GOVERNMENT OF INDIA

PLANNING COMMISSION

सत्यमेव जयते

OUTLINE REPORT
OF THE
STUDY GROUP ON EDUCATED UNEMPLOYED

January, 1956

INDIA

GOVERNMENT OF INDIA

PLANNING COMMISSION

OUTLINE REPORT
OF THE
STUDY GROUP ON EDUCATED UNEMPLOYED

January, 1956

Letter of Transmittal

To

The Deputy Chairman,
Planning Commission.

Sir,

I have the honour to submit herewith the Report of the Study Group on Educated Unemployed set up by the Planning Commission in September 1955. The Report is unanimous.

Yours faithfully,
V.K.R. MENON,
Chairman,
Study Group on
Educated Unemployed.

New Delhi,
1st January, 1956

CONTENTS

CHAPTER 1
INTRODUCTION

1.1 The Study Group on Educated Unemployed—hereafter referred to as the Group—was set up in the last week of September 1955 by the Planning Commission for the purpose of assessing the extent of the problem of unemployment among educated persons in the country and for working out schemes which would help tackle the problem. The terms of reference were :—

(i) To assess generally the extent of unemployment of the educated classes in the country and with special reference to conditions prevailing in areas where the problem is acute;

(ii) To indicate the scope for special programmes for increasing employment opportunities for educated persons in the schemes that are being formulated by State Government and Central Ministries and in the private sector;

(iii) To recomment special measures and programmes of training, re-orientation and employment which may facilitate the absorption of educated unemployed persons into the economy of the country;

(iv) In particular, to work out detailed programmes to be implemented during 1956-57 and especially pilot programmes in selected areas; and

(v) To recommend a scheme of work and transit camps particularly in areas badly affected by unemployment with the following objectives in view :—

(a) to assist the unemployed during the waiting period,

(b) to assist the unemployed to secure suitable employment, and

(c) to enable the unemployed to lead a disciplined life rendering manual work or other services and acquiring secondary skills through vocational training.

A report was required to be submitted in two months so that suitable schemes might be included in the Plan for 1956-57 and in the Draft Report on the Second Five Year Plan.

1.2 The first meeting of the Group was held on the 3rd October 1955. State Governments were informed of the work that the Group had been called upon to undertake and requested to submit urgently suitable schemes for consideration. While all the State Governments have responded, many pleaded for more time to prepare detailed schemes. While sympathising

with this request of the State Governments, the Group had no option but to ask that the time schedule should be adhered to. All the State Schemes received up to the twentieth December 1955 have been considered and included in the report.

1.3 To ensure that the schemes proposed by the Group do not overlap or duplicate those that Central Ministries may be contemplating, the latter were consulted in appropriate cases. Representatives of the Ministries of Food and Agriculture, Production, Transport, Commerce and Industry, and the Community Projects Administration met the Study Group and indicated the areas in which training and other proposals of the Group in regard to educated unemployed could be integrated with the schemes of the Ministries themselves so as to achieve maximum results. They also gave expert advice on the feasibility of the schemes that the Group was proposing and checked some of its estimates. The Chairman of the Group also held informal consulations with the Chairman of the All India Khadi and Village Industries Board and a few others on certain matters.

1.4 The organisation of work and transit camps for educated unemployed, which we have called 'Work and Orientation Camps', was discussed by a sub-committee of the Group with representatives of the National Cadet Corps, the Bharat Sevak Samaj and the Ministry of Education. Our recommendations in this regard are given in Chapter 4.

1.5 Besides other types of schemes which some State Government have recommended and which the Group supports, we have located mainly four fields as capable of providing employment opportunities to educated persons without heavy investment and with the minimum need for subsidy: (a) small-scale industries, (b) service industries, (c) goods transport by road and (d) the co-operative organisation of managerial and administrative functions that arise in regard to the purchase, production and marketing of these goods and services. No originality is claimed in regard to these. All these categories of schemes are those the importance of which has been repeatedly stressed by Government. The fact that they are also likely to be particularly useful in the context of our present work is more a happy coincidence.

1.6 This report is an outline report. A detailed regional analysis of the problem of unemployment among the educated has not been possible owing to the paucity of data. While we recognise that a regional approach is essential for arriving at satisfactory solutions, we consider that the overall appraisal we have made should suffice for immediate purposes. We have even ventured to show that it is only after decisions are taken on the present report that future studies and investigations can be fully effective and purposeful.

1.7 The problem is a continuing one and in looking at the problem as it developed particularly during the last two decades, we have felt that the present malaise is the cumulative effect of education having been directed along a single channel, largely unrelated to the economic development of the country. The remedy lies in diversification of courses, greater emphasis on training for productive employment, vocational guidance of the young, etc. Though the importance of these has already been pointed out by others, we wish to emphasise the urgency for taking immediate action in adequate measure in regard to these long term remedial measures. Emergent ad hoc measures can never be a substitute for a much needed permanent remedy. At the same time, the measures we are recommending in this report are designed not as mere short term measures but are intended equally to create the necessary economic basis essential for support of the fuller long term measures, when they are ready.

1.8 The Group held sixteen meetings. Shri N. M. Patnaik, who represented the Ministry of Labour on the Study Group, was replaced by Shri S. Abdul Qadir on the former's relinquishing charge of the post of Director General of Resettlement and Employment. One of the members, Shri P. M. Nayak was transferred to Calcutta and did not attend and of the Study Group's meetings, Shri Savitri Prasad, another member, could attend only one meeting of the Group.

1.9 We wish to express our thanks to those Ministries of the Central Government and other bodies and individuals who most willingly responded to our request and gave us the benefit of their expert advice and supplied us with factual information in regard to the various aspects of the problem we were considering.

CHAPTER 2

APPROACH TO THE PROBLEM

2.1 Though the terms of reference are broad enough, the Group felt that it should exercise some judgment of its own to exclude certain categories of schemes and to emphasise certain others. It considered that as the problem of the educated unemployed had arisen largely because of the absence of a sufficient number of white collar jobs, the emphasis would necessarily have to be on orientation towards jobs involving work with the hands—a suggestion often emphasised by Government and national leaders.

2.2 An obvious example of the manner in which white collar jobs can be increased is an expansion in primary education, which will find employment for a large number as teachers. Schemes of this type will, of course, be simple to prepare as the work will mostly be one arithmetical calculations only. The need for expansion of primary education is obvious but expenditure on such a scheme will be purely revenue consuming. The Group has confined itself to schemes which will bring returns and add quickly to the economic wealth of the country.

2.3 There are, however, certain schemes which are urgently needed in connection with economic development in general and with the socialistic pattern of society in particular, though the jobs are not such as involve manual work. A typical example of this type is the development of the co-operative organisations in the country. Planning Cammission and the Planning Minister himself have stressed the importance of this and though the beneficiaries from these scheme will be the educated classes, we felt that such schemes should be included as deserving high priority. As will be shown in detail later, schemes of this type have already been formulated by the Ministries concerned and what the Group is doing is, in fact, to give further support to them as a measure of development in general and as a means, incidentally, of affording assistance to the educated unemployed.

2.4—In regard to certain schemes of a *direct productive nature* and where Government's assistance in the long run will consist mainly of repayable loans, the Group felt that schemes could be submitted over and above what the Ministry or Ministries concerned have already included in their programmes. A case of this type is the development of small scale industries either individually or as industrial co-operatives. There is not a better field than this for the educated unemployed and one which might not be considered 'dirty work'. In proposing schemes of this kind the main criterion will be the net cost incurred per person assisted in getting employment. Other schemes of expansion may well be needed as long term measures and

we recognise that the problem requires long term consideration, with appropriate solutions. But for present purposes and with the time available, we feel that our attention should be confined to short term schemes with high employment potential for the money spent and productive of quick results.

2.5 The Group was aware that within the time limit of two months which was prescribed for the submission of schemes, it would not be possible for most State Governments to furnish detailed schemes after proper consideration. State Governments were nevertheless addressed though, as a precaution, the Group itself proceeded to prepare schemes independently. To ensure that the pattern of schemes furnished by State Governments was more or less on the lines which the Group had in view and that the consideration mentioned above were taken into account, the State Governments were informed that in view of the limited resources likely to be available, these should preferably be utilised on schemes of definite categories of which the following were given as examples :—

(i) Productive enterprises which, with financial assistance in the initial stages, can be run as self-owned enterprises individually or on a co-operative basis.

(ii) Establishment of service of organisations, also on a self-owned or co-operative basis, with initial assistance from Government.

(iii) Establishment of co-operative marketing and sales organisations.

(iv) Training in respect of vocations where there is a known shortages or total shortage is clearly foreseen over the next five year period.

(v) Work and training (Orientation) camps.

(vi) Schemes specifically intended for educated unemployed which State Governments might have submitted before but which were later omitted only on the ground of want of financial resources.

As apprehended, few State Governments could furnish final replies within the time indicated. As replies were expected to come in till the last moment, the Group decided that major categories of schemes should be drawn up on the lines which the Group itself had in view, after taking into account schemes which State Governments had submitted in the past either as general schemes or those with particular reference to giving relief to the educated unemployed. Schemes so far received from State Governments and our recommendations thereon are summarised in Chapter 5.

2.6 We have assumed that for financing of schemes drawn up solely for the purpose in view, funds will be made available over and above the provision already made by Planning Commission in regard to development

plans of the Central and State Governments. If we were to restrict ourselves to provisions already made, our task would have been only one of analysing the schemes already furnished by State Governments and giving an estimate of employment potential for the educated classes which are provided therein. The terms of reference could not possibly be reconciled with such an interpretation.

2.7 The financial estimates mentioned in this report relate to schemes which have been drawn up exclusively for the relief of the educated unemployed. They do not include expenditure on schemes which are of a general character and which would incidentally benefit the educated classes also. Let us take two specific examples. The need for a wide expansion in the co-operative organisations has been recognised and schemes have already been prepared by the Ministries concerned though very little of this has found a place in the development schemes hitherto accepted by the Planning Commission. Though the Group is giving the fullest support to these schemes, it would not be reasonable to treat these as measures primarliy intended for relief to the educated. Of the other type of case might be mentioned the development of small scale industries. Some provision is expected to be included for this in the plans of the Ministry of Commerce and Industry. But the Group is convinced that here is a definite field for expansion and as these schemes will involve only temporary financial assistance and this also in the form of loans or advances, there should be a much larger provision made under this head. The extra provision made on the basis of the Group's recommendations, can be a legitimate item of measure for relief to the educated.

2.8 A doubt arose also as to the categories of persons covered by our terms of reference. We recognise that unemployment prevails among all sections of the educated including highly specialised graduates. Obviously, however, the same type of schemes will not attract all these classes alike, though there is no ban on educated persons holding higher qualifications from taking on to a line intended primarily for those with lower qualifications. We felt that the schemes drawn up should be mainly for relief to that section of the educated unemployed whose number is the largest. This means those who passed matriculation but are below the standard of graduates though it is not the intention that graduates who wish to avail themselves of these schemes should be excluded. Consideration of schemes for persons with higher qualifications has been left out as quantitatively they do not present a comparable major problem. A minimum qualification of matriculation has, however, been adopted as a line has to be drawn somewhere. Though we adopted this criterion by exercising our own judgment, later evidence has strengthened our view. The results of the preliminary survey on urban unemployment conducted by the National Sample Survey have shown that even among educated classes, unemployment in the category of matriculates but below graduates is relatively the highest—unemployment

being 10% among literates who are below matric and 9% among graduates but 15% among matriculates and intermediates. One reason for this may be that graduates, who are themselves available in plenty, squeeze out matriculates and intermediates in competition for jobs. If so, it is clear that it is in the category we have chosen that the need for finding new avenues of employment is the greatest.

2.9 This report is necessarily a brief one as the time available could not allow for anything more. While every scheme may not be in the form of a complete blueprint, we hope that what is contained in the report will be adequate to enable the Planning Commission to proceed further in the direction of immediate action particularly in regard to making financial allocations for the Second Five Year Plan period. On the main question of study of the problem with its regional implications, there is a good deal more to be done. If further studies are to be really purposeful, this can be ensured only if a clear indication is available as to whether Planning Commission accepts the types of schemes now recommended as also the extent of finances that are likely to be available during the Second Five Year Plan period as a whole.

