GOVERNMENT OF INDIA

COMMITTEE ON UNEMPLOYMENT

INTERIM REPORT

ON

SHORT-TERM MEASURES FOR EMPLOYMENT

VIGYAN BHAVAN ANNEXE, NEW DELHI

FEBRUARY, 1972

INTERIM REPORT
OF THE
COMMITTEE ON UNEMPLOYMENT
ON
SOME SHORT-TERM MEASURES FOR EMPLOYMENT

CHAIRMAN

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Government of India
Expert Committee on Unemployment
Vigyan Bhavan Annexe
NEW DELHI

D.O. No. 1/2/72-ECU(Adm) 12th February, 1972.

Dear Shri Khadilkarjee

I am presenting herewith the Interim Report of the Committee on Unemployment on Some Short-term Measures for Employment.

2. Some basic issues have come up for consideration by us both during our formal sittings while taking evidence and in our own discussions. Some of these relate to the necessity of a substantial re-structuring of the Plan and its priorities, as also the fiscal and financial policies for tackling the problem of unemployment. Thus, it has been discussed as to how far employment creation should be linked with production of essential consumer goods, and to what extent the techniques to be adopted should have a high or low degree of mechanisation. Another important question which has been raised is as to the extent to which employment-oriented schemes would require resources raised by taxation or public borrowing, and whether some schemes could be financed from credit specially created for the purpose as they would be quick yielding and would result in development of essential infra-structure or production of consumer necessaries. All these questions, along with other relevant issues, are being studied by the various Working Groups which the Committee has set up. While we are keen that these discussions should be finalised as early as possible, we shall be able to consider these issues adequately and formulate our views thereon only after the Working Groups have completed their task. We have, therefore, thought it proper to defer the examination of these issues to our final report.

3. In the meanwhile, we have felt it necessary to submit this Interim Report so as to suggest some suitable measures which can have immediate effect and which would lead to greater production as well as generation of substantial employment in the short term, particularly in the rural areas. We have been impressed both by the magnitude of the problem of unemployment and ~~the~~ pressing and urgent need to

suggest some remedial measures which could be taken during the next two years. We hope that these measures besides providing employment opportunities in the short term, would also have a multiplier effect and would generate further employment and promote rural development over a long term.

4. During the deliberations of the Committee we have received valuable assistance from our former colleague, Shri J.C. Mathur, who has also helped us in the preparation of the Interim Report. He has expressed his agreement with the recommendations made in the Report and would like to be associated with them, though formally he is not signing the Report as a Member of the Committee. I would like to take this opportunity of placing on record the Committee's appreciation of the valuable assistance rendered by Shri Mathur in its work.

With kindest regards,

Yours sincerely,

Sd/-
(B.Bhagavati)

Shri R.K. Khadilkar,
Minister of Labour & Rehabilitation,
Sharam Shakti Bhavan,
NEW DELHI.

C O N T E N T S

INTERIM REPORT OF THE COMMITTEE ON UNEMPLOYMENT

ON

SOME SHORT-TERM MEASURES FOR EMPLOYMENT

INTRODUCTION

The Committee on Unemployment was set up by the Government of India with the Department of Labour and Employment Resolution No. MP-10 (110)/69 dated 19.12.1970 to assess the extent of unemployment and under-employment and to suggest remedial measures. A copy of the said Government Resolution is placed at Annexure I.

2. ~~Though the~~ Committee was constituted towards the end of 1970, it had to encounter a number of difficulties in the first few months in obtaining its basic requirements and facilities like suitable office accommodation and essential secretariat staff. However, shortly after the first meeting held on 11th January, 1971, public notices were issued inviting the views, comments and suggestions from individuals, organised bodies, associations, etc., on the unemployment problem in India and the ways and means of dealing with it. These notices were published in the leading national and regional newspapers of the country and were widely publicised by repetitive publication in the months of March, May and June, 1971. In response to these notices a large number of communications and memoranda (about 1,600) were received from individuals and organisations throughout the country. In May - June 1971, the Committee issued Questionnaires I and II. Questionnaire I was intended to elicit the views and comments on the various issues arising out of the terms of reference of

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the Committee from a wide cross-section of the community, including the political parties, trade unions, chambers of commerce, employers' organisations, universities and from individuals having wide experience and knowledge about the problem. The second Questionnaire sought to elicit information and data on specified points from the Ministries/ other organisations of the Central Government and the State Governments, Administrations of Union Territories, etc. The response to these questionnaires has been encouraging and 400 replies have been received so far.

3. In order to undertake a study and examination of the various issues, the Committee constituted one Panel and five Working Groups composed of experts and knowledgeable persons from various walks of life, namely, the Central and State Governments, Universities, organised industries, trade unions, professions, etc. They will require some time to analyse the data and material submitted to them, complete their studies, formulate their proposals and submit their reports to the Committee. The Committee's secretariat could commence functioning in full strength only in October 1971 when the research staff was made available. The work of the Study Groups, however, could start in right earnest still later when the directors/other senior staff attached to the Working Groups were placed in position.

4. The Committee has had the benefit of discussions with the Prime Minister, the Union Ministers of Agriculture, Defence and Planning, the Minister of State for Planning and a number of leading parliamentarians. Moreover, in order to

study the problem of individual States and to ascertain the views and obtain the suggestions and comments of the State Governments, leading persons and local organisations, it decided to pay visits to the State headquarters and some other important centres. It has so far visited Kerala, Andhra Pradesh, Tamil Nadu, Mysore and West Bengal between August and November 1971.

