employment potential and would like to be apprised of the steps taken by Government in pursuance of the aforesaid recommendations.

Land Reforms

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Although a more equitable distribution of land resources through land reforms programmes has consistently been a major policy objective since independence, the implementation of this policy has been slow throughout.

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The Committee are informed that the implementation of land reforms laws was with the State Governments and the Central Government have been requesting them at the highest level to take possession of the surplus land and distribute it among the landless expeditiously but it appears that these requests have not evoked adequate response. The Committee also note that in the light of recommendations made by Committee on Land Reforms headed by Prof. Raj Krishna, the Central Government have advised the State Governments on the need for strengthening the implementation machinery, expanding High Court benches to dispose of writ petitions against land reforms laws expeditiously and drawing up time-bound programmes for the disposal of land reforms cases by the revenue authorities. The Committee feel that this problem can be solved only if a body at the highest level with the Chief Ministers as Members is constituted by the Centre to watch the progress of implementation of land reforms measures and redistribution of land already declared surplus.

Estimate of surplus land

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The Committee take note of the observation made by an expert that the surplus land, according to the land ceiling laws, is much more than 68.80 lakhs acres estimated so far. According to the expert's estimation 30 to 35 million hectares of land should be surplus under the existing laws. The Committee, therefore, feel that there is an imperative need to reassess the surplus land so that the Government can have a clear and correct picture of the total surplus land available in the country.

Tenancy Laws

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The Committee note that several States have yet to bring their tenancy laws in line with the

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National Policy with regard to regulation of rent, security of tenure and conferment of ownership rights. The Committee suggest that positive measures be taken to persuade the State Governments to initiate legislative measures to amend the land reform laws of the States so as to bring them in line with the national policy.

Raj Krishna Committee on Land Reforms

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The Committee note that Raj Krishna Committee on Land Reforms has also made certain recommendations for including the Land Reforms Acts passed by the States in the 9th Schedule of the Constitution and for making a certain amendment in the 9th Schedule of the Constitution with retrospective effect. The Committee would like to be informed of the action taken in pursuance thereof.

Soil and Water Conservation

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and
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In the Government's view because of the magnitude of the problem of soil and water conservation this work cannot be taken up entirely at Government cost, on the plea that the benefits accruing therefrom would go to individual holders, but some sort of incentive by way of grant of subsidy/loan at low interest and technical guidance would be considered to tackle the problem. The Committee think the Government are taking too short-sighted a view of this problem. The Committee cannot over-emphasize the importance of undertaking the soil and water conservation measures according to a time-bound programme and, if the proposed incentives by way of subsidy or cheaper loans do not evoke adequate response from the individual owners, the Committee hope the Government would not let the State Governments

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abandon or slow down this programme which has a tremendous potential of raising food production and generating employment of 220 crore man-days of which 49 crore man-days are envisaged in Sixth Plan period.

Mechanisation in agriculture

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and
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The Committee are of the opinion that mechanisation in agriculture should be kept under constant watch and should not be allowed where it displaces human labour without any corresponding advantage. The Committee, however, feel that indiscriminate mechanisation in agriculture cannot be checked, unless areas where mechanisation is to be avoided in national interest are indentified and the extent to which it is to be allowed in other areas determined. The Committee would, therefore, like the Central Government to give this matter a serious consideration and persuade the State Governments, to implement this concept of allowing mechanisation only in those fields where it is unavoidable and essential in national interest

Lab to Land Programme

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and
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The Committee note that a wide-gap exists between the sophisticated know-how available in realm of Science and Technology in agriculture and its actual applicability in the field and consequently the average yields in India even in command areas of irrigation projects are one of the lowest in the world.

The Committee welcome the 'Lab to Land' programme launched by ICAR but feel that by transferring technology to only 50,000 farm families, it will be touching only the tip of the problem. The Committee would like the Government to explore the possibility of mobilising the