2.10 The chapters which follow, though on the lines laid down generally in the terms of reference, do not deal with each individual term of reference separately. First, this was impossible within the time available and in the absence of fully considered recommendations of the State Governments Secondly, the terms of reference are, to a great extent, inter-related and from a practical point of view, the Group feels that it would be more advantageous and easier for planning and programming if each term of reference is not treated as distinct and separate from the rest.

CHAPTER 3

EXTENT OF UNEMPLOYMENT

3.1 The ultimate solution to the problem of unemployment is an accelerated rate of overall development. Since unemployment of the educated is more or less confined to the secondary and tertiary sectors, there too, mostly to salary earning categories, general unemployment caused by lowering of incomes in the primary sector, reaches the educated with some time lag. Also when employment starts picking up, it is the primary sectors, where its effects are initially felt. For instance, a salaried employee would not be engaged or discharged unless sufficient work or lack of work exists or is in prospect.

3.2 If the past events are any guide, one could notice that the educated classes suffered unemployment in a large measure in the decade 1930-40. This was the time when the effects of universal depression were being felt in all the sectors. One could find then educated persons offering for work at any level of remuneration, much the same as other workers accepted work at low wages. It was at this time that considerable attention was paid to the problem of the educated unemployed, if judged by the reports on the subject produced in different States (then Provinces).

3.3 With the Second World War, the picture gradually began to change. The recruitment in the defence services, large demands made on the products of our industries, demands for consumer goods within the country which resulted in the expansion of the Government machinery for ensuring adequate supplies to the population, and the sizeable amount spent by other countries in India as a result of the allied war efforts gave a boost to employment in the country. Consequently the educated found diverse fields of employment within and outside their regions. There was a time when it was difficult to get qualified persons to man our offices. Recruitment rules had to be relaxed to accommodate inadequate qualified persons in positions which were above those that would have been normally held by such persons. Since the emphasis was on producing goods and services at any cost the employment level continued to be comfortable.

3.4 The stimulus given by War lasted for some time in the post-war period. The stock piling boom of 1950 also delayed, to some extent, the aggravation of the problem. From the middle of 1953, however, conditions characteristic of the buyers' market began to emerge and the impact of such conditions was felt in the fields of (a) trade, (b) smaller industries, and (r) even the

organised industries, where need for economy was being felt. The First Five-Year Plan, which in the meanwhile had been drawn up in the context of the conditions of shortages of consumer goods, proved inadequate in answering the unemployment situation that had developed by the middle of 1953. The result was that the Plan had to be strengthened by inclusion of schemes specially designed to relieve unemployment especially in the educated sector. In fact, since that year the awareness of the problem has become so great that as a result of insistent popular demand for viewing with concern the employment situation in the country, the provision of adequate employment opportunities has become one of the major objectives of the Second Five-Year Plan.

3.5 What is the size of the problem that we are asked to tackle ? As has been pointed out earlier, we have defined the educated to mean persons who have completed the school final stage. The Table below shows the number of educated persons in India in 1951.

Educational standard		(Figures in lakhs) *Total*
Matriculates	.....	21·57
Intermediates in Arts or Science	.....	4·66
Degree or Diploma holders :*		
(*a*) Professional**	.....	3·74
(*b*) Others	.....	8·02
	Total	37·99

(*Source* : Census 1951)

Since then educational facilities have been increasing and so has the number of persons taking advantage of such facilities. On the assumption of a 1% mortality rate per year on an average among the educated classes, the estimated number of educated persons in India in 1955 is roughly as shown in the Table below :

		(Figures in lakhs)
Matriculates	.....	30·46
Intermediates and equivalents	.....	5·25
Graduates—		
Degree and Diploma holders	.....	1[illegible]·28
	Total	50·99

Compared to 1951, therefore, there has been an increase of 41% among matriculates, 12% among intermediates and 29% among graduates and other diploma holders.

* Includes some diploma holders who have not obtained matriculation standard.

** 'Professional' refers to degree or diploma holders in Teaching, Law, Engineering, Agriculture, Veterinary, and Medical subjects.

3.6 The number of educated persons in the employment market is being augmented continually by the output of our schools and universities. The extent to which the number of such persons would increase during the Second Plan period can be roughly estimated on the basis of the output of schools and colleges during 1956-60. On the assumption that the increase in output will continue during the next five years at the same rate as is obtaining at present and also assuming the mortality rate of 1% per annum, the number of educated persons in 1960 will be as shown in the following table :—

	(Figures in Lakhs)
Matriculates	40·10
Intermediates	5·57
Graduates	20·83
Total	66·50

The additional lead of such persons which will develop in the labour force in the next five years will be of the order of 14.5 lakhs. This is on the assumption that all persons excluding students are in the labour force. To this has to be added the estimated number of educated unemployed as at the end of the First Five Year Plan.

3.7 During the course of the last two years surveys designed to throw light on the problem of unemployment were undertaken in a number of States. West Bengal undertook a survey in 1953, Travancore-Cochin State was surveyed in 1954. Surveys are in progress in Bihar, and Rajasthan on behalf of Government. In addition, cities like Lucknow, Patiala and Nagpur were surveyed by the Universities. All these surveys were conducted by separate agencies when the concepts of unemployment, though clear, were not uniformly defined. The results of these surveys, therefore, lack comparability.

3.8 By far the most important survey on a countrywide basis was the one undertaken in 23 towns in India, by the National Sample Survey. This survey covered towns with population of 50,000 and over except the four big cities of Calcutta, Bombay, Madras and Delhi which have their own special problems. If not for anything else, at least for the uniformity of concepts and the method of collection of data, the National Sample Survey estimates could be taken as a basis for assessing the number of the educated unemployed. The survey estimates that 68.5 per cent of all matriculates, 68.8 per cent of all intermediates and 84.6 per cent of graduates were in the labour force and that 15.6 per cent of matriculates, 15.1 per cent of intermediates and 9.1 per cent of graduates in the labour force were unemployed. The proportion of the unemployed who were registered at Employment Exchanges has been estimated to be 45 per cent for

matriculates, 47 per cent for intermediates and 22 per cent for the graduates. Obviously, these ratios would apply to urban population in towns of 50,000 or more (excluding Bombay, Madras, Calcutta and Delhi). But for an overall magnitude, it may not be incorrect to apply the same ratios to estimate the extent of unemployment among the educated in 1955.

3.9 Employment Exchange data are another fruitful source of information on this subject, especially when the proportion of the unemployed of different categories who register at the Exchanges is broadly known. The Employment Exchange data for September 1955 show that 2.3 lakhs of persons with standards, matriculation, and above were on the Live Registers of Employment Exchanges classified as below :—

	(Figures in Lakhs)
Matriculates	1·74
Intermediates	0·28
Graduates	0·28
Total	2·30

3.10 Putting the two results together, it would appear that an estimate of the educated unemployed in 1955 will be as shown in the table below :—

(Figures in Lakhs)

Method (i)	*Matrics*	*Intermediates*	*Graduates*	*Total*
By applying the ratio of the number unemployed to the total (educated) labour force.	3·28	0·55	1·18	5·05
Method (ii)				
By applying the ratio of the number registered at Employment Exchanges to the number unemployed	3·82	0·59	1·26	5·67

These two sets of figures are close to each other and in spite of the limitations that one can think of in relying on the Employment Exchange data or the data provided by the sample, we may safely assume that the estimate of the educated unemployed would be in the neighbourhood of 5.5 lakhs. The magnitude of the problem that we have to consider is, therefore, the provision of about 20 lakhs of jobs (14.5 lakhs for new entrants and 5.5 for the backlog) for the educated in the Second Five-Year Plan, if unemployment among them is to be eradicated.

3.11 Against this figure of 20 lakhs, adjustments will have to be made for the number of persons that are likely to superannuate in the next five

years. It is estimated that of the 51 lakhs educated persons, 37.4 lakhs are in the labour force. Of them 5.5 lakhs are unemployed, leaving about 31.9 lakhs who are employed. A part of this population will be employed in services where retirement is compulsory or can be made compulsory at a specified age, the remaining being persons doing work on their own for whom allowance on the basis of mortality rates has already been taken into account for arriving at the estimate. If, on the whole, 1.5 per cent retirement allowance is made per year for all the persons at present in the working force, this by itself will provide 2.4 lakhs new jobs during the Second Plan period. The other part that has to be taken into account is the employment likely to be generated as a result of the Second Five-Year Plan, both in the public and private sectors, for which our estimate is 10 lakhs in the public sector and 2 lakhs in the private sector making a total of 12 lakhs. This leaves a balance of 5.6 lakhs which requires to be catered for. In addition there will have to be some allowance made for persons who are below the matriculation standard but are competing and getting positions which have been considered as going to matriculates and above.

3.12 It would, however, be incorrect to view the problem of educated unemployed in purely quantitative terms, in the same manner as one views the problem of general unemployment. It is, perhaps, adequate to say that a certain number of jobs are required for unskilled or the non-educated categories, but when it comes to making a similar statement with regard to the educated, one has to be more specific about the kind of education for which job opportunities are required to be created. The regional and occupational aspects associated with the problem have to be treated separately. The regional immobility among the educated classes except at fairly high levels, is a restrictive factor in the better utilisation of educated personnel. Instances are not wanting where surpluses of certain categories of educated persons are reported at some Exchanges, while these very categories are in short supply in other places. In such cases the adjustment of supply with demand becomes, to some extent, a matter of providing suitable incentives, although regional preferences of both the employer and the employee complicate the issue. The other aspect, namely the occupational, requires considerable amount of advance planning both in assessing the demand for such personnel and making arrangements for future supply.

3.13 We have estimated that the volume of unemployment at present among the educated is of the order of 5.5 lakhs for the whole of India. For purposes of detailed planning it is necessary to break this figure into its regional components, but the statistical ratios on which the all-India estimate has been based become much less reliable when applied to smaller areas. Nevertheless, as some indication of the regional picture is essential for a meaningful consideration of the problem, we have attempted below a rough assessment of the extent of unemployment among the educated

in some of the States where the problem has become comparatively more acute than in others. This assessment is based on such data as we have at present and is subject to modification in the light of the results of further studies that may be undertaken.

Travancore-Cochin: According to the population census of 1951, there were 1.62 lakhs educated persons (matriculates, intermediates, and degree or diploma holders) in Travancore-Cochin at that time. This number must subsequently have been augmentel by the net annual out-turn of high schools and colleges. The number of persons who leave educational institutions every year and constitute potential additions to the educated labour force is of the order of 20.000. In September 1955, the Employment Exchanges in Travancore-Cochin had on their live registers 10,231 educated persons seeking employment. If we make due allowance for non-registration at Employment Exchanges and apply ratios which have been derived from the all-India preliminary survey on urban unemployment referred to earlier, we get a figure of 25,000. This may well be an under-estimate as Travancore-Cochin is not well served by Employment Exchanges and there may be a smaller proportion of educated persons registering there than is the case in other States. Taking all factors into consideration we think that the number of educated unemployed in Travancore-Cochin may be of the order of 35,000 to 40,000.

West Bengal: According to a survey conducted in West Bengal in 1953 by the State Statistical Bureau, there were 1.25 lakhs* persons who were matriculates and above without full time employment and were seeking such employment. Full time employment was defined as all employment other than employment of less than six months' duration during the year. On the basis of the number registered at Employment Exchanges the estimate is lower. In September 1955, 31,639 educated persons were registered as unemployed. Applying the National Sample Survey ratios, the total number of educated unemployed works out to 78,000. The difference appears to be due largely to a difference in definition. We consider that for present purposes and for comparison with the position obtaining in other States, the estimate of unemployment may be placed at 75,000 to 78,000

Other States: Our estimates in respect of some of the other States where some reasonably correct estimates are possible, are given below :—

	No. of educated unemployed
Andhra	26,000 to 29,000
Bihar	28,000 to 31,000
Bombay	70,000 to 74,000
Madras	60,000 to 64,000
Punjab	22,000 to 25,000
Uttar Pradesh	95,000 to 100,000
Total	301,000 to 323,000

* Excluding rural areas in some districts not covered by the Survey.