5. The material received in response to our requests as also the discussions with a large number of knowledgeable people, both at the Centre and in the States have thrown up in bold relief certain aspects of the problem. The predominant impression borne in upon us has been that unemployment is severe both in intensity and incidence in the rural as well as urban areas and among the educated as well as the uneducated persons; the problem is getting accentuated year by year, causing great hardship and suffering and generating a sense of frustration and resentment particularly among the educated unemployed. Quite apart from open unemployment, which is acute in certain areas, the incidence of under-employment involving both seasonal and insufficient employment is very high. The period of enforced total or partial idleness extends well over several months of the year for vast numbers of our rural population. We are greatly concerned at the magnitude of the problem ~~and~~ feel that there is pressing and urgent need for remedial measures.

The Present Trends

6. Pending the report of the Panel which is examining the extent of unemployment and under-employment, we have had a look at the employment exchange data, despite their well known

limitations. They indicate that unemploymen has been increasing over the last few years a disquieting pace. A statement showing the number of persons on the live register from December 1966 to June 1971 is at Annexure II The total number of registrants has increase from 2.62 million at the end of 1966 to 4.07 million at the end of 1970. ~~The position~~ in respect of educated persons is still more disturbing. The number of engineers includi diploma holders registered a three-fold incr from about 23,000 at the end of 1966 to abou 64,000 at the end of 1970, while the number matriculates almost doubled from 6.19 lakhs 11.01 lakhs. The latest figures available s that the total number of job-seekers has inc from 36.21 lakhs in June 1970 to 44.95 lakhs June 1971, that is, a rise of about 24 per c in a year.

7. Similarly in June 1971 out of the tot number of job-seekers i.e. 44.95 lakhs, as m as 20.53 lakhs were educated persons, i.e. matriculates and above, while the number of engineering degree and diploma holders was a 65,000. In the circumstances while awaiting the reports of our Working Groups, we have f it necessary to suggest immediately some sho term and quick yielding measures which shoul undertaken to alleviate, to some extent, the widespread suffering and hardship caused by unemployment and under-employment.

The Existing Programmes

8. We are aware that during the last thre years, the ~~Central~~ Government have initiated number of programmes to deal ~~with~~ the probler

of unemployment of educated and technically qualified persons and weaker sections of the rural population. The schemes for educated and technical personnel include the special scheme for financial assistance to young entrepreneurs operated by the State Governments, the State Bank of India and other commercial banks, the Scheme for training of engineers for entrepreneurship, etc. A special outlay of Rs. 25 crores has been provided in the Central Budget for 1971-72 for schemes to provide employment for educated unemployed and a number of schemes have been initiated under this programme. The programmes for the Small Farmers Development Agencies, the Marginal Farmers and Agricultural Labourers Agencies, the Rural Works Programme for Chronically Drought Affected Areas (now known as the Drought Prone Area Programme) and the Crash Scheme for Rural Employment are intended to assist the under-privileged classes among the rural population and to meet the special requirements of chronically drought prone areas. In the next few paras we are making a few observations on some of these programmes.

9. The SFDA and MFAL programmes (for which an outlay of Rs. 67.50 crores and Rs. 47.50 crores respectively has been provided for the Fourth Plan period) are intended mainly to assist the small and marginal farmers and agricultural labourers, by the provision of inputs, services and credit, to make the maximum productive use of their small holdings and to augment their incomes by supplementary occupations like horticulture, animal husbandry, poultry farming, etc. The main work of implementation of these two programmes on the

ground has commenced only in 1971-72. Most of the earlier year (1970-71) was taken up in the preparatory work such as identification of the areas, formulation of guidelines, preparation of detailed project reports and setting up of the Agencies. These programmes are in the nature of pilot projects and are expected to provide experience, throw up problems and lead to improvement as they make progress and it is too early to assess their working or their effectiveness in the field.

10. The success of the SFDA and MFAL programmes depends to a large extent upon the arrangements made for the marketing of the produce of the supplementary occupations referred to above. Although the guidelines laid down for the implementation of the programmes have pointed out the need for arrangements regarding marketing of such produce, the Committee would like to reiterate the importance of ensuring that adequate arrangements are in fact made for this purpose since most of these products like milk, eggs and meat, are perishable. We understand that the Government of Maharashtra propose to undertake a study for suggesting suitable type of organisation for the processing and marketing of dairy, poultry and piggery products of small farmers and agricultural labourers. In our view, it is desirable that similar studies be undertaken in other States also.

11. Further, some of the more vulnerable farmers, like share-croppers and tenants without recorded rights in land, are facing difficulties in obtaining loans from financial institutions, due to their inability to provide

sureties to the satisfaction of the banks, for the loans advanced to them. In view, however, of the pressing need to help these small farmers in supplementing their incomes through subsidiary occupations, the Committee feels that the SFDA and MFAL agencies should take practical steps to assist them. They should identify such tenants after local inquiries, taking care, where necessary to avoid the possibility of adverse effects on them. Later on they should take steps to persuade the banks to advance short-term and medium-term loans to them for cultivation as well as for undertaking occupations like dairying, fish or poultry farming and piggery. It may be necessary for the agencies not only to subsidise such loans but also to impress upon the financial institutions the need of not insisting on sureties from share-croppers and oral tenants.

12. The Crash Scheme for Rural Employment aims at providing employment for one thousand of the more needy persons in every district in the country. An outlay of Rs. 12.5 lakhs has been sanctioned for each district although additional allocations have been made in some States. The Committee feels that the provision of a fixed amount uniformly for each district, without taking into account the varying conditions in different districts, would not produce the desired impact on unemployment. The Committee suggests that the allocation for each district should be suitably refixed after taking into account its population, state of agricultural development and other relevant factors. Further, we have observed that as operated at present, the benefits of the scheme are thinly spread throughout the district

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and its impact is, therefore, rather diffused. In our view, it is desirable to take up works of reasonable size in some selected parts of the district having regard to the severity of the problem.