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		support and cooperation of State authorities to extend the benefits of science and technology to a much larger-segment of farming community than is envisaged under the 'Lab to Land' programme.
		<i>Forestry Programme</i>
35	4.95	The Committee feel that afforestation programmes and other forestry operations have great potential in generating employment particularly in the country side where the unemployment situation is more acute. The forestry operations can not only provide direct employment to the unemployed but will also make substantial contribution to the annual rain fall of drought ridden areas and can thus stimulate agricultural activities in such areas and provide more employment in agricultural operations. The Committee, therefore, recommend that suitable programmes for forestry development should be drawn up and implemented all over the country.
		<i>Fisheries</i>
36	4.96 and 4.97	The Draft Sixth Plan document (1978-83) has also taken note of the large scope of fisheries to fulfil the basic objective of production-cum-full employment envisaged in the plan. The Committee have no doubt that the fisheries particularly the inland fisheries will be exploited to the full extent in the Plan period so as to provide employment to the unemployed and fuller employment to the under-employed.
		<i>Employment in decentralised sector</i>
37	5.21	The Committee are informed that according to the various programmes in the decentralised sector the Government expect to create 102.23 lakh jobs during the plan period (1978-83). The Committee note that during the preceding Five

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Year Plans also there were a number of programmes to create employment opportunities in the decentralised sector but the additional employment generated in this sector was not upto the expectation. The Committee cannot help emphasising the need for learning lessons from the past mistakes which led to shortfalls in the employment generation targets in the decentralised sector. The targets of additional employment of 102.23 lakh jobs of which 60 to 70 lakhs jobs will be in the rural sector are highly impressive no doubt, and these targets are also within reach if the various schemes and programmes are properly implemented. The Committee would suggest that these targets may be broken up year-wise, state-wise and even region-wise; specific responsibilities may be assigned to specific bodies in each area which may be held accountable to implement the programmes and to achieve targets. At the Central and State levels, the progress under the various programmes should be continuously monitored and the working of various organisations and programmes fully coordinated and ways and means found to overcome constraints that may be encountered in the achievement of the targets. All this calls for a constant and close watch and it is here that the responsibility of the apex bodies at the Central and State levels is crucial. The Committee would like that year-wise targets and achievements with reference to each programme should be fully reflected in the annual reports of the respective bodies who may be assigned the responsibility of implementing these programmes and the Government at the highest level should come forward to help them as soon as any shortfalls are apprehended or noticed.

Reservation of items for small sector

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The Committee have been informed by the Ministry that in their new industrial policy a

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great emphasis has been laid on the promotion of small scale industries in rural areas and small towns. Large industries will not be allowed to come up in urban areas having a population of over 5 lakhs. Certain lines of production have been reserved for small scale industries. The number of such items has been increased from 247 to 807 in the year 1978. The Committee feel that while reservation of items for production in the small scale and tiny sectors is an excellent idea which has a tremendous potential of stimulating growth of these sectors, its implementation in the field is bound to prove problematical. But if the concept of reservation has to be made a success, the Government must not only take powers to prevent large sector from producing what belongs to the decentralised sector but also strengthen the implementation machinery to be able to detect infringements of this policy and ensure that the large sector does not grow at the cost of small and tiny sectors.

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The Committee endorse the recommendation made by the Commission that production of sophisticated processed food and processed agricultural materials should be reserved for the rural sector as a matter of national policy and activities such as wholesale and retail trade distribution, packaging and processing, marketing etc., should be brought within the fold of rural sector.

Demarcation of roles of tiny, small and large Sectors

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The Committee note, under the new industrial policy, while the small scale industry will be protected against the large industry, the cottage industry will be protected against the small industry. The Government, it is stated, are in the process of identifying those areas where they can demarcate between the organised sector, the small scale sector and the village industry sector. They would like the Government to complete this exercise of demarcating roles of large

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		sector, small scale sector and village cottage industry sector without delay so that the benefit intended for the small and cottage industry sector starts accruing to them at the earliest.
		<i>KVIC's Role</i>
41	5.30	The Committee note that the Khadi and Village Industries Commission have drawn up programmes to generate 55.17 lakhs jobs (32.03 lakhs additional jobs) during the period 1978—83 with an investment of Rs. 1296 crores. The Committee welcome this ambitious programme. But they are not sure whether KVIC has the organisational capacity to nearly double the employment generation from 28.41 lakhs in 1978-79 to 55.17 lakhs in 1982-83. The Committee note that the Government have set up a Committee to suggest ways and means of strengthening the Commission to enable it to discharge its responsibility in this field. The Committee would be unahappy if the programmes for generating 32.02 lakh additional jobs during the Plan period are allowed to lag behind schedule just for lack of adequate administrative and managerial capabilities in the KVIC. The Committee would like the Government to spare no effort to strengthen the Commission organisationally and administratively so as to equip it to push through the employment programme according to target.
42	5.31	The Committee find that another factor which can stand in the way of KVICs achieving the targets is uncertainty of budgetary and financial support. The Committee urge that the Government should ensure adequate budgetary support and liberal bank credit for the programmes of KVIC to enable the Commission to generate additional employment opportunities for 32.03 lakh persons and thus make its full contribution in the fight against unemployment.
		<i>Problems of Small Sector</i>
43	5.40. and 5.41	Needless to say assured availability of raw materials and outlets for the products of rural and small scale industries are essential pre-requisites