CHAPTER 4

SPECIAL PROGRAMME TO REDUCE UNEMPLOYMENT

4.1 In considering schemes *suo motu* the Group considered such categories as could be implemented, though in varying degree, in all the States. As previously stated, the employment potential proportionate to capital invested, is an important governing factor. On this basis, the Group considered the following as being suitable schemes :

(i) Work and Orientation Camps,

(ii) Co-operative Organisation,

(iii) Establishment of Transport Co-operatives for Goods Traffic, and

(iv) Establishment of small scale industries.

In regard to Co-operative Organisations, our enquiries showed that schemes have already been included in the Plan or are under the active consideration of the Ministries concerned. The Group's recommendations, therefore, will only emphasise the importance of these schemes and of a further expansion. In regard to this as well as the other group of schemes, all with substantial employment potential, if they are accepted by the States to the extent recommended, these alone might well absorb the major portion of available resources. As such, the Group has not, at this stage considered other schemes to suit individual States except where the States themselves have made specific recommendations.

4.2 A description and the Group's recommendations in respect of each of these categories of schemes now follows.

A—WORK AND ORIENTATION CAMPS

4.3 In Chapter 6, we have referred to the general disinclination amongst the youth, who have not had the opportunity of going through a technical course, to working with the hand and the recommendations of the Secondary Education Commission to cure this malady. The Labour Camps organised for students by the National Cadet Corps and the Bharat Sevak Samaj have helped in inculcating amongst the youth the dignity of labour. These camps have, however, covered only a small number of students with the result that the large majority of them, who have passed the Matriculation examination, hanker after 'white collar' jobs. Elsewhere,

we have suggested measures for ending fruitless waiting on the part of the educated unemployed by such jobs. Simultaneously with these measures, it is important to arrange for the necessary guidance and orientation to be given to the educated unemployed so that they take to other vocations. We feel that one good method of achieving this will be to organise Work and Orientation Camps all over the country. The main objective of these camps should be to enthuse the educated unemployed with the love for manual work and to create self-confidence and a healthy outlook amongst them. The Camps should also provide opportunities to the youth to develop and unfold their aptitudes for different occupations.

4.4 We need hardly emphasise that the Work and Orientation Camps, which we propose, are not meant to be places where training will be imparted in the normal sense. We recognise that some of the participants in these Camps will show definite aptitudes for skilled occupations. Arrangements for their further training to acquire the necessary skills will have to be made in the regular Training Centres or by Apprenticeship Programmes in factories and workshops. For the rest, employment will have to be found in the various projects under way or contemplated during the Second Five Year Plan. In order, therefore, that these Work and Orientation Camps may play an effective part in relieving unemployment amongst the educated, liaison should be established between them and the Training Centres as also the various projects and establishments, which will employ the youth after passing out of these Camps. We would suggest that right from the initial stage of selections for entry into the Camps, the authorities of the training and employing establishments be associated with the proposed Camps. The selections may be made by a committee representative of all these interests in the region, where the Camp is located and it should be ensured that the authorities of the training and employing establishments visit the Camps periodically to pick out their men and fit them into definite occupations. While we recognise that recruitment for even limited categories of employees in the developmental and other projects cannot be confined to persons participating in the Work and Orientation Camps, it should be incumbent on the employing authorities to take on such of the participants of the Camps as are found suitable by the above committees. It should not be difficult to work out in consultation with the employing authorities the arrangements which will ensure such co-operation.

4.5 The Labour Camps organised for students so far have been short duration camps covering a period of two to three weeks. The experience gained in the running of these camps points towards the necessity of spreading the proposed Work and Orientation Camps Programme over longer period, if the objectives of such camps have to be fulfilled. We are of the view that ordinarily a participant in a Camp should spend about three months in it but should be allowed to continue for a period not

exceeding six months, if he so desires. We expect that within this period, if proper liaison is established with the training and employing authorities, an opening will be found for him, and he will either be receiving further training in a regular centre or be employed in gainful occupation. The programme of activities in the Camps should be such that it provides for about four hours of unskilled manual work per day. Another four hours should be spent in the pursuit of hobbies, in educational programme and cultural recreation. Adequate literature should also be available in the Camps and periodical lectures should also be arranged with the object of acquainting the camper with the knowledge of vocations and other openings to which he can look forward at the end of his stay in the Camp.

4.6 The manual work to be organised in these Camps should be productive and should lead to some kind of an achievement of which the camper will be proud. By arrangement with the authorities concerned, such work may be organised in public works programme of road construction, irrigation and power projects, soil conservation, co-operative land resettlement, housing and the like. The location of the Camps will thus be determined on considerations of the projects with which the Camps can be associated for the purpose of manual work. The Group feels that with the large developmental programmes already operating and contemplated in the country, there should be no difficulty in making these arrangements.

4.7 No hard and fast rule can be laid down for the strength of Camp. For the purpose of working out the estimates however, a unit of a 100 participants has been assumed. Wherever necessary, a Camp may consist of more than one unit. The maximum number in a Camp should however be restricted to 500.

4.8 It has been estimated that for a unit of one hundred, the expenditure involved will be of the order of Rs. 40,000, non-recurring and Rs. 100,000 annual recurring. This makes provision for equipment (worth Rs. 10,000 approx) required to enable the campers to pursue their hobbies and also enable the employers to gauge the aptitudes of the campers. The recurring expenditure provides for the food etc. of the participants in the Camp and also pocket money at the rate of Rs. 15/- p.m. We recommend that provision be made for 100 units in the first year of the Second Five Year Plan, *i.e.*, 10,000 campers, which should progressively increase to 150 units or 15,000 campers in the fourth year of the Plan. The total outlay on the scheme will be Rs. 7.1 crores during the five year period.

4.9 These recommendations are made after discussions were held by a Sub-Committee of the Group with representatives of the Bharat Sevak Samaj and the National Cadet Corps. As these representatives have doubts as to whether the type of Camps we recommend would be the most suitable,

we feel it necessary to deal with a few points brought out in those discussions.

4.10 It was suggested that these Camps should also undertake preliminary training for a particular vocation. We are unable to agree, as inadequate training for a particular vocation will serve no real purpose. Even the training imparted for much longer periods in training centres of the Directorate General of Resettlement and Employment has not so far been wholly satisfactory and this has been one reason for the non-absorption of many of the trainees who successfully completed their training. Though belatedly, a beginning has now been made to greatly improve the standard of training at these institutes. As such, it would be a retrograde measure to impart training for specific vocations in Camps of this type which will neither have the personnel fully competent to impart the training nor the necessary equipment. There should however be no objection to providing simple equipment or machinery which will give the Campers chance to get used to working with their hands. This will incidentally also give an opportunity of discovering the aptitudes of Campers for a potential vocational career.

4.11 Another suggestion was that there is ample scope for regular Work Camps with educated unemployed to be used for work on specific projects connected with the Second Five Year Plan. Even if educated unemployed are attracted to these 'semi-permanent' work camps, we should discourage their encroaching on avenues of employment primarily intended for the uneducated classes. Our view is that regular Work Camps may well be established somewhat on the lines of the Civil Pioneer Force of the war years but these will be open to all alike and not reserved for the educated group alone. The purpose of such camps will thus be wholly different from those we are specifically recommending here.

4.12 A doubt was expressed that if the Camps do not impart training in specific vocations, the interest of the educated youth is not likely to be sustained for a period longer than six weeks. We should mention once again that it is not intended that every person in the Camp should remain in it for six months. Rather, six months is the limit beyond which an individual will not be allowed to remain in the Camp. With the close association of the employing establishments, we feel that those who show a real aptitude will be picked out for specific training in private industry, Government training establishments or for regular employment itself well before completion of six months in the Camps. In the case of those not already adapted a longer period of orientation might produce the adaptability, so essential for the subsequent training for a specific vocation.

B—Co-operative Organisations

4.13 The Group had, as an initial guidance point, the following observations recorded in a minute of the Planning Minister:

"In the Socialistic Pattern of Society, which has now been accepted by the country, there will be a considerable emphasis on the co-operative sector of production and distribution. The co-operative movement will, therefore, have to be expanded and that too at a higher level of efficiency. This can be achieved if in the educated youth we are able to imbibe the spirit of service to the country through the co-operatives and also provide suitable incentives for efficient work in that field. For instance, a considerable expansion is envisaged in the small-scale and cottage industries sector, not only with a view to overcoming the immediate unemployment situation, but also for integrating such mode of production in our economy. If this has to achieved, it is essential that at every stage of production, *i.e.*, for purchase of raw materials, for improving the techniques and for marketing the product, considerable scope exists for utilising the educated youth. Even if it is assumed that one such person is required for organising production in five villages, it should not be difficult to envisage employment for about a lakh of persons. This is, of course, in addition to the National Extension Service and Community Development Programme. The Khadi and Village Industries Board is planning to train about 30,000 persons for organising their production. Training for such work, whether it is for the village industries and craft or for similar industries in the urban areas, will, it is expected, equip the person with an elementary knowledge of technology, accountancy and very general aspects of the place of such modes of production in our economy. More immediate than this training will be the training on the job which will give the organiser an insight into the real problems. Those activities naturally will have to be co-ordinated with the National Extension Movement. It goes without saying that the interaction of such persons with those engaged in actual production will be justified only if the productivity in this sector increases more than the amount required to maintain the organiser. As material production increases the scope of such employment for the educated youth will enlarge to a corresponding scale".

Available materials and studies based on them brought out two points clearly. First, the scope of employing educated unemployed on actual production of goods in village industries* is not large. The first claim for production of goods in these fields is of the village artisans themselves. Even if these industries are developed and reservations are made on the lines recommended by the Karve Committee, such measures will, at the most,

* As inthe Karve Committee's Report.

only provide a reasonable level of employment and earnings to the village artisans themselves who at the present moment, are either unemployed or considerably underemployed. There is nothing, therefore, to justify any positive encouragement to the educated un-employed to encroach into this field. Also, on practical considerations, it will be a long time before educated youth can be expected to settle down permanently in production of goods of the category of *village* industries.

4.14 In the case of small-scale industries, however, there is considerable scope for educated unemployed to engage themselves in actual production of goods. Indeed, this is the field which offers the largest scope for employment to this category of persons. Therefore, in spite of the normal provision which Ministry of Commerce and Industry is likely to make for this purpose in the Second Five Year Plan, we have recommended, in Part D of this Chapter, a large additional provision.

4.15 In regard to both these categories, however, there is ample scope for absorption of educated youth for meeting the organisational administrative, supervisory, training and other similar requirements. In this connection, we cannot escape the feeling that this aspect has been badly neglected in the past. One reason may be the belief that personnel for such requirements of the co-operative movement should come mainly from among honourary workers. If this is so, then, without meaning any disrespect or minimising the enthusiasm and patriotism that has been developed after Independence, we feel it necessary to stress that too much of the burden of actual administrative work should not be left to voluntary bodies. Voluntary organisations have a large effective sphere for useful work without being troubled with regular administrative work which requires wholetime workers. Those who could offer their wholetime to honourary work will be very few indeed and such as there are can find ample scope for useful work without actually filling minor administrative or clerical posts and thus depriving, to that extent, unemployed persons in search of employment of these posts.