13. We wish to emphasise that the success of the scheme depends on proper selection and efficient execution of works. It is necessary that the organisational arrangements should be strengthened and streamlined so that the works undertaken result in durable assets and no undue waste or diversion of funds takes place. The organisational arrangements would naturally depend on the local administrative set-up and the need to associate closely representatives of the people, different technical departments and others concerned. We consider that sufficient attention should be paid to this aspect in order that the implementation of the scheme makes satisfactory progress.

14. Further, the scheme as at present conceived is not likely to throw sufficient light on the magnitude and nature of the problem in the rural areas and the size of resources needed for providing adequate employment for all persons seeking work. The Committee feels that it is necessary to undertake some pilot projects in small compact areas in selected districts. These projects should deal with all aspects of development and should progressively be able to provide employment in different economic pursuits to every person offering himself for work in that area. The projects should not concern themselves exclusively with agricultural development but with development in other sectors also. Such pilot projects should be undertaken as action-cum-study-programmes so that the problems faced in their implementation under differing conditions

may be highlighted. The lessons and data made available from them would provide guidance for planning more comprehensive programmes of employment in future.

15. The Scheme for the setting up of agro-service centres for the training of entrepreneurs for off-farm maintenance and repair of agricultural machinery which was introduced in 1971-72 also has potential for providing employment/self-employment to engineering graduates and technicians in the rural areas. In view of this as also the stimulus it will provide for the new technology in agriculture, the Committee feels that the implementation of this scheme should be given a high priority. The Agro-Industries Corporations in the different States which supply inputs and agricultural machinery should set up service and repair centres in increasing numbers in the rural areas. These should serve both as catalysts for the extension of the new technology as well as for the creation of employment.

16. We have made a few observations on some of the existing programmes in the foregoing paragraphs. These programmes are of a special nature and are intended to provide additional employment and incomes to the weaker sections of the community. They are additional to the various programmes of development in the Fourth Five Year Plan which would also be generating employment and incomes of a sizeable order.

17. We feel that besides these additional programmes there is sufficient scope for accelerating and expanding some of the more labour-intensive programmes included in the Plan.

In view of the pressing and urgent need for immediate measures to tackle this problem, we suggest that during the remaining two years of the Plan period, greater emphasis should be laid on the execution of some of the programmes included in the Plan which are more labour-intensive. These are:

1. Minor irrigation.
2. Rural electrification.
3. Construction of roads and inland water transport.
4. Programmes of rural housing.
5. Rural water supply.
6. Education.

Besides, we wish to suggest a few measures to promote productive employment for the educated unemployed or assist them to become self-employed. These are:

(i) maximum utilisation of installed capacity in industry and the reopening of closed units.

(ii) promotion of productive employment for educated unemployed.

Further in order to provide some relief to the unemployed persons we are also suggesting the exemption of such persons from the payment of application fees.

Programmes of Construction in Rural Areas

18. As is well known much of the infra-structure in the rural areas still remains to be developed and hence there is a vast scope for undertaking construction work, labour intensive in nature, on infrastructural projects like the development of transport and communication, dams, irrigation and electricity schemes, rural housing, etc. Such programme will provide scope for the employment of mainly unskilled and semi-skilled persons. A

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programme of construction of various types should, therefore, occupy a high place among the measures designed to create an immediate and direct impact on the problem of unemployment. This programme will help in improving the infrastructure necessary for rural development including industries and the diversification of rural occupations. Further it will provide essential amenities like water supply, housing, etc., in the rural areas. It will facilitat the development of markets and growth centres and thereby improve the quality of rural life. Thus not only would such a programme bring relief in the immediate future but it would have a long term impact on employment generation in the rural areas. In order to be able to make sufficient dent on the rural unemployment, however, the programme has to be multi-faceted and comprehensive. It may also require some diversion of public investment from the urban to the rural areas. We propose to make some comments on the first five programmes mentioned in Para 17 ante, which should constitute an integral part of rural construction and on which we consider greater emphasis should be laid and more investment made in the immediate future.

Minor Irrigation

19. The employment potential of minor irrigation is very large. Assured and controllable water supply through minor irrigation not only facilitates the intensification of cultivation by introducing multiple cropping but also enhances the employment of labour on the land. The farm management studies conducted by the Ministry of Agriculture in selected regions in the country have revealed a much larger utilisation of rural labour per hectare in irrigated areas and among those cultivators using high-yielding varieties of seeds than in the

rest of the surveyed areas. These studies have also found that there is a much higher utilisation of human labour per hectare on small farms than on large-sized farms (Annexures III and IV).

20. For small farms, therefore, assured irrigation facilitates intensity of cultivation as well as generates additional employment. Minor irrigation programmes like the construction of dugwells and tanks would be a more feasible source of water supply for small farmers. As the bulk of the farmers in the rural areas have small-sized holdings, the minor irrigation programmes would be the quickest way of developing the availability of water supply for them.

21. Apart from the employment generated on the farms, the amount of labour required in the construction of minor irrigation works itself is substantial. It is understood that an estimated investment of Rs. 260 crores per annum for minor irrigation (comprising investment through the Plan outlay, institutional finance, and the farmers' own investment under this programme) would have an employment potential of 328 million man-days of unskilled labour and 38.50 million man-days of skilled labour as indicated in the statement below.