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and very crucial factors for the successful development of this sector which is expected to provide employment for the rural labour force found surplus or underemployed in the agricultural sector. The Committee suggest that the Government may keep a watch on the problems of the small scale industries and strengthen the existing organisations, where necessary to enable them to meet the raw materials needs of these industries and provide marketing outlets for their products.

Problems of Village Industries

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The Committee feel that for meeting the raw materials requirements and providing the marketing outlets for the products of the village industries, direct support by the Government in these fields, is imperative for their success. The Committee suggest that suitable schemes should be evolved for organising a network of small organisations in public sector to provide standardised raw materials, improved designs and marketing outlets to the self-employed persons in the villages and to the village and cottage industries. This organisation alongwith the DICs will provide a complete set up for a healthy growth of the village and small industries.

District Industries Centres

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The Committee have no hesitation in saying to that District Industries Centre as conceived provides (an ideal organisational framework for the implementation of the new industrial policy and programmes envisaged in the plan in the context of the importance being attached to the development of small scale, village and cottage industries.

The Committee would like the Government to keep the working of DICs under close and

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constant watch. It is essential to ensure that the managers selected for manning the DICs are fully qualified for the jobs and are endowed with a spirit of service. It should be ensured that they do not carry with them the legacy of bureaucratic approach from the Departments from which they are drawn. They should be progressive minded and forward looking officers who should have positive approach and not cramped in their working by narrow rules and regulations. They should make the entrepreneurs feel welcome on being approached and they should judge an entrepreneur by the enterprising spirit and not merely by the amount of capital that he can raise. Their approach should be fully commercial, business like and practical and not at all bureaucratic.

Team Work

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The Government should ensure that the managers who will all be hailing from different departments and disciplines work as a homogeneous team. There should be perfect equation not only between the General Manager and the Managers but also between all the Managers. They should be officers who cooperate and collaborate with one another in the pursuit of common goal of helping an entrepreneur.

Delegation of Powers

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Unless Managers, are invested with adequate authority to the problems of the entrepreneurs in the field of finance, licence, power, water supply etc., they will not be able to achieve any significant results. The Committee are informed that necessary powers have been delegated to the DICs in certain matters and in certain other matters they are in the process of being delegated. The Committee would like the Central

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		<p>Government to make sure that all the necessary powers are vested in the Managers at the earliest as otherwise they will be acting merely as a "post office" and will cause more frustration and disappointment to the entrepreneurs than hitherto.</p> <p><i>Reorientation in the approach of District Officers</i></p>
48	5.63	<p>The District authorities will have to be responsive to the proposals made and initiatives taken by the District Industries Centres. They should view it as a joint venture and joint opportunity to serve the people. The Committee hope that the Central Government have impressed upon all the State Governments the need to bring about necessary reorientation in the approach of the officers at the district level.</p> <p style="text-align: center;"><i>Monitoring of Progress</i></p>
49	5.64	<p>The Committee would judge the efficiency of District Industries Centres by the number of entrepreneurs they receive and help and by the number of industrial units they succeed in setting up. The Committee would like the Government to constantly monitor the progress made by each District Industries Centre and wherever the progress is found to be slow, Government should render all possible administrative and managerial assistance to that centre to get over the constraints and to be able to discharge the role expected of it.</p> <p style="text-align: center;"><i>DIC's Role</i></p>
50	5.65	<p>DIC is an organisation which will supplement the work relating to development of small and village industries in the area—there is no doubt that it is bound to develop itself into a focal point for the development work in this regard. It will be advisable, therefore, that no time is lost by DIC in developing effective linkage and</p>

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cordial relations with all the organisations engaged in this work like Khadi and Village Industries Boards and the Commission, Handicrafts and Handlooms Boards, the banking and commercial institutions in the area etc. and also elected representatives. While the DICs will have to work in close coordination with these organisations they should take care to see that they do not attempt to take over all the existing functions of these organisations.