4.16 An alternative reason for past omissions might have been that till lately, the co-operative movement was essentially confined to supply of credit and development of multipurpose or marketing co-operatives was negligible, even nil in many areas. Ample evidence is forthcoming from other quarters justifying our own conclusions regarding the neglect of this sector of organisation in the co-operative movement. The Karve Committee has emphasised and re-emphasised the urgent need for a proper administative organisation if their proposals for improving khadi and village industries are to be properly implemented. The Report on the Marketing of Handicrafts prepared under the auspices of the All India Handicrafts

Board has again brought out prominently the serious lacuna in this regard. The large organisation envisaged by the Khadi and Village Industries Board is again evidence that hardly anything appreciable has been done in the past regarding administrative organisation in this field. The rest of this Chapter will, therefore, deal only with manpower requirements in the field of personnel for organisational, administrative, supervisory and training requirements in regard to the working of co-operative organisation in the field of Khadi and Village Industries and Handicrafts under Ministry of Production, small scale industries under Ministry of Commerce and Industry and rural credit, warehousing, etc., under Ministry of Food and Agriculture. We note that while very little was done in this direction during the First Five Year Plan, substantial schemes from the point of view of employment potential, have already been submitted at least by two Ministries concerned.

4.17 The Ministry of Food and Agriculture have estimated the requirements of personnel during the Second Five Year Plan at 26,535. Financial provision for employing this personnel and for their training has already been made in the draft plan of this Ministry.

4.18 The Khadi and Village Industries Board had proposals for training of 30,000 persons during the Second Five Year Plan. Out of this, the personnel falling in the categories now under consideration are reported to be :—

Sericulture Industry	2,035
11 Village Industries	8,182
Total	10,217

It was reported that requirements have not been worked out in respect of persons required for Khadi, hand-pounding of rice, palmgur and atta chakki. But in informal consultation by the Chairman, the Chairman of the All-India Khadi and Village Industries Board indicated that if the mass introduction of AMBAR CHARKHA is adopted, at least 20,000 persons will be needed. For our purposes, we estimate that the employment potential for the educated will be at least 5,000 during the Five Year period, if the scheme goes through.

4.19 No specific provision has been made by Ministry of Commerce and Industry in regard to personnel required for the handloom industry, or for handicrafts. Representatives of this Ministry and of the Ministry of Production were inclined to agree that the requirements of the two Ministries could be co-ordinated as the same organisation will be in a position to deal with all the products, though the products themselves are the responsibility of two different Ministries. This is obviously a

sound view as at the lower administrative levels, these organisations will mostly have to work through the Community Project Administration or the National Extension Service. The total requirements of the two Ministries have, therefore, been worked out by representatives of the two Ministries after consultation with the Community Project Administration. The total requirement so arrived at is 15,000 and if 5,000 is added for the Ambar Charkha scheme, the total will be 20,000.

dentaly give them an insight inti wirking in the rural areas and even

4.20 The total requirements of all the Ministries together would thus be 46535. Training of the type envisaged for these persons will, incin the unlikely event of a slight surplus of persons being trained, such as are surplus can be profitably utilised on other activities in the Community Project or National Extension areas. Here, therefore, is an entirely new field where the training and appointment of personnel is fully justified on merits even apart from the angle of the educated unemployed. In other words, while the educated unemployed may be the beneficiaries, this will not be a scheme specifically designed for relieving unemployment among this class. Taking all this into account, we fully endorse the training of personnel by the Ministry of Food and Agriculture up to a round figure of 27,000. We also strongly recommend training of personnel up to 20,000 by the other Ministries referred to. If there is any slight margin at all, that will allow for possible wastages as also for meeting other requirements which are bound to develop. The total employment potential will thus be 47,000. If we are restricting ourselves to this figure it is not because we feel that there will not be scope for training even more. The limitation is imposed more on the consideration that training of a still larger number may be difficult on practical considerations like recruitment, availability of suitable teachers, lack of adequate accommodation, etc. Indeed, the training of even this number will require exceptional efforts and we cannot emphasise too strongly that even if this number is to be properly selected and trained, this will require a liberal provision of officers and staff to take charge of these arrangements.

4.21 As the schemes are being worked out by the Ministries concerned, the Group need hardly give details. It is assumed that if our recommendations are accepted, consequential changes, as may be needed, will be made by the Ministries before finalising the schemes. *For these reasons no financial estimate is given.*

C—Goods Transport Services

4.22 The great shortage of road transport in the country is generally admitted and its expansion and development for carriage of goods as well as

passengers must receive top priority. Even in States where nationalisation of passenger road transport is settled policy, goods transport has been left to the private sector. The Study Group on Transport Planning, which recently submitted its report, observed that a minimum of 12,000 additional goods vehicles per year would be needed during the next Five Year Plan period to meet the growing demand as a result of the development of industry as well as agriculture. The total number of goods vehicles in the country today is roughly 100,000. As against this, the Indian Roads and Transport Development Association have estimated that an increase of 200,000 goods vehicles would be required during the next five years, including 50,000 meant for replacement of bullock-carts. The indigenous automoble industry produced 8/9,000 vehicles in 1954 and the Planning Commission has laid down a target of 40,000 vehicles for 1961. Even if that target is not reached, the figure of production will considerably increase during the coming years and no difficulty is apprehended of production not meeting the increased demand. Here, therefore, is a positive field which, with guidance and assistance, should attract educated unemployed.

4.23 The Study Group on Transport Planning observed that in America, where road transport was greatly developed, more than 70 per cent. of the goods vehicles were owned by industrial and business concerns. Owing to the different systems of working in the big industries in this country, who do not have their own distribution arrangements, it does not seem to be possible for them to emulate the industry in America, so far as "transport on own account" is concerned. Here, the production and distribution centres are also too far away from each other. It is, therefore, necessary to organise independent transport units which could cater to the needs of a number of industries and at the same time co-ordinate with distribution centres.

4.24 To meet this need and also, incidentally, to provide employment for educated classes, we suggest the establishment of a certain number of goods transport units on a co-operative basis in different centres. These units should basically be of two types; one for intra-city operation and the other for inter-city operation. The intra-city units may be small consisting of a minimum of five vehicles while the inter-city units must, in order to be economical, be much larger and should consist of at least twenty-five vehicles. On the basis that a sum of Rs. 20 crores will be available for setting up such units, it is estimated that a total number of 12,000 vehicles can be utilised. The scheme is to provide finance to the two types of units on equal basis, that is 1,200 small units and 240 big units.

Intra-City Units

4.25 Legislation on co-operative societies in the various States generally stipulates that loan would be granted to a co-operative society only to

the extent of five times its investment. So, for providing a sum of Rs. 10 crores for grant of loans, etc., to co-operative societies, nearly 2 crores will have to be found by the societies themselves, making a total available sum of Rs. 12 crores Taking the average price of truck at Rs. 20,000, a total number of 6,000 trucks can be purchased with a sum of Rs. 12 crores. Dividing them into units of five, we will have 1,200 units. These units can be distributed in both small and big towns all over the country. The small co-operative transport units can be employed on carrying goods connected with constructional activity of the town and to meet its general commercial activity.

4.26 To set up a co-operative society, a minimum of 10 persons above the age of 18 are required. It can be easily stipulated that for the purpose of transport co-operative societies, most of these persons should be working members. In cases where workers cannot raise finance themselves for buying the shares of the co-operative societies, their relations or their nominees could invest the money on their behalf. A small transport co-operative unit will normally require the following minimum staff :—

Drivers	6
Cleaners	6
Manager	1
Cashier-cum-Accountant	1
General Clerk	1
	15

Out of these at least 10 can be from educated classes. In addition to the above staff, each unit will have to utilise the services of at least 20 labourers for handling goods.

4.27 As mentioned above, there may be some difficulty for the workers who form a co-operative unit in finding their share of finance but this might be overcome either by the workers getting some of their relations or nominees to invest the money on their behalf or by getting outside investors who should undertake to put up one or two of their nominees who should be from educated classes. If the response is not adequate the possibility of Government advancing loans for the purpose will have to be considered.

4.28 On the basis of 1,200 units, employment potential will be

Educated Class	10 × 1,200	12,000
Literate Classes	5 × 1,200	6,000
Labourers	20 × 1200	24,000

As regards the allotment of these small transport units, it should be possible to absorb 1,200 units in the various towns in the country.

If the volume of interest shown by the States necessitates rationing of the resources, allocations would be made taking into account the population as also, in the case of very large cities, the population of the city itself.

Inter-City Units

4.29 As stated above, an inter-city unit can operate between two or more large commercial or industrial centres so as to ensure that goods are available for carriage from both sides. It is in fact only on the basis of the certainty that return loads will be available that such units can function economically. Roughly such units can function on the following lines :—

a) carrying goods from a production centre to a distribution centre;

b) carrying raw material from outlying areas for an industrial centre;

c) acting as out-agents for the railways;

d) carrying mail for the P and T Department;

e) running goods services for 'smalls' between one town and another;

f) carrying goods for government on a monopoly basis;

g) carrying goods for large commercial or industrial firms on a monopoly basis.

The staff to be employed by each such unit will consist of the following :—

Drivers	30
Cleaners	30
Labourers	100
Manager	1
Sub-Managers	3
Clerical Staff	10
Mechanics and Fitters	10
Salesmen or Goods Procuring Agents	10
	194

Out of these 80 to 90 could easily be from the educated classes. If a sum of Rs. 10 crores is made available for setting up such large transport units, another Rs. 2 crores could be expected to be forthcoming from the co-operators themselves. In other words, a total of Rs. 12 crores will be available for investment, enabling procurement of 6,000 vehicles at the rate of Rs. 20,000 per vehicle and we could have 240 units of 25 vehicles each. The total number of educated men employable on these 240 units would come to 240 × 80 = 19,200. *The Group recommends*

a total financial provision of rupees twenty crores for schemes under this head.

4.30 It need hardly be stated that in addition to direct employment of both educated and uneducated classes, these co-operative societies would also provide indirect employment to a number of people. For instance, a number of societies can form a federation to run a workshop and petrol pumps. The federation can also engage itself in activities like Housing, Co-operative Stores, etc., for the benefit of the members.

4.31 As regards the allotment of these larger units to States, preference must first be given to larger towns like, Bombay, Calcutta, Madras, Delhi, Kanpur, etc., at least to ensure greater certainty of success. Here again, actual allocation will, of course, primarily depend on the response of the State Governments.

The two schemes will provide employment to at least 32,000 educated persons, 10,000 literate persons, and 48,000 others.

4.32 From such limited enquiries which were all that we could make in the time available, we feel that the scheme will have the support of Transport Ministry and that it will not adversely affect the Railway. The railway capacity at the end of the First Five Year Plan is estimated to be in the neighbourhood of 120 million tons and Railways expect an overall increase of 50 per cent. in the demand on their services at the end of the Second Five Year Plan. They are consequently planning on the basis of this 50 per cent. increase so as to achieve a capacity of 180 million tons. Similarly, a need for 50 per cent. increase in road transport has also been envisaged. The road transport capacity at present is roughly 80 million tons and it is proposed to increase it by another 40 million tons by the end of the Second Five Year Plan. These are, however, targets on the basis of which planning is being done at the moment, but whether these targets will be actually achieved is another matter. At any rate, on the basis of the estimated minimum requirements, an addition of 12,000 vehicles, as proposed in this Scheme, will only meet a small percentage of the demand and should not in any case adversely affect the carrying capacity of the railways so long as there is proper co-ordination. This view will be further strengthened if it is a fact that the allocation made for railways in the Second Five Year Plan is considerably less than the estimated requirement as worked out by the Ministry of Railways.

D—Small-Scale Industries

4.33 The cost of creating employment for one person in industries varies from Rs. 200 in village industries such as extraction of oil by ghanis to over Rs. 20,000 in heavy industries such as the factories to manufactur

power generators and turbines. For reasons explained earlier, the possibility of engaging educated youth in production of goods in the category of village industries, should be ruled out. Heavy industries on the other hand are capital intensive and, therefore, apart from other considerations a very large sum of money will be required to give employment to even 100,000 educated unemployed. There is no alternative then but to fall back on those small scale industries which will be interest sustaining for the educated. Small industries can be set up, as proved by the study of a number of existing industries, with an expenditure of about Rs. 3,500 to 4,000 per person to be employed.

4.34 Small scale industries of this type can be distributed into three categories :

(A) *Manufacturing Industries :* A list of industries in this category with production targets is given later.