Item	Total Investment per annum	Cost of Unskilled labour	Cost of Skilled labour	Potential for Employment (in million man-days)	
	(Rupees in Crores)			Unskilled @ Rs.2.50 per man-day	Skilled @ Rs.7.50 per man-day
1	2	3	4	5	6
Dugwells	50.00	22.50	7.50	90.00	10.00
Improvement of dugwells	10.00	2.50	1.50	10.00	2.00
Pumpsets/ Persian Wheels	65.00	9.75	6.50	39.00	8.60
Tubewells (Private and State)	80.00	16.00	8.00	64.00	10.60
Surface flow works	45.00	29.25	4.50	117.00	6.00
Lift Irrigation	10.00	2.00	1.00	8.00	1.30
Total	260.00	82.00	29.00	328.00	38.50

Source: Ministry of Agriculture.

At the rate of roughly 300 man-days per year for each person, the construction work on minor irrigation schemes by themselves would generate employment for nearly one million unskilled labourers and 1.28 lakh skilled labourers.

22. The Plan outlay for minor irrigation programmes is of the order of Rs. 520 crores. The bulk of the expenditure was to be in the State sector as in the Central sector a provision of Rs. 8.50 crores only has been made. In addition, an investment of the order of about Rs. 650 crores was expected to be mobilised from institutional agencies including land development banks, central cooperative banks, commercial

banks, the Agricultural Refinance Corporation, etc. It was also hoped that the cultivators themselves would invest an amount of Rs. 300 crores. The progress expected to be made in the first three years of the Plan is as follows:

	1969-74 (Target)	1969-72 (Anticipated Achievement)
	(Rupees Crores)	
Plan Outlay	520	295
Institutional Investment	650	380
Farmers' Contribution	300	120
Area covered (million hectares)	7.2	4.5

Source: Mid-Term Appraisal of the Fourth Five Year Plan, Planning Commission.

Further, out of the anticipated Plan target of 1.25 million pumpsets and tubewells, about 0.26 million were energised in the rural areas during 1969-70 and a further 0.26 million are expected to have been energised in 1970-71. It is quite likely that the States will achieve the target under minor irrigation during 1969-74. The net irrigated area under minor irrigation will rise from 12.9 million hectares in 1950-51 to 25-26 million hectares by the end of the Fourth Plan period (Annexure V).

23. As the employment potential of minor irrigation is large, not only at the construction stage but later also on account of the amount of labour employed for intensive cultivation, we feel that the tempo of this programme should be accelerated and the area to be covered by minor irrigation expanded during the next two years. An additional area of about half a million hectares at a total cost of Rs. 100 crores could, in our view, be reasonably covered during the next two years. It should be possible to arrange for the additional resources from financial institutions. Part of this outlay could be profitably utilised on drainage schemes in flood-affected and water-logged areas in States like West Bengal and Bihar. This additional programme is expected to generate during the construction phase employment for nearly 4 lakh unskilled workers (126 million man-days) and about 50 thousand skilled workers (14.80 million man-days) during the next two years. Together with the balance of the Plan outlay, institutional finance and farmers' contribution, the total outlay on the programme during the next two years will be Rs. 675 crores, and is expected to generate employment, in the construction phase, for 23 lakh unskilled workers and 4.5 lakh skilled workers.

Rural Electrification:

24. Rural electrification is one of the important programmes for the development of infra-structure in the rural areas. Studies made in the past have indicated that this programme has helped the transformation of agriculture as irrigation with electrically pump-sets/ tubewells can bring about radical changes in the techniques of cultivation/ cropping pattern, etc. It is difficult to quantify the contribution to employment generation by this programme. We are, however, taking steps to get an assessment made of the ~~impact~~ of this programme on employment in the ~~rural~~ areas and we hope to consider this in connection with our final report. This programme has, it is generally accepted, a good potential for the generation of wealth and employment and, therefore, great emphasis has been laid on rural electrification schemes in the Fourth Plan.

25. The investment on rural electrification programme has been stepped up over the successive Plans. During the first three Five Year Plans, the investment on rural electrification was Rs. 236 crores. During the three annual Plans of 1966-67, 1967-68 and 1968-69, the total investment on this programme was Rs. 238 crores and thus by the end of 1968-69, it had almost doubled to Rs. 474 crores. For the Fourth Plan (1969-74), an outlay of Rs. 295 crores has been provided in the State Plans. In addition, Rs. 150 crores have been provided in the Central Sector for outlay on rural electrification thus making a total outlay of Rs. 445 crores. The break-up of the outlay for the respective States and Union Territories and the outlay through the financing programme of the

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Rural Electrification Corporation is given in Annexure-VI. Apart from the Plan provision it was envisaged that funds of the order of Rs. 75 crores would also be available to the State Electricity Boards from other financial institutions, such as, the Agricultural Refinance Corporation, the Agricultural Finance Corporation and commercial banks. Thus it was estimated that the total investment on the programme during the Fourth Plan would be around Rs. 520 crores and about 15 lakh additional irrigation pumpsets/ tubewells would be energised. It was also expected that along with the energisation of 15 lakh pumpsets/ tubewells, about 50,000 new villages would also be electrified during the period of the Fourth Five Year Plan. The original expectation of electrifying 50,000 new villages during the period of the Fourth Five Year Plan has been realised in the first three years of the Fourth Plan itsel