Economic and Manpower Survey

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An important pre-requisite for successful implementation of the DIC concept is the proper assessment of economic and manpower resources of the district. A survey of the district and economic and manpower resources if not already available should be taken up immediately and the projects/profiles in respect of them drawn up in consultation with the block/district development authorities because the implementation of the work programme of a DIC will be dependent on the data obtainable through such a survey.

Need for policy support

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The Committee wish also to point out that the DIC has not to be seen as an isolated effort which is going to solve all the problems relating to the development of small and village industries by itself. It has instead to be seen in broader perspective of economic scene. It can perform its task successfully if adequate policy support is available for the small scale industries and policy measures concerning dispersal and decentralisation of industries are implemented vigorously and faithfully. The Committee hope that these aspects will be kept in view and this experiment which is highly promising and on which Government are in fact pinning a lot of hope is not allowed to go the way many other schemes have gone in the past.

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Planning Machinery at the Centre

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The Committee note that it has been recognised by Government that the new plan priorities (reflected in 1978—83 Plan) will call for basic changes both in planning process and in the machinery for implementation and monitoring the progress of the Plan. The Department of Rural Development have informed the Committee that, consequent upon a higher priority being given to rural development, a separate unit has been created in the Planning Commission. The Planning Commission has observed that taking an overall view, it would appear that the Rural Development unit as presently constituted would be able to provide the requisite expertise needed for rural development programmes. The Committee, however, cannot but take serious note of the view of the expert who has been connected with Planning Commission at the highest levels, that the Planning Commission does not have the expertise for dealing particularly with the rural development and employment programmes. The Committee feel that unless the Rural Development Unit established links with the reputed organisations working in the field and pools all the experience and knowledge available in and outside the Government, it will not be able to take a comprehensive view of the problems at grass-roots level in the rural areas and will not be able to find abiding solutions to the problems. In the Committee's opinion, setting up of a Rural Development Unit under an adviser (Agri.) might strengthen the Planning Commission organisationally but it does not necessarily mean that this step will automatically equip the Commission with the expertise in rural development and employment programmes.

The Committee strongly feel that there is an imperative need for not only setting up a se-

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parate unit for rural development and employment programmes, as is stated to have been done, but also for strengthening this unit by appointing experts of the proven talent and experience particularly in the micro planning processes in rural areas.

*Need for separate Ministry of Manpower
Planning and Employment*

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The Bhagvati Committee had recommended that, besides the Department of Employment and Manpower Planning, a National Commission on Employment should be established. The Commission should enjoy the requisite autonomy and be in a position to take up *suo motu* the consideration of any matter relating to its functions.

The Department of Rural Development/ Planning Commission have stated that, after considering the aforesaid recommendation of Bhagvati Committee, the work relating to employment and manpower planning at the centre was re-organised in February, 1973 and, an expanded Employment and Manpower Planning Division was formed in the Planning Commission.

The Committee on National Employment Service of the Ministry of labour headed by Shri P. C. Mathew in its Report submitted in November, 1978 also recommended the setting up of a separate Ministry of Manpower Planning and Employment at the centre with corresponding Departments in States, together with normal executive field staff or Directorate General or a statutory National Manpower Commission as in the United Kingdom which combines both executive and secretariat functions at Government levels in respect of the subjects concerned.

The Committee regret to note that the Government have been dealing with this matter

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since 1973 in a very routine manner with the result that, while the unemployment situation has been worsening day by day, the Government have not set up any separate body at the Centre with sufficient powers to deal with the problem.

Now when the Government have decided to remove unemployment within a period of 10 years of which one year has already elapsed, the need for setting up a Central Ministry of manpower Planning and Employment is urgent and imperative. The time has now come when a separate Ministry of Manpower Planning and Employment should be set up at the Centre under the full fledged charge of a Minister and correspondingly the State Governments are also persuaded to set up separate Departments under the full fledged charge of State Ministers to deal with this problem in a concentrated manner. The Committee recommend an urgent decision on this recommendation and would like to be informed of the action taken in this regard within three months.