(B) *Feeder Industries to large industries :* Small scale feeder factories would manufacture parts and components required by the large scale factories. Even in industrially advanced countries, smaller units specialise in the production of items or components for large factories and do the work so economically that large scale factories find it fully worth their while to patronise these smaller ones. The need for developing such small scale units with our present stage of development requires no emphasis. Even advocates of development of large-scale industries have invariably admitted that development of small scale feeder industries is one way by which competition between the large and small scale sectors can be eliminated, thus creating a healthy atmosphere of balanced development of different sectors. It will perhaps be agreed however, that very little action has been taken so far in the matter of such healthy development.

A list of items under this category with targets of production is given later.

(C) *Servicing Industries :* With the industrialisation of the country, servicing industries will also have to grow. There is general admission that in various spheres, lack of efficient servicing organisations is blocking full effective use of machines, automobiles, tractors etc. There is ample scope for development of servicing industries on planned basis and a list of items with targets of production is given later.

4.35 The Development Commissioner for small scale industries has estimated the targets of production for the period of the Second Five Year Plan in regard to various items covered by the above three categories of small scale industries. The data adopted differs and for this reason, the degree of accuracy in regard to the targets cannot be uniform. For instance, in the case of hand tools and small tools, the total annual requirements being met at present can be estimated with very slight marg'n of error. From this the possible requirements, the degree of imports which might still be necessary, the extent to which normal expansion in existing units will take place etc., can also be calculated without appreciable scope for error. But in the case of consumer goods like furniture, fountain pens, etc., there is scope for a greater margin of error. The Group is satisfied, however, that no better basis can be worked upon. Luckily, the lack of accurate forecasting will not cause damage in the case of small scale industries to anything like what it might be in regard to a large scale unit. Ultimately, it is only experience gained from time to time that will decide whether progress in developing these small scale units should be increased, in certain directions or decreased in the case of other items and appropriate adjustments can be made from time to time without causing any permanent or appreciable loss. In this connection, we feel that regular and extensive studies on market trends should be undertaken, though we understand that a beginning has been made in this direction.

4.36 The targets of additional output likely to be required during the Second Five Year Plan, as estimated by the Development Commissioner are given below :—

(A) *Manufactnring Industries*	*Annual output in crores of Rupees*
1. Hand Tools and Small Tools	5·00
2. Sports Goods	2·50
3. Furniture	8·00
4. Building Hardware	4·00
5. Domestic Hardware	1·00
6. Cutlery	1·50
7. Agricultural implements	3·30
8. Scientific glassware and Instruments	1.03
9. Table Glassware	1·00
10. Bicycle parts and bicycles	4·00
11. Sewing machine parts and sewing machines	1·00
12. Toys	0·50
13. Electric Fans	1·00
14. Other electrical goods	3·00
15. Surgical instruments	1·50
16. Manufacture of rubber	0·50
17. Pipe fittings and valves	2·00

(A) *Manufacturing Industries (Contd.)*	*Annual output in crores of Rupees*
18. Metal Fittings for shoes and leather articles and wearing apparel	0·50
19. Stationery articles and fountain pens	2·50
20. Small machines	13·00
21. Miscellaneous chemical industries	3·00
22. Other industries not mentioned above	3·50
TOTAL	63·00
(B) *Feeder Industries to Large Industrsee*	
1. Foundries	3·00
2. Forging shops	1·00
3. Tool and gauge making shops	1·03
4. Automobile parts	2·00
5. Machinery parts	10·00
6. Railway wagon and coach parts	2·00
7. Other parts for engineering industries	3·00
8. Electroplating and galvanising shops	1·00
9. Welding shops	1·00
TOTAL.	24.00
(C) *Servicing Industries*	
1. Automobile repair shops	1·50
2. Bicycle repair shops	1·00
3. Pump and motor repairs and maintenance	0·50
4. Other machinery repairs and maintenance	2·00
TOTAL	5·00

From the above, it will be seen that the total target of production under all the three categories together is Rs. 92 crores per annum. Even if future experience necessitates changes in different items, we are satisfied that the overall target of this figure can be accepted as a working basis. Our views are strengthened by the fact that even of the few State Governments which have sent up recommendations, each of them has recommended schemes of substantial magnitude coming under this sector. As to capital investment required for Rs. 92 crores of annual output, a general estimate of the capital needed for machinery and factory buildings is in the ratio of 1-1/3 : 1 between such capital and annual turnover. This ratio has been arrived at after an analysis of some of the existing small scale industries and can be safely adopted as a general yardstick. The total requirements on this basis will be Rs. 123 crores.

4.37 We cannot obviously suggest reserving the whole additional production under this sector to the educated unemployed. Nor can we suggest reserving development of such industries wholly to the public sector.

However, taking into account the importance that Governments, both Central and State, are increasingly attaching to development of these industries, we feel that the public sector can take on production of goods upto about half the targets as a whole. The list is by no means exhaustive of all types of goods that can be produced in small scale units. Ample scope will, therefore, still remain for development on private initiative and enterprise. We note that the Karve Committee has recommended allocation of 45 crores for development of small scale industries and 10 crores for industrial estates. It is understood that out of the former, a major portion is intended for providing working capital through loans, provision of marketing organisations, provision of additional machinery to existing small scale concerns and to other measures for the consolidation and improvement of existing small scale industries. The maximum likely to be available out of the Rs. 45 crores for schemes of the type we are now considering is not likely to exceed Rs. 10 crores. We do not know what the final allocation is that Planning Commission intends to make and, for present purposes, we proceed on the assumption that this will be such as would provide about Rs. 10 crores for categories (*i.e.* new factories) we are now considering. If so, the further investment required for providing about half the estimated additional output will be Rs. 52 crores in round figures. Adding the other items of expenditure detailed later, this would mean a total additional provision of Rs. 84 crores under this head of development of small scale industries and we recommend that this provision be made and earmarked for the educated unemployed. The number of new jobs that will then be created for the educated will be about 1,50,000. Some employment, but relatively small, will be incidentally provided for others as well.

4.38 In this connection, we wish to stress one point. Development of small scale industries of this type is obviously essential for the general economic development during the period of the Second Five Year Plan. Our recommendations only mean that by accelerating a much needed development in this direction, a substantial reduction could be achieved in the accumulations of the past—in the form of numbers of unemployed.

That alone will make future planning on a long term basis, more feasible, starting on a relatively clean plate. At the same time, the development in this sector of the magnitude recommended could go on even if educated youth are not attracted in the numbers visualised. Others will take their place. We mention this in anticipation of a possible question as to what would happen if, after committing to expenditure of the magnitude of what we have recommended, the expectations, so far as they relate to the educated, are not fulfilled.

4.39 Two types of organisation, namely, (1) unit factories and (2) factory groups are recommended. An example of the former is a wood working workshop fitted with modern wood working machines eliminating strenuous operations and employing about 15 persons in carpentry, 5 persons in caning and 5 in polishing and some clerical and managerial staff of say, 5 persons. Such a factory, on a production of a lakh of rupees per annum of easily saleable furniture, will yield about Rs. 5,000 to 6,000 profit.

4.40 The factory group organisation is one where the industries work with a common central servicing workshop providing technical aid and processing facilities, supplying standard raw materials and designs, helping the small units in the production of standard quality goods and assisting in the marketing of goods made by numerous small units. For this purpose, small units which employ 5 to 10 persons each will be located around the central servicing workshop. Items suggested for the factory group organisation are sports goods, cutlery, agricultural implements, bicycle and sewing machine parts, hand tools, etc.

4.41 The estimated cost of establishing a factory group consisting of a central workshop and 40 small units to take up production of hand tools is given below by way of illustration :—

Lands and Buildings for the entire group	Rs. 4,75,000
Machinery and equipment	Rs. 4,25,000
Establishment	Rs. 1,00,000
Working Capital	Rs 4,00,000

Such investment will provide employment for about 300 persons.

4.42 In the unit factories 10 to 50 persons would work under the guidance of an organiser in the first few years, and the aim is that ultimately the organiser should be withdrawn and the workers should form themselves into a Co-operative Society and take over all the affairs of factory. In the group factory schemes, the number of persons employed per group will be 300 to 500. The individual small factories in the group will number 40 to 50 and will employ 5 to 10 persons each, but will be serviced by the Central Servicing Workshop employing 30 to 50 persons. Here also, the aim is that all the persons working in the group would ultimately form themselves into a Co-operative Society and take over the affairs of the Central Workshop as well as the individual factories. In the initial stages, however, industrial managers will run the Central Workshop and every group of 5 small attached factories will have an organiser to guide and run the small factories of the group.

4.43 The factory buildings for both the unit factories and the group factories could be erected and handed over to the Industrial Managers or the

organisers by the National Small Industries Corporation under its Factory Space Hire-Purchase Scheme. A Space of 50' X 50' would be required by the average type of unit factories, and it is estimated that an average workshop with power connections and fittings would cost about Rs. 23,500. Preliminary calculations, based on 3% return on capital, show that the rent to be paid will be about Rs. 1-8-0 per person employed. The machinery required by the factories would be supplied under the Hire-Purchase Scheme of the National Small Industries Corporation. Under this scheme, new machines required by *bona fide* small industries are supplied by the National Small Industries Corporation if the hirer deposits 20% as the first instalment and agrees to pay the balance in easy instalments spread over a period of 5 years. Most of the educated unemployed are not likely the working capital will have to be given to the small factories as loans to have much money themselves and, therefore, it will be necessary that by Government. The factory space and machines will remain the property of the National Small Industries Corporation until the entire price of the machines has been paid or the factory building purchased by the Co-operative Society. As these form the bulk of the capital, such risk of loss as exists due to non-repayments is not likely to be too high. The Group feels that the risk should be taken.

4.44 For successful working, the composition of the team manning the individual factory or the factory group is an important factor. A degree of comradeship is desirable among those constituting a team. Therefore, the teams should, as far as possible, be formed of class-mates or school-mates or friends, or the members of the team should be allowed to select their colleagues themselves. Right from the start, the team will have to agree to the articles their factory will make. After the team is selected, it is proposed to give the members nine months' training. Out of this the first six months will consist of basic training including the reading of engineering drawing, sketches and blueprints. This period of training will be in an institute to be organised by the D.G., R. & E. through the State Governments but separate buildings, equipment and staff will be needed for this purpose involving, as visualised, training of about 30,000 persons a year. The last three months of training will be in the model workshops on the specialised machines which they will operate in the production factories. A total period of 9 months is expected to make the trainess fit not only to intelligently man the production machines of their factory, but also to carry out minor repairs and maintenance of the machinery or factory buildings.

4.45 The marketing of the products of the factories is proposed to be done by the Marketing Division of the National Small Industries Corporation in the case of individual factories and by the persons operating the central

workshop in the case of factory groups. The distribution of raw materials in the case of the latter will also be arranged by the central workshop. However, the National Small Industries Corporation can operate only as the wholesale buying organisation at the State level and suitable co-operative bodies will need to be set up to assist the small factories to market their products either to the National Small Industries Corporation or to the consuming public, and also to arrange for the distribution of the raw materials to the factories. This aspect of co-operative organisation has already been dealt with earlier.

4.46 Co-operative organisations of the type visualised should, if possible, be common for dealing with the products of other industries also, *e.g.* village industries and handicrafts—a view already expressed by the Karve Committee as well. But we have stated earlier in this Chapter that financial provision for this purpose is not covered by schemes already approved for the Second Five Year Plan, and to make such a provision now might require cutting down what is already provided for some other schemes of the Ministry or Ministries concerned. Should this prove impossible, our recommendation is that money for this purpose should be found from the total provision recommended by us later (Rs. 84 crores) by reducing the number of operating units: this for the reason that the scheme as a whole can be successful only if an efficient marketing organisation functions alongside the production of these goods.

4.47 Advisory Services in respect of technical improvement, managerial guidance and product design improvement will be given to the factories by officers from the Small Industries Service Institutes. Four such institutes are already functioning under the direction of the Development Commissioner for Small Scale Industries, and in the Second Five Year Plan, 15 more are likely to be set up.