26. The agency in the Central Sector for providing finance to selected programmes of rural electrification is the Rural Electrification Corporation which was set up in July, 1969 on the recommendation of the All India Rural Credit Review Committee constituted by the Reserve Bank of India, with a Plan outlay of Rs. 150 crores. The Corporation provides additional funds to the State Electricity Boards over and above the provision in the State plans with a view to enabling them to implement their rural electrification programme. While sanctioning schemes, it adopts a 'project approach' with the accent on electrification of a cluster of

irrigation pumpsets and insists that the scheme should be such as to help the general economic development of the area by stimulating the efforts for increased agricultural production and for the growth of rural industries. It has so far sanctioned 157 schemes of the State Electricity Boards for a loan assistance of Rs. 93.5 crores for the electrification of about 15,000 villages, energisation of 2.26 lakh pumpsets/tubewells and the provision of 36,000 connections for small-scale industries and agro-industries. In addition, loan assistance of Rs. 12.8 crores has also been given to five pilot rural electric cooperatives for the electrification of villages, energisation of irrigation pumpsets and the provision of 1600 electric connections for industrial purposes.

27. It has been observed that as indicated in Annexure VII, the progress of village electrification has been slow in nine States and is below the all-India percentage of about 20. This has been mainly due to the constraints of financial resources. Among other factors responsible for the slow progress are the inadequate or irregular supply of materials like steel, poles, etc. and the lack of high tension transmission and distribution lines. Some of these States do not have adequate field organisations to survey and select areas on a priority basis. The Rural Electrification Corporation has, however, been giving special attention to the financing of schemes from these backward States and it has provided special loans for extending the high tension transmission and distribution net works in these States.

28. In view of the employment and wealth generation potential of rural electrification and satisfactory progress made in its implementation, it is of great importance that the programme should be extended to cover more areas and more villages in order to bring the benefits of the new agricultural technology, cropping patterns, agro-based and small-scale industries, etc. to newer and fresher areas. An exercise has been made, we understand, by the Central Water and Power Commission, in consultation with the State Governments, in making an estimation of the extent of additional energisation of pumpsets/tubewells and electrification of villages which could be feasible during the remaining period of the Plan. The new target would, according to this fresh exercise, cover the electrification of about 87,000 villages and the energisation of 18 lakh pumpsets/tubewells that is 37,000 villages over the existing Plan targets. The Committee is of the view that it should be possible, given the necessary will and effort, to electrify 37,000 new villages during the remaining two years of the Fourth Plan. The additional resources required for undertaking this programme and achieving these targets would be of the order of Rs. 235 crores, i.e., Rs. 130 crores for additional 37,000 villages and Rs. 105 crores for 3 lakh pumpsets/tubewells. The programme should, however, be so formulated and implemented that the comparatively backward States are assisted to take up the electrification projects selected for those areas, the underlying intention being to bring them upto the national level.

Roads and Inland Water Transport:

29. A network of well-integrated system of roads is a sine qua non for economic development. It not only helps in integrating the rural and urban economies but also in widening the market economy. For a predominantly agrarian economy like ours with millions of unemployed and under-employed persons living and earning their livelihood in rural areas, a system of well-knit highways and roads serving the rural areas would be an essential infra-structure; moreover, the construction of roads and improvement of rural communication including market and feeder roads would quicken the pace of all-round development and thereby generate employment on a large-scale in rural areas.

30. While in recent years there has been greater awareness of the importance of a net-work of roads, the question of improving rural roads has not received adequate attention. In fact, only in the Fourth Five Year Plan, some definite outlay has been provided for rural roads. The Fourth Plan makes a provision of Rs. 453 crores for roads in the State Plans and Rs. 418 crores in the Central Plan, making a total of Rs. 871 crores for the road development programme. Out of the outlay on this programme in their Plans, the State Governments have agreed to earmark 25% for rural roads; the provision in the State Plans would thus amount to approximately Rs. 112 crores. In addition to this, a provision of Rs. 25 crores has also been made for market and other rural roads under the Rural Works Programme of the Ministry of Agriculture, Rs. 10 crores under the command area works programme of the Ministry of Agriculture and another Rs. 8 crores under the

Market Committee Funds Scheme of the Haryana and Punjab Governments. In all, the total provision for rural roads would thus work out to Rs. 155 crores.

31. According to the document "Mid-term Appraisal" of the Fourth Plan, the total expenditure on road development programmes during the first three years of the Plan would amount to Rs. 394 crores leaving a balance of Rs. 477 crores to be spent during the next two years. The main factors responsible for the slow tempo of implementation of road development programmes have been the constraints of resources as well as certain organisational deficiencies at the State level. The organisational deficiencies have now been overcome, we understand, to a great extent in most of the States though some of the States are still in the process of strengthening their set-up for undertaking larger development programmes. The diversion of funds from the road sector to other sectors is also reported to be partly responsible for the uneven performance. The system of block allocation of Central assistance may also have contributed, although unintentionally, to this state of affairs. In view of this, we consider that the Central Government in consultation with the State Governments should devise appropriate measures by which any diversion of funds from the roads programme is completely eliminated. We trust it will readily be appreciated that if any programme of improvement of road communications and particularly of rural roads has to go forward and achieve the physical targets set for it, it is imperative that the funds earmarked for the programme are in fact spent on it.

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32. The development programme of rural roads is primarily a State responsibility and the provision, therefore, has been mainly in the State Plans. There is, however, a marked variation in the implementation of the rural roads programme. For example, Punjab has devoted almost two-thirds of its total road outlay on rural roads over and above the resources which they have raised through the market committees. Some other States have not, however, been able to spend on rural roads more than 10% of their total road outlay. The programme is, however, of such great significance from the point of view of the development of infra-structure and for the improvement of the rural economy that, if necessary, additional provision should also be made for expenditure on such schemes during the remaining part of the Fourth Plan. If a State has been able to fully utilise its Plan outlay on roads and if it is in a position to execute further programmes of roads, including rural roads, it should, in our view, be suitably assisted by the provision of additional funds. It is expected that the States would be in a position to utilise an additional sum of Rs. 110 crores on this programme during this period.