Planning machinery in States

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The Committee feel that the Planning machinery at the State level is neither adequate nor equipped with the necessary expertise in planning. Until the Planning machinery at state level is strengthened and activated, the States will not be able to have an active and meaningful participation in the formulation of State plans and the plans made for such states at the central level will not reflect the real priorities and problems.

The Committee feel that the decentralisation of the planning process which is absolutely necessary for the success of plan and more so in view of the new emphasis on micro-planning,

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is possible only if the planning machinery at the State level and at the District level is adequately strengthened not only quantitatively but also qualitatively. The Committee recommend that the Central Government/Planning Commission should pursue this matter with the State Governments concerned and help them strengthen their planning units.

Block level planning

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From the draft plan document (1978—83) the Committee find that out of a total of approximately 5100 blocks in the country, about 3000 blocks are covered by one or more of the three special programmes namely SFDA, DPAP and CAD. Out of these 3000 blocks 2000 blocks have been taken up for intensive development under the integrated rural development (IRD) programme. In additional 300 blocks will be taken up under the programme every year starting from the financial year 1978-79. By the end of the plan period, full employment would have been attempted, and, according to Government estimation, substantially reached in 2000 blocks and in 1500 other blocks the work would be in various stages. The Committee are surprised to learn that though one year of the plan period has already gone by, guidelines for the preparation of detailed plans at the block level have not been issued so far.

The Committee are very unhappy to note that the plan 1978—83 which had set before it an ambitious target of removing unemployment to a large extent has stated in a very unsatisfactory way. Even after one year of the commencement of the plan, the detailed plans for the blocks are not ready.

The Committee are not satisfied with the reasons advanced for the delay in the issue of

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guidelines for preparation of detailed plans. The Committee hope that the detailed guidelines have been issued by now and the Government will pursue this matter through the State Governments concerned to ensure that detailed block level plans are prepared and sanctioned within the expected period of 6 to 8 months after the issue of guidelines. Unless this is done according to the time schedule, the Committee are afraid, even the second year of the plan would have gone by without any substantive progress, in this regard.

Resource, Inventory

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The Committee note that though the concept of micro and block level planning has been accepted, the work on the preparation of the resource inventory for each block has not yet been fully started. The Committee attach great importance to the preparation of resource inventory for each block without which there cannot be any realistic and meaningful planning. The Committee, therefore, cannot over emphasise the need for expeditious action to prepare resource inventory for each block and making it the basis for all future planning in the block.

Funds for Block Development

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The Committee note that outlay for each of the 2000 blocks already covered by the three on-going special programmes will be Rs. 5 lakhs in addition to the allocation that they may be getting under the on going programmes. The Committee find that so far the size of the problem in each block and the number of families requiring assistance in the block are not known and will not be known till a detailed survey has been completed. The Committee are surprised as to how without knowing the size of the pro-

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blem, Government have come to the conclusion that an investment of Rs. 5 lakhs per block would be able to solve this problem. This is an *ad-hocism* which should have been avoided. The Committee would like to stress that the question of allocation of outlay per block should be kept open and decided realistically after the magnitude of the problem in each block is known with certainty. The Committee also feel that blocks where the unemployment position is very acute should receive larger funds to be able to deal with the problem realistically and effectively.

Infrastructure in Blocks

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The Committee note that the Department of Rural Development are sceptic about the capacity of all the blocks to absorb Rs. 5 lakhs as already sanctioned for IRD programmes because of inadequate infra-structure in the block. The Committee are informed that the most important infra-structural facilities lacking in the blocks are institutional finance, branches of commercial banks and cooperatives.

The Committee would, therefore, like to recommend that the weaknesses of the block administration to absorb funds should be identified and adequate infra-structural facilities ensured for the success of various schemes under IRD programme. If this is not done, the Committee are afraid that the Government may find at the end of the plan period that all the funds ear-marked for the block have been spent but the desired results have not been achieved.

Personnel Policies

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The Committee have been informed that there is extreme dearth of skilled and technical manpower required for implementation of the various programmes in the rural sector. It has

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been brought to the Committee's notice that unless we have first class talent at least in the initial stages, to look into the problems at the project level and at the administrative level, we may not be able to get the desired results from the rural development programmes. The Committee strongly feel that the personnel policies of the Central and State Governments should be given a rural orientation and provide for liberal incentives to attract the best and most competent technical and administrative personnel to take charge of the rural development programmes and make a success of them. The Committee feel that the Central Government should give a lead in this respect to the State Governments.