4.48 As mentioned already, in the initial years, organisers will have to be given to each factory. In the initial stages, the number of organisers will have to be large, on a basis of one organiser per 14 operatives. As the factories develop and are put on a firm footing, an organiser will be able to supervise more factories and will even be withdrawn gradually. Over the 5 year period, the number of organisers required can be estimated, on an average, at one organiser per 20 operatives. Therefore, the number of organisers required for 1,50,000 operatives over the 5 year period will be about 7,500. Even on the most optimistic basis, the actual functioning of the units themselves cannot start earlier than the 1st April 1957. Even this can be hoped for only if the selection and training of the organisers is taken up almost immediately. If selection is made from among persons who have already undergone training in engineering trades in the

Centres of the D.G., R. and E., a further orientation course of three months will suffice. The courses will include instruction in setting up machines on foundations, preparing suitable foundations for them, some lectures on co-operative movement and, of course, instruction in the operation of these specialised machines which will be installed in the factory or factories to be organised. We recommend that 1,000 persons for the posts of organisers be immediately selected and put through the orientation training.

4.49 In the initial stages, that is, till the operatives form themselves into co operatives, the salaries of organisers and managers of factory groups will need to be borne by Government as outright grants as also the cost of training of operatives including stipends, salaries of instructors, cost of buildings and equipment, etc.

4.50 On a conservative estimate, it is expected that a person joining the scheme will, to begin with, earn about Rs. 60 a month, but the earnings are likely to rise to at least Rs. 100 a month when he becomes proficient at the machines and when co-operative societies are formed.

4.51 The financial estimates of the scheme are given below :—

A. *Approximate Provisional Targets of Annual Output from Small Industries to be set up by Educated Unemployed*

		(Rs. crores)
(a)	Manufacturing Industries	28
(b)	Feeder Industries	8
(c)	Servicing Industries	3
	Total	39

B. *Approximate Capital Requirements for the implementation of the Scheme*

1.	Capital required for land and buildings for establishing the factories to produce the above targets.	Rs. 17.5 crores
2.	Capital required for plant and machinery required for establishing the factories to produce the above targets.	Rs. 34.5 crores
3.	Cost of training the operatives to man these industries and organisers, including stipend, during	

	the training period, at Rs. 30 a month.	Rs. 12.0	crores.
4.	Buildings and equipment required by the D.G.R. and E. for the six months' training to be imparted by his organisation (on a double shift basis).	Rs. 4.0	crores.
5.	Cost of supervisory staff (Officers both technical and administrative, accountants, supervisors, organisers, and indirect labour).	Rs. 6.5	crores.
6.	Working capital required for group factories, unit factories and servicing units for meeting raw material and direct labour charges.	Rs. 9.0	crores.
7.	For implementing the scheme, details have to be worked out, of each factory group and each unit factory and each servicing unit of at least each individual industry and the working drawings and blueprints with the layouts and production charts have got to be prepared in advance of the actual implementation of the scheme. Capital required for technical and non-technical staff to be appointed immediately for one year—Rs. 5 lakhs. This staff will have to be increased in the 2nd year to twice and three times in the 3rd, 4th and 5th years.		
	Total cost for 5 years	Rs. 50 lakhs (approx.)	
	GRAND TOTAL	Rs. 84	crores

Note :— Of the above 1 and 2 are assets which will remain Government's property till the cost is fully repaid, in instalments. Item 6 represents repayable loan and the net cost will be the amounts written off as irrecoverable. Estimating this as high as 30% and adding items 3

5 and 7 which involve outright expenditure, the net total expenditure of the whole scheme will be Rs. 21.7 crores plus the non recurring expenditure of Rs. 4 crores under item 4.

4.52 Most of the schemes outlined by us require a complete change in the general outlook of the educated young men. Attraction towards occupations involving working with the hand has been slow in developing. Work connected with co-operative organisations will involve a new outlook and also need working away from towns and big cities. Without a network of employment counselling services, young men fresh from school will not readily appreciate that if a state of full employment or a near approach to it is to be attained, the majority of openings will be in categories involving work with the hand. The Prime Minister himself has brought this out forcibly more than once as, *e g* when he once said: "If educated young men do not accept manual work, our responsibility of providing employment to them ceases". To ensure reasonable success, adequate publicity will, therefore, have to be given to any schemes which Government decides to undertake. That and selection of the right type of men will itself be a big task. But an even more important point to stress is that once the right men have been selected and the schemes launched, there should be no disappointments arising from causes for which the trained men are not responsible. The greatest possible disappointment will be if the persons trained, on successful completion of the training, find that the expected jobs have not materialised. That risk is definitely there if Government does not, in good time ahead, decide firmly on a few questions of high policy. Two such matters are particularly important in this context. About half the co-operative organisations recommended by us is in respect of organising marketing, etc., of village and small scale industries. The persons trained for this purpose cannot be suitably employed unless there are such industries to organise or goods to market. Therefore, before undertaking these training schemes, a firm decision should be taken on whether or not the recommendations of the Karve Committee are accepted. Similarly in regard to the establishment of small scale industries producing goods which are now imported, there should be an assurance that provided goods of the right quality are produced at fair prices, Government will stop or reduce imports correspondingly. Apart from the need for reaching clear and unequivocal decisions on such methods, an announcement of such decisions in advance will be one of the best ways of instilling confidence in the educated young men, thus affording a greater attraction to these lines of employment. We cannot urge this point too strongly though we would not be presumptuous to suggest what exactly the decisions should be on these major issues.

4.53 Once decisions are taken on such policy matters and also generally on the type and extent of schemes that are to be undertaken, publicity measures should follow. We should attract not only young men who

have already lost all hopes of securing 'white collar' jobs but also others freshly passed out and some publicity might assist them in choosing a technical line in preference to proceeding further with academic education.

4.54 Thirdly, every care should be taken to ensure that once decisions are taken, there is no hold up at any stages and all steps for avoidance of bottlenecks should be taken well in advance. For instance, there have been cases in the past, where even after financial provision was made for schemes, long delays occurred in sanctioning an adequate administrative staff needed for their effective implementation. Such causes of delay should be avoided. These are normal precautions but are particularly important in the present connection. The present may be the first occasion of a concerted effort at translating into action the wishes expressed for bringing a change in the outlook of the educated youth. If the expectations held out do not materialise, the adverse repurcussions generated will have a demoralising effect not on the present lot alone but also on others in future, the damage thus being a recurring one. Successful implementation of the schemes requires the co-ordinated efforts of the Central and State Governments as also of different Ministries or Departments of those Governments. There is, therefore, need for a body in the Central and State Governments which should constantly review the progress of these schemes and assist in the removal of difficulties or bottlenecks.

4.55 It would also be a wise precaution to have a time table of action drawn up. The Group will be glad to have one prepared and submitted for consideration of the Planning Commission. This will require more time than we had for submission of the present Report. Further it will be easier to prepare such a programme after a decision is taken on the main recommendations made in this Report.

CHAPTER 5

PROPOSALS OF STATE GOVERNMENTS

5.1 As mentioned earlier, few State Governments have, due to shortage of time, given definite replies. Summary of proposals received along with our recommendations thereon are given in this Chapter.—For convenience the schemes furnished by State Governments are divided into the following groups:

GROUP A: Schemes which fall in one or other of the major categories for which the Group itself has made recommendations (small-scale industries, co-operative organisations, co-operative road transport).

GROUP B: Schemes not included in the above category and which for reasons explained earlier, the Group does *not* support.

GROUP C: Schemes forwarded by the State Government but which, the Group supports in principle.

5.2 To avoid loading this brief report with too many figures, only a description of schemes in the last group will be given and not the figures. To facilitate future references, each scheme has been given a definitive number.

5.3 In regard to schemes in Groups A and B, our support is, unless otherwise stated, subject to the following considerations :—

(i) The size of the slice of cake which each State should get depends on its needs as also on the size of the cake as a whole. We have no indication of the latter and have assumed that the total outlay in respect of these special measures will be of the order of Rs. 130 crores. It is only after this is decided that we can examine in detail the needs of each State and recommend what exact allocations should be made to each,

(ii) Our recommendations in respect of schemes in Group 'A' are subject to the condition that they are further examined by the Ministries concerned to ensure against overlapping on schemes which these Ministries might be considering independently. Where necessary, adjustments will have to be made in discussion with the State Governments but these are not likely to affect the total financial allocation needed in accordance with our

recommendations. Therefore, since financial allocation is the point of even greater urgency, our recommendations should suffice, for this purpose.

5.4 We now summarise recommendations in respect of the proposals of State Governments. Figures are in Rs. lakhs up to two decimals.

ASSAM

No.	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected recoveries	Net cost	Employment potential
	*Group A**						
ASM.1	Establishment of agricultural colonies	87.00	5.33	92.33	50.11	42.22	1101
ASM.2	Manufacture of improved agricultural implements.	20.70	5.19	25.89	12.00	13.89	99
ASM.3	Cottage and small scale industries.	263.64	68.50	332.14	46.25	285.89	1194
ASM.4	Work-cum-Training Camps.	9.85	25.37	35,22	..	35.22	...
	TOTAL	381.19	104.39	485.58	108.36	377.22	2394

* The expenditure on these schemes may be adjusted in accordance with the funds available.

Group B — Nil
Group C

ASM-5 Establisnment of a Tannery in Shillong.

BIHAR

	Group A						
BR-1	Setting np small servicing units and repair workshops.				150.00		3000
BR-2	Small scale manufacturing industries.				300.00		6000
	TOTAL				450.00		9000

No.	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected Recovries	Net cost	Employment Potential
			BIHAR —Contd.				
	Group B						
BR-3	Co-operative farming societies.			100.00			2000
	Group C						
BR-4	Extension of primary education.						
BR-5	Training facilities for typists and stenographers.						
			BOMBAY				
	Group A						
BY-1	Training *cum.* production centres.	129.48	395.06	524.54	286.43	238.11	7,000
BY-2	Loans for establishment of small scale and cottage industries	200.00	...	200.00	160.00	40.00	8,000*
	TOTAL	329.48	395.06	724.54	446.43	278.11	15,000
		* Including dependants who will also work on their family concerns.					
	Group B						
BY-3	Training of overseers.	19.60	3.80	23.40	...	23.40	3,600
BY-4	Training of draftsmen	2.42	0.34	2.76	..	2.76	750
BY-5	Training of mistries.	1.05	7.36	8.41	...	8.41	3,000
BY-6	Training of operators for earth moving machinery	...	4.00	4.00	...	4.00	500
BY-7	Apprenticeship in an industry	...	49.05	49.05	...	49.05	1,500
BR-8	Centres for training personnel in secretarial training. industrial management, production control, marketing, etc.	0.50	11.25	11.75	...	11.75*	1,200
	TOTAL	23.57	75.80	99.37	...	99.37	10,550

*-The scheme recommended by the State Government is for double the number. We recommend reduction to half as the scheme for training of persons for co-operative organisations mentioned in Chapter 4 will, to some extent, serve this purpoese as well.

(Bombay—Contd.)

Group C.

BY- 9 Apprenticeship training of craftsmen.

BY-10 Expansion of the Government Industrial Training Workshop, Kurla.

BY-11 Establishment of polytechnics.

BY-12 Appointment of panels of experts for guiding development of small industries.

BY-13 Marketing of goods produced at training *cum* production centre.

BY-14 Enquiry into the extent of unemployment among educated persons.

BY-15 Extension of compulsory primary education.

MADHYA PRADESH

No.	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected recoveries	Net cost	Employment Potential
	Group A						
MP-1	Co-operative Training *cum*-marketing centres for production of consumer goods in urban areas.	...	...	120.00	N.A.	120.00	13,960
	Group B						
MP-2	Mixed farming of small holdings.	248.00	16.34	264.34	172.50	91.84	1,853
MP-3	Introduction of home crafts in middle class families in urban areas.	1.50	7.39	8.89		8.89	150
	TOTAL	249.50	23.73	273.23	172.50	100.73	2,003

* In addition, the scheme will provide employment to a large number of women in their own homes.