33. As regards the employment generation potential of the programme, it may be stated that an earlier estimate (1960-61) made by the Planning Commission had indicated that an investment of Rs. 1 crore would generate 10,435 man-years of employment in road construction. On account of considerable increase in prices since the time these estimates were framed, the same investment

would generate, in terms of the current prices, 5,463 man-years of employment in road construction. Applying the suggested norms, an additional employment of about 8.5 lakh man-years may be expected from the programme during the next two years.

<u>Inland Water Transport</u>:

34. Closely allied to road transport is the inland water transport system, which has also got considerable employment potential. We notice that the Central Government had recently appointed a Committee under the Chairmanship of Shri B. Bhagavati to suggest a phased programme of development of inland transport in the country. The Committee's report, which was submitted in 1970, is at present, we understand, under the consideration of the Government. The Committee made a number of recommendations which will have a bearing on the generation of employment. These relate to the improvement of production of certain ship-building yards by installing modern equipment, the replacement of old crafts, evolving of standard designs of hulling and propelling machinery, deepening and widening of certain important canals, etc.

35. India is traversed by several waterways systems extending over 14,000 kilometres of navigable waterways. If inland water transport is properly developed, it would not only provide low-cost mode of transport but also considerable scope for generating employment in several parts of the country. Moreover, with the emergence of Bangla-Desh, the inland water transport system in the eastern sector is expected to receive considerable fillip and may need to be renovated or expanded. Some of the recommendations of the Committee have, we understand, been accepted by the Government. We consider that they should take an early decision on the remaining recommendations also, keeping in view the employment potential of the programme.

Rural Housing: 36. The construction of houses for the rural population should be an integral part of any programme of construction in the rural areas. Nearly 80 per cent of our population lives in rural areas where the housing conditions are deplorable. Roughly four-fifths of the rural population lives in miserable kucha structures with flooring made of mud and walls and roofs built of grass, reed or thatch. Hardly 2 per cent lives in pucca houses with plastered flooring, brick walls and concrete or tile roofing.*

37. Under these conditions a bold programme of rural housing is urgently necessary. Such a programme is also warranted by other considerations. In consequence of the break-through in agricultural production in parts of the ~~country~~ as a result ~~of~~ the application of the new agricultural technology, high yielding varieties of seeds, etc., there has been substantial increase in the incomes of a section of the agricultural sector. A programme of construction in rural areas would provide socially useful investment of the increased resources in the rural areas and it would not only improve the living conditions of the persons directly concerned, but also have a snowballing effect by spreading prosperity and generating employment for other sections among the rural people.

38. The Working Group on Housing for the Fourth Five Year Plan had estimated the shortage of pucca houses in rural areas at 718 lakhs at the beginning of the Fourth Plan. As against this, the rate of annual construction in rural areas, according to the 22nd Round of the N.S.S. was 0.65 unit per thousand persons in 1967-68 or about 2.6 lakh new units. The Fourth Plan makes a provision of Rs. 237 crores for

*Report of the Working Group on Housing for the Fourth Five Year Plan- 1969-74.

housing in the public sector. This along with the investment in the private sector, would mean an annual addition of about 2.8 lakh units to the existing number of houses. On the other hand, the number of houses required for the annual increase in population (about 13.7 million in 1972) would be about 27 lakhs - 22 lakh new houses in rural areas and 5 lakhs in urban areas. Thus the new houses that could be constructed with the Plan provision along with the investment in the private sector would not, to any extent, meet the annual increase in housing requirements, leaving the huge backlog severely along. Of the Plan outlay of Rs. 237 crores, the sums provided for village housing are very meagre, amounting to 6% only. The Planning Commission has observed in the 'Mid-Term Appraisal' that village housing has been neglected.

39. Taking the rural and urban areas together, the overall ~~rate of construction~~ in the country works out to 2 pucca houses* for 1000 persons annually as against 7.2 in Japan, 6.8 in Hong Kong, 7.3 in France, 7.6 in Denmark, 6.5 in U.S.A., 10.2 in West Germany and 10.3 in U.S.S.R. With the investment proposed in the Fourth Plan, we may not be able to achieve a rate of construction anywhere approaching the rates realised in these countries.

We consider that taking into account the deplorable housing condition in rural areas and the resources generated in these areas by growth of production in the agricultural sector in recent years, efforts should be made to undertake a rate of construction of 0.8 unit per thousand persons or 3.6 lakh new units in 1972-73 and 0.9 unit per thousand persons or 4.1 lakh new units for 1973-74 as against the rate of 0.7 unit per thousand persons or 3.1 lakh units expected to be reached in 1971-72.

*Report of the Working Group on Housing for the Fourth Five Year Plan - (1969-74)

Programme for Rural House Construction:

40. Assuming a cost of Rs. 3000 per unit for undertaking construction at the rate of 0.8 unit per thousand persons, the total investment needed for the year 1972-73 would amount to Rs. 108.0 crores and that for 1973-74 to Rs. 123.0 crores making a total of the order of Rs. 231.0 crores as given in the table below:

Year	New units per thousand of population	New units in physical terms (in lakhs)	Total investment (Rupees crores)
1972-73	0.8	3.6	108.0
1973-74	0.9	4.1	123.0

For the years 1972-73 and 1973-74 each, a step-up of 0.1 unit per thousand persons is envisaged. Since the total shortage of houses is estimated to be of more than 800 lakh units in rural areas, the problem is of such vast magnitude that no significant impact can be made on it in the short term; a modest attempt may, however, be initiated to reduce the cumulative shortage over a period of time.