Group C

MP- 4 Consolidation of holdings.

MP- 5 Establishment of rural libraries.

MP- 6 Social education centres in urban areas.

MP- 7 National malaria control.

MP- 8 Tahsil statistical machinery.

MP 9 Leprosy control.

MP-10 National filaria control.

MP-11 Reducing the workload on primary reporting agency for land records statistics.

MP-12 Community listening scheme.

MP-13 Audio-visual Exhibition units.

MADRAS

No.	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected Recovries	Net cost	Employment Potential
	Group A						
MS-1	Industrial co-operatives for the manufacture of various articles.	...	...	199.75	N.A.	N.A.	N.A.
	Group B						
MS-2	Scheme for apprenticeship training -	...	...	15.00	N.A.	N.A.	N.A.
MS-3	A working model making centre	...	...	15.00	N.A.	N.A.	N.A.
	TOTAL	...	...	30.00	...	...	...

Group C

MS- 4 Training centre for executive officers.

MS- 5 Training centre for foremen and other technical supervisory staff.

MS- 6 Training centre for production staff.

MS- 7 Training centre for staff connected with servicing of small scale industry.

MS- 8 Training centre for sales.

MS- 9 Training centre for clerks to be employed in small scale industry.

MS-10 Supply of self-contained machines and equipment for hobby work to educated unemployed

ORISSA

	Group A						
OR-1	Training-cum-production centre for manufacture of agricultural implements.	11.80	4.49	16.29	...	16.29	N.A.
OR-2	Training-cum-production centre for hand tools.	11.70	2.67	14.37	...	14.37	N.A.
	Total	23.50	7.16	30.66	...	30.66	...
	Group B						
OR-3	Apprenticeship training in existing industries and workshops	10.00	3.75	13.75	...	13.75	N.A

(Orissa—Contd.)

Group C.

OR- 4 Opening of two technical training centres.

OR- 5 Training centres for electrical supervisors and wiremen.

OR- 6 Opening of a civil engineering overseers' training school at Berhampur.

OR- 7 Starting an Institute of Radio Technology.

OR- 8 Opening of a Health School.

OR- 9 Training of accounts clerks.

OR-10 Training of typists and stenographers.

N. A.—Not Available.

PUNJAB

No	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected Recoveries	Net cost	Employment Potential
	Group A						
PB-1	Repair & servicing co-operative societies (tube wells and tractors)	21.12	...	21.12	7.20	13.93	168
PB-2	Repair & servicing co-operative societies (electrical appliances).	7.40	...	7.40	5.40	2.00	140
PB-3	Co operative radio assembly workshop	10.50	...	10.50	10.00	.50	124
PB-4	Multi services co operative societies in electrified villages.	250.00	...	250.00	200.00	50.00	4,000
	TOTAL	289.02	...	289.02	222.60	66.42	4,432
	Group B.						
PB-5	Tractor cultivation on co operative lines.	88.80	...	88.80	46.80	42.00	1,080
PB-6	Schemes for training laboratory assistants pharmacists radiographers, mid-wives & nurses.	7.85	1.69	9.54	..	9.54	1,055
	TOTAL	96.65	1.69	98.34	46.80	51.54	2,135

(Punjab—Contd.)

Group C.

PB-7 Expansions of Medical College, Amritsar.

UTTAR PRADESH

No.	Scheme	Non-recurring cost	Recurring cost	Total cost	Expected recoveries	Net cost	Employment Potential
	Group A.						
UP- 1	Training in manufacture of fibre products, boot-polish etc.	6.00	37.52	43.52	...	43.52	425
UP- 2	Production of sewing machine parts.				...	14.74	205
UP- 3	Development of lampholders, brackets, etc.	8.00	30.00	38.00	...	38.00	180
UP- 4	Centres for press metal products.	23.50	10.00	33.50	...	33.50	201
	TOTAL	48.50	81.26	129.76	...	129.76	1,011
	Group B.						
UP- 5	Silk Jacquard	12.00	6.05	18.05	...	18.05	188
UP- 6	Loans & grants for industrial & technical trainees.	.04	302.85	302.89	300.00	2.89	3,050
UP- 7	Development of agricultural implements.	17.00	25.00	42.00		42.00	142
UP- 8	Establishment of rural poly-technics	5.14	14.26	19.40	...	19.40	2,106
UP- 9	Training in reclamation of automobile components.	7.33	9.20	16.53	...	16.53	260
UP-10	Training of compounders.	..	1.94	1.94		1.94	360
UP-11	Training of T.B. Health Visitors.	..	.73	.73	...	.73	42
	TOTAL	41.51	360.03	401.54	300.00	101.54	6,148

(Uttar Pradesh Contd.)

Group G

UP 12 Training of automechanics, coach builders, etc.

UP-13 Training of nurses.

UP-14 Training of craft instructors.

UP-15 Teachers Training Institute.

UP-16 Training centres for craftsmen.

UP-17 Training centres for engineering diploma courses.

UP-18 Extension of training facilities at certain technical institutes.

UP-19 School for training stenographers.

UP-20 Wool carding units.

UP-21 Central Design Institute, Lucknow.

UP-22 Wool Research & Testing Laboratory.

UP-23 Development of foundry and welding.

UP-24 Granting subsidies to electric power consumers.

UP-25 Training in manufacture of table blown wares.

UP-26 Development of training in die-casting.

UP-27 Development of electroplating industry at Moradabad.

UP-28 Pilot projects in tanning, papain industry and pottery.

UP-29 Production of crystal sugar.

UP-30 Tailoring Centre.

UP-31 Motor drivers' training.

UP-32 Training of technicians for tractors.

UP-33 Training of electricians, oil engine mechanics, etc.

UP-34 Manufacture of planes and training of aircraft engineers.

UP-35 Training of educated persons for catering work.

UP-36 Training for specialised work connected with labour.

UP-37 Factory for manufacture of hand tools.

UP-38 Factory for manufacture of precision engineering tools.

CHAPTER 6

SOME MEASURES TO MITIGATE FRUSTRATION

6.1 In this chapter we propose to make a few recommendations with a view to removing or at least reducing certain peculiar hardships felt by unemployed in search of jobs. We realise that these recommendations may not be covered by a strict interpretation of our terms of reference. Nevertheless, apart from these being salutary measures by themselves we will also show that they have some bearing towards making our other major recommendations more easy of successful implementation.

6.2 Frustration caused by a series of disappointments in the matter of job finding can have as harmful an effect as permanent unemployment itself. From the day of passing out his examination to the day he becomes age-barred, an educated young man has to knock at dozens of doors often for exactly similar posts.—The lucky may get in eventually while, for the rest, the years of fruitless search would have proved completely wasted years—years which might have been more profitably spent in other vocations if some indication were available earlier that there was no hope of their absorption in white collar jobs. We recognise that the general disinclination to working with the hand can be radically cured only if youth is impressed, at a much earlier age, of the dignity of labour and that working on a factory bench is no less noble than work at a writing desk. For the re-orientation of ideas, specific recommendations have been made by the Secondary Education Commission but full implementation of these measures will take a long time. In the interim period other means could be devised which might reduce, even if to a slight degree only, the period of fruitless waiting for clerical or other white collar jobs.

6.3 Some improvement in the present system of recruitment might effect an improvement in this direction as well. Taking even Central Government vacancies alone, there are several posts at junior levels of the same designation or at least requiring the same or almost similar qualifications. If recruitment to all such posts is made on the basis of a common examination or interview held periodically a list being maintained in order of merit and covering a percentage more than the anticipated vacancies—this will save candidates a good deal of worry and expense Also, those not included in the list of eligible candidates will know with greater certainty that there is little advantage in waiting any more; that it would be to their own benefit to seek employment in other lines without

spending days, months or even years scanning newspaper colums under "situation vacant". If this suggestion is accepted it could even be further improved upon by fixing certain specified dates announced in advance periodically, by which applications for certain categories of posts should be submitted to the appropriate authorities—thus avoiding the need for individual advertisements. Considering that most of the schemes recommended are those which have not so far attracted the educated classes, this point is of importance. A definite awareness that, whether they like it or not, they have to make these lines their life's career will be one effective means of persons taking on to these vocations seriously and more earnestly—both essential if the success of these schemes is to be reasonably assured. We do not pretend that the suggested procedure would completely do away with the tendency to linger in hope of soft jobs. But even a partial cure is worthwhile where complete cure is impracticable.

6.4 Delhi can well be an ideal centre for initiating a pilot project of this type. The number of posts in the Ministries and Departments of the Central Government is large so as to make bulk selection easier with actual vacancies approximating nearer to the figure of anticipated requirements. In addition to parmanent vacancies, a number of temporary ones also arise from time to time and if lists of eligible candidates are maintained, persons waiting on these lists can fill in these temporary vacancies as well. In the exaggerated expectation that almost everybody looking out for a job can get one at Delhi, it is here that the largest number of job seekers come from all over India, most of whom knock from door to door for months and then return home frustrated. The preparation of a manpower budget of requirements, the grouping of posts which are identical or require substantially similar qualifications and preparation of lists of eligible candidates will not cost any more effort and money than is involved at present where every individual post is often separately advertised and filled. We are even confident that efforts and expenditure may prove substantially less in the long run. *This recommendation will not, therefore, require any additional financial provision.*

HOSTELS

6.5 Large numbers of educated young men who are unemployed come to the big cities in search of employment. If our previous recommendation for "bulk recruitment" is accepted, the problem of accommodation and added congestion will become even more acute. They come in response to calls for interview from private employers or the Public Service Commission, to appear at competitive examinations, or to seek jobs. Most of these persons are poor and cannot afford to stay in hotels for any length of time. The provision of hostel facilities will go a long way in alleviating their hardships. The need for such facilities is particularly acute in Delhi, to which unemployed persons, from all over India, flock in search of employment in the Central Government.

.6 As one means of assisting the educated unemployed from outstations, ı their search for jobs, we make the following recommendations:—

(i) Hostels may be established at all State Capitals, but to begin with, this may be done in Delhi, Calcutta, Bombay and Madras. These hostels may be in the form of halls where a bed and a cupboard will be provided to each person. Accommodation should be provided for employment seekers, of course for strictly limited periods.

(ii) Those registered as unemployed at any Employment Exchange in India should be eligible for admission to the hostel, on application at the premises. Charge for lodging should be nominal and for food, reasonable—on a no-profit basis.

(iii) The hostel should be located in a place from where public transport is easily accessible and, where possible should be in the vicinity of the local Employment Exchange. An officer of the Exchange should be charged with the duty of employment counselling at these hostels to the extent time can be made available. Many candidates who have applied for a specified post may find that though they are unable to get that, there may be other posts available in the city for which the chances are bright. Such information in regard to posts, say in Delhi will not normally be available to candidates coming from far off places like Bombay or Calcutta. An officer of the Employment Exchange qualified in employment counselling can, therefore, play a useful part. He should also be in a position to give information relating to higher studies, scholarships, competitive examinations, etc. and, in short, give all possible guidance to persons temporarily staying at the hostel.

6.7 We are unable to make an estimate of the cost of such arrangements and this may well be a case of cutting the coat according to the cloth available. *We suggest that for initiating pilot projects of this type a lump provision of Rs. 20 lakhs may be made in the plan.*

UNIVERSITY EMPLOYMENT BUREAUX

6.8 Another measure that will help mitigate the feeling of helplessness of educationally qualified college graduates, particularly highly qualified persons, in regard to securing employment is the setting up of effective machinery which will assist them in finding suitable jobs. The Employment Exchanges no doubt fill this role to some extent, but it has been found that there is some reluctance on the part of university men, particularly those who are highly qualified, to register at the public Employment Exchanges. We, therefore, consider it desirable that some arrangements

should be made whereby such persons can, within the premises of the university, be brought directly in touch with the employment market. For this purpose, we would recommend that university employment bureaux should be set up at the various universities and arrangements made for the registration of university scholars both while they are pursuing their post-graduate studies and after they have passed out.

6.9 These bureaux should (a) provide an agency through which employment counselling can be made available to university students, (b) make accessible to university graduates current employment market information, and (c) provide in conjunction with the National Employment Service, a placement machinery through which suitable men can be brought quickly in contact with employers who have vacancies to offer, both in the public as well as the private sector. The bureau should be fully integrated with the Employment Service for purposes of employment counselling, placement and other similar functions.

6.10 The organisational set-up of such bureaux would be a matter of detail but arrangements should be such that they inspire confidence both among employers and educated men and the university authorities themselves should hove the predominant part to play. The cost of running them would comparatively be very small and no detailed estimates are given. Establishment of the university employment bureaux should, in our opinion, be treated as part of the normal expansion of the Employment Service.

6.11 The above are recommendations which can be implemented without waiting for too long and at a relatively low cost. The relief thus afforded will be fully worthwhile.

CHAPTER 7

LONG TERM REMEDIES

7.1 In earlier chapters we have made recommendations which by and large, can be considered as short-term measures. There are, however, other matters of even greater importance requiring action though as long term measures. Some of them are covered by recommendations made by other bodies before. But no apology is needed for reiterating them. There has been a continuing increase in recent years in the number of young persons passing matriculation and higher examinations and with the spread of education this trend will constantly be strengthened. The proportion of educated persons in the labour force will therefore increase continually for a long time to come. The problem has thus to be viewed not only in terms of its immediate aspects but also in its long range perspective. If, what should be essentially short term emergent measures are perpetuated permanently, there is bound to be criticism that a relatively small sector of the population is being given special favoured treatment.

7.2 We wish to note here that unemployment among the educated is not a problem of very recent origin. It has occupied the forefront of the country's conseience during the past three decades. Various official Committees have enquired into the nature and extent of the problem in different States (then Provinces) and made recommendations. Such enquiries were conducted in Punjab, Madras, Bombay, Travancore and U.P. All these enquiries revealed an excess of educated persons in regard to the available employment openings suited to their qualifications and preferences. They showed that even in cases where technical qualifications were needed, supply often outstripped demand. The dislike of educated persons to working with the hand and their partiality for government jobs were also duly noted.

7.3 Some of the Committees made far-reaching recommendations. The Travancore Committee, for instance, recommended that: "The educational system should be so adjusted that, whole all children are made permanently literate, there will be less prssure on the professional and clerical occupations and less danger of unfitting young men from earning their living by manual occupations of all kinds". The Committee further stressed the need for "the opening of vocational bias schools, the restriction of admission to secondary schools and colleges and the opening of higher grade industrial and technical schools". Said the Committee

"The restriction on admission and the diversion of pupils will not ensure greater employment unless industries develop and trade revives; but the disappointments are less and the financial waste is small if the numbers of unemployed with high qualfiications, acquired often at great sacrifice are reduced. Further, the practical ability to do productive work must always be a greater asset to the individual than the mere literary ability which is all that the majority of students now obtain".

7.4 We are not in a position to say what action was taken by the various Provincial and State Governments on the recommendations made. But we venture to say that to judge from results, the action if any that was taken has proved very inadequate. One reason, perhaps, was that there was no all-India policy in this matter and in its absence the good intentions of local Governments could make no headway. We venture to think that if some of the recommendations had been implemented on an adequate scale, the problem of the educated unemployed would have been much less acute today than it actually is. In its essential characteristics, the problem remains what it was two decades ago, the remedies are also, by and large, the same. The difference lies in the desire and ability of the Governments now both in the Centre and the States to accord to such vital matters priority of action which it was not possible twenty years ago. We would urge that the highest priority should now be given to a detailed examination of the problem of outturn of educated and trained persons *vis-a-vis* the demand for them in the economy, in its regional, occupational and other important aspects. Such analysis, which should be carried out on a continuing basis, should provide the basis on which adjustments to or expansion of existing educational and training facilities may be effected. We do not for a moment suggest that facilities for education and training should be curtailed or the outturn reduced. Indeed, we think that additional training facilities are needed in various directions and at all levels. What we plead is for a deliberate and reasoned expansion in those directions in which the need is demonstrable while discouraging growth in those sectors which only help to keep uneasy young men out of the employment market for some years more.

7.5 While it is natural for every educated person to consider himself as deserving a better job than those who have not passed through high school or college, it is not a failure of the economy if every school leaver does not get the job of his choice. In this context, educated persons may be divided into two broad categories: (a) those who have received general education, and (b) those who have had education directed to some specific employment. In the first category will fall the great majority, matriculates and graduates who have no vocational skill of any kind. Most of them go to school and university to be able to secure a white collar job, preferably in Government, which in the nature of things is impossible of

achievement for most of them. It is well known that the educated youth, even today has his eye primarily on white collar jobs and that too in Government service. The findings of the National Sample Survey have further confirmed this. Matrics and intermediates are 2½ times over-represented as employees under Government as compared with their proportion among all employees. But matriculates and above are only 6.6 per cent of the total employees in the non-Government sector compared with 30.5 per cent in the Government sector. It is also stated that 59.4 per cent of unemployed matriculates are willing to accept jobs on emoluments ranging Rs. 51—100 which is no more than what a peon in the Central Government or the lowest paid workers in a factory draws. The aversion to manual or non-clerical work is thus further evident. Unemployment among this group can be reduced only if they receive some vocational training and show themselves willing to work with their hands. This demands a re-orientation in their outlook. Unemployment among the second category, namely those who have received specialised education or training is a problem of greater concern. Their number is comparatively small but the non-utilisation of the specialised skill forms a greater national waste. At the same time we are aware of instances where, even repeated advertisements did not produce men with the qualifications required, particularly in posts of a technical or professional character. Planning of manpower requirements at least in respect of these categories, should not be difficult matter and if requirements are assessed in advance, both wastage of talents as also retardation of development schemes for lack of personnel, can both be avoided or at least minimised.

7.6 We consider that if, as we assume is the case, a major aim of education is preparation for productive employment, adequate facilities should be available for professional training for the greater part of the student population at all levels. In the preparation of the Second Five-Year Plan a preliminary and in some cases detailed analysis in regard to manpower requirements has been attempted or is being attempted by the Central Ministries and State Governments. It will be necessary for the executive and planning departments at the Centre and in the States to take further steps to prepare in detail the phased requirement of each category of personnel in order to co-ordinate this demand with educational and training apparatus—and feed the counselling and employment agencies.

7.7 Side by side, the march to colleges on the part of young persons should be discouraged. One way is to lay greater emphasis on professional qualifications for recruitment to government posts, as far as possible, rather than on general educational standards. Another is to make it possible for thise who wish to get university degree for its prestige or other value to appear at examinations privately at any time in their lives.

We are of the opinion that these will bring about a substantial reduction in the number of boys and girls who flock to colleges for degrees in the vain hope of getting well paid jobs.

7.8 It is vitally necessary that steps should be taken to introduce programmes of educational counselling in schools on an adequate scale. Students must be told what to expect and which directions to take in order to make their education pay in terms of remunerative employment. Social attitudes have also to be educated. The undue attraction that certain "prestige" occupations hold for young men require to be tempered with an understanding of the practical implications of large numbers of persons seeking the same type of job.

7.9 We recommend urgent consideration of these measures though their ultimate fruition may not be achieved immediately.

CHAPTER 8

CONCLUSIONS

8.1 The sum total of our recommendations, in regard to items involving fresh capital outlay can be summarised briefly thus :—

(Rupees in Crores)

	Gross Cost Over 5-Year Period	*Recoveries*	*Net Cost*
(i) Work and Orientation camps	7.1	Nil	7.1
(ii) Small-scale Industries	84.0	58.3	25.7
(iii) Co-operative Goods Transport	20.0	18.0	2.0
(iv) Other schemes of State Governments	19.0	Not Known	Not Known.

Recoveries in the case of schemes under (iv) can be known only after it is decided as to which of the schemes from among the many recommended by State Governments are to be finally selected. If, for the purpose of calculation, we treat half the sum as recoverable, the result will be that on a gross provision of Rs. 130 crores, the net cost will be about Rs. 44 crores. The additional employment generated is estimated at 2,35,000 for the educated classes, leaving aside consequential employment created for others. If the co-operative sector is expanded in accordance with our recommendations—which we have omitted here as no financial provision is being separately recommended for it—approximately another 20,000 could be absorbed.

8.2 According to the assumptions we have made in Chapter 3, the position in respect of educated unemployed is likely to be about the same at the end of the Second Five Year Plan period as it is at present if no special measures are undertaken on their behalf. While this is based on the best available data, certain caution is nevertheless desirable. Further, the goal of total elimination of unemployment can be attained only if substantial progressive reduction is achieved during the second five year period. Broadly, our recommendatioss will reduce the quantum of unemployment among the educated group to about half the present number at the end of the period. We feel this is not too ambitious a target to work on, remembering that in view of the many administrative and other questions

involved the chances are rather of the target not being reached than of it being exceeded.

8.3 As already mentioned, no considered recommendations can be made regarding regional distribution until an indication is available whether the schemes recommended are approved as also whether overall finances to the extent we have recommended will be available. Further, we have still to get detailed recommendations from those States in some of which the problem is generally known to be acute or chronic. Some indication has, however, been given of the degree to which the problem exists in different regions. With this information coupled with further details which are expected from the State Governments concerned, it will be relatively easy to make specific recommendations as to how these amounts could be allocated to the different States. It is, of course, recognised that regional distribution cannot, in the case of every scheme, be based merely on the quantum of unemployment prevalent in a particular State. For instance, in regard to co-operative services for goods transport, distribution will have to be related to actual needs for such services. Nevertheless, it should be possible to make allocations between different States in such a manner that the overall allocations and employment potential can be reasonably related to the size of the problem in the particular States.

8.4 In regard to the gross expenditure on the schemes recommended, the major share is for the one item. "Small Scale Industries" and we have made this recommendation after careful consideration and with an awareness of possible criticism. Our justification is first that the bulk of the expenditure is returnable investment. Even of the net cost of Rs. 25.7 crores, Rs. 4 crores represent non-recurring expenditure on buildings and equipment, the use of which will continue well beyond the five-years. If account is taken of these factors, the ultimate net expenditure is by no means out of proportion to the importance Government has been attaching to development of small scale industries. There is general admission that, though for good reasons, development in this sector has been poor during the first five year period. That alone is a justification for a larger outlay during the Second Five Year Plan. Though the Group is primarily concerned with the limited problem of educated unemployed, it is felt that between two types of schemes suited to this class, the one which is more important from the point of view of general economic development, should have preference. Finally, the Group is convinced that this is one of the most potential fields which can absorb the educated youth as a permanent measure—not a mere temporary palliative. Indeed one criticism, often expressed, against any change in the current pattern of education is that this could be done only after ensuring that adequate facilities for vocational training and subsequent avenues for employment are both

readily available. In a way, schemes of the type we have recommended afford one answer to such criticism.

8.5 Though the Group is confident that the targets can be effectively worked to--provided early decisions are reached and *adequate administrative machinery is set up* - we suggest that in the unlikely event of practical difficulties arising, the provision under one head could be reducad by a corresponding increases under another. To make such changes quickly, a certain number of additional schemes should be held in reserve under each head. In the particular case of small scale industries, we are clear in our mind that an adequate financial provision should be immediately sanctioned for getting complete schemes prepared.

We have referred to the steady increase in the number of educated men whose career at school or college, has not given them [redacted] towards any particular vocation or specially fitted them for any type of employment. This trend is more pronounced in some regions than in others, and we urge once again the urgent need for the remedial measures recommended. One particular matter to stress here is the need for effective co-ordination between the educational authorities and those responsible for the employment services and vocational training, at all levels. This responsibilities should be specifically located, as a continuous function, both at the Centre and in the States in their respective planning organisations.

V. K. R. MENON—*Chairman*
G. K. CHANDIRAMANI
JANG BIR SINGH
G. P. KANE
K. N. SUBRAMANIAN
B. N. DATAR
P. C. SURI
S. A. QADIR
A. N. K. NAIR —*Secretary*