Employment Potential.

41. As for employment potential of the proposed programme, we have assumed that direct wage component of the total investment will be 30 per cent while that of material will be 70 per cent. Taking the wage of an unskilled worker on an average at Rs. 3 per day and that ~~of skilled at Rs. 5.50~~ per day, the investment per man-day (the ratio of skilled to unskilled worker is 1:2) would be Rs. 11.50. On the basis of 300 days' working in the year, the above investment will provide direct employment for 0.9 lakh workers in 1972-73 and 1.1 lakh in 1973-74. This does not include the indirect employment potential likely to be generated by the requirements of building materials, fittings and fixtures and the provision of other services - all of which are bound to be of considerable dimensions. Assuming an indirect employment

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of the order of 1.6 times the direct employment, i.e., about 3.2 lakh workers, the total direct and indirect employment potential of this programme would be about 5.2 lakh workers for the next two years.

Housing Finance:

42. In the recent past there appears to have been some increase in building activity in the rural areas, caused no doubt by the steady increase in the incomes, of some sections of the rural population. There is also a desire among the new affluent classes in the rural areas to improve their living-conditions and to have better housing, clothing, education, means of transport, etc. This desire could well be properly utilised and channelised if the Government could initiate steps for providing institutional framework for mobilising them for house construction. To some extent, investment in housing from new incomes has been inhibited by the absence of an effective institutional framework/the programme of construction will, it is expected, receive considerable impetus. Its success will, however, require considerable initiative from the inhabitants of the rural areas themselves.

/to give sustenance and support to such programme. With the provision of the institutional framework

43. In our considered opinion, it is essential that a large scale programme of construction of rural houses should be formulated, initiated and launched by the Government (the term includes both the Central and State Governments). The Government have to play in this programme a positive and active role. In the existing circumstances in the rural areas and in view of the inertia and apathy of the past, a programme in the nature of a mass movement would, in order to be launched, need active stimulus and encouragement from the Government as also an institutional framework, financial support etc.

44. The Government should, in our view, act as a catalytic agent by providing the necessary institutional framework and by actively promoting the development of rural housing through the publicity media and the Government agencies operating in the rural areas, e.g., the officials at the block-level, the panchayati-raj organisations, etc. As its main agency, Government should take steps to set up in each State a Board and/or a rural housing finance corporation with a corporation for rural housing as the apex organisation at the Centre. Government action would further be needed in the matter of removing the existing difficulties, for example, those of a legal and administrative nature in the matter of availability of land. The problem of the weaker sections of the community, particularly those belonging to Scheduled Castes, Scheduled Tribes and Backward classes, would require special attention. Some of the State Governments have, we notice, promoted legislation for conferring homestead rights on landless workers in respect of the house sites already in their possession while a few others have taken other measures to deal with the problem. We would emphasise that as an essential step the weaker sections of the community in the rural areas should be assisted to acquire house sites on a larger scale.

45. As regards the institutional framework, we notice that a Housing and Urban Development Corporation entrusted with the task of organising, coordinating and accelerating the programme of housing and urban development in its widest context throughout the country, has recently been set up by the Central Government. This Corporation, however, intends to confine its operations to urban areas only and to concentrate initially on the four metropolitan

cities though it is competent under its charter to undertake the financing of rural housing and village renewal programmes also. In serveral States, Housing Boards have been established; their functions, inter alia, are the acquisition and development of land, formulation and improvement of housing schemes and projects, management of housing estates, the raising of resources through the issue of debentures and guidance and assistance to other authorities. These insitutions also have been hitherto operating in the urban areas only. We consider, however, that the requirements of the situation would demand that there should be in existence in each State a suitable insitutional agency, to undertake in the rural areas the types of functions which the Housing Boards are at present undertaking in respect of the urban areas, viz., the acquisition, development of land, formulation and execution of housing schemes, etc. They could also assist the rural people by preparing plans, designs etc. for rural houses with due regard to the local conditions, environment and climate and arrange to make them available to the prospective house builders. They could also render technical advice to the cooperative socieities, panchayati raj bodies, etc., take up research on housing and examine the suitability of local materials for use in construction and also organise or promote the production of building materials for houses.

46. The great majority of the inhabitants of rural areas would need financial assistance for house building which should be provided to them by institutional agencies. For this purpose, we consider that there should be in existence in each State a Rural Housing Finance Corporation charged with the duty of providing financial assistance

to cooperative societies, panchayati raj institutions, individuals, etc. for housing projects or individual houses. The Housing and Urban Development Corporation (or a separate corporation, if necessary) at the Centre may function as the apex organisation for financing rural housing. The seed capital of the apex corporation, which should be quite sizeable, should be provided by the Central Government and it should be in a position to build up a large revolving fund by raising funds from various sources, i.e., through the Central Government, the financial institutions like the L.I.C., the Unit Trust, nationalised banks and rural debentures. The central organisation should operate through the rural housing finance corporations in the States. The latter should, in their turn be provided with the seed capital by the State Governments and should raise the maximum possible funds from various sources like the apex body, the L.I.C., nationalised banks, etc.

47. A rural house building programme of any size will require large resources which cannot be found by the beneficiaries themselves or even by Government. Therefore, besides a Rural Housing Finance Corporation at the Centre and its counterparts in the States, the financial institutions like the L.I.C. and the nationalised banks would have to make their contribution to such a programme. In particular, the L.I.C. which does not appear to have provided any assistance worth the name upto now, would have to play its part in fostering and promoting a programme of housing in rural areas and thereby provide a better service to its rural policy-holders.

Rural Water Supply:

48. A programme of rural water supply would provide one of the basic amenities to the rural areas which are widely lacking in them. It would also help build up an essential infra-structurd for rural development and improve the quality of rural living. In addition, it would provide employment to engineers, and other technical and non-technical personnel.

49. Though the bulk of the country's population living in villages has not yet, by and large, been provided with the ready availability of potable water, it is estimated that in about 1.45 lakh villages covering a population of 9.9 crores the availability of water is grossly inadequate or highly unhygienic. These include approximately 60,000 villages situated in permanently disadvantaged areas such as hilly and mountainous regions, arid zones and saline tracts and about 37,000 villages prone to endemic diseases such as cholera and guinea-worm. A sum of Rs.125 crores has been provided in the Fourth Five Year Plan for rural water supply schemes. It is proposed under this programme to provide drinking water to 70,000 villages - to 20,000 villages through pipes and to 50,000 villages through tubewells and hand-pumps. Besides, there is a centrally sponsored scheme for setting up special investigation divisions for identifying difficult and scarcity areas and preparing plans and estimates for selected rural water supply schemes on a priority basis. In addition a provision of Rs.5.7 crores has been made for installation of 12,000 hand-pumps/tubewells and 200 power-driven tubewells in the rocky areas of the country with 100 high speed pneumatic drilling rigs expected to be received from the UNICEF.

50. More recently some additional resources have been provided for the programme relating to rural water supply. Out of the current year's budget provision of Rs. 25 crores for schemes relating to the educated unemployed, a sum of Rs.22 lakhs has been provided for the setting up of design units for rural water supply scheme, with a total outlay of Rs.1.10 crores spread over the remaining period of the Fourth Plan. This scheme envisages the setting up of Planning and Design Units in all States for drawing up detailed estimates and Plans for piped water supply schemes in scarcity villages during the Fourth and Fifth Plan period. It is proposed to give 100% financial assistance to the State Governments for this purpose.

51. Out of the targeted number of 70,000 villages, appromimately 50%, that is 35,000 villages will be those which are situated in the permanently disadvantaged areas, including cholera and guinea worm infested villages. On the assumption that the targets laid down in the Fourth Five-Year Plan are achieved, there will still remain approximately 62,000 villages where acute scarcity of drinking water is felt. Thus the programme of rural water supply will have to be considerably stepped up so as to provide adequate relief in the acute scarcity areas. The actual execution of water supply schemes in these villages would involve an outlay of the order of Rs.186.00 crores. The expansion of the existing water supply programme with such additional outlay would not, however, be feasible at this stage either financially or administratively.

52. In view of the importance of the programme, we feel that the pace of execution of the current

programme should be accelerated and its coverage extended. In our view, the programme should be extended to at least 21,000 additional permanently disadvantaged and disease - infested villages over the remaining two years of the Plan. Of this 10,000 villages should be served with piped water and the rest through simpler measures (e.g. dug-wells and handpumps). This will be over and above the number to be covered under the existing schemes. This will involve an expenditure of Rs.61.55 crores, both for the planning and designing as well as the execution of the water supply schemes. The employment generated as a result of the extended scheme is expected to be 25,498 man-years both for engineers and other staff. We suggest further that the designing of suitable schemes and preparation of plans and estimates for the remaining villages also, i.e., about 42,000 villages should be taken up in the immediate future, so that the execution of these works may be taken up when the resources become available therefor. This is expected to involve an expenditure of the order of Rs.3 crores.

53. The L.I.C. have recently entered the field of financing rural water supply schemes by giving loans to Zila Parishads in a State for such schemes. It is desirable that they as well as other term lending institutes should extend support to this programme by giving loans etc.

In any such programme it stands to reason that the beneficiaries of the scheme should be called upon to make contribution to the cost of the scheme. While, in villages which are inhabited predominantly by scheduled castes, scheduled tribes, or backward communities the entire cost may be provided as a grant as at present, in respect of other villages, we would like to reiterate the suggestion already made in the Fourth Five-Year Plan document that, wherever possible, capital contribution and levies should be collected from the beneficiaries.

Education. 54. The magnitude as well as intensity of the problem of educated unemployed, especially matriculates and graduates in the country, has assumed serious proportions and needs separate study and analysis. Besides involving a huge wastage of the resources invested in educational development, the widespread unemployment of educated persons creates numerous social problems. Unemployed educated persons become frustrated and feel a strong resentment against the existing social order and they become a source of social, economic and political discontent and turmoil in the country. The provision of job opportunities to the increasing number of educated unemployed needs therefore immediate attention.

55. It is difficult to make a precise estimate of the number of the educated unemployed in the country. The latest employment exchange data available show that 44.95 lakh job-seekers in all were registered with them on 30.6.1971. Out of these, 20.53 lakh job-seekers (or 44 per cent) belonged to the category of 'educated'. The break-up of this number on the basis of the levels of education is given below:-

Level	Number in lakhs
Matric	11.91
Above matric but below graduation	5.29
Graduates & above	3.33
	20.53

Primary-Education: 56. Some schemes for the employment/self-employment of engineers and technical persons have been formulated by the Union Government and State Governments and are already under implementation. Expansion of primary education is one of the chief measures which can in our view generate large employment opportunities in the short-term for the other category of the educated unemployed. The Union Government has also recognised this fact, and has recently sanctioned a scheme of assistance to States for the appointment of 30,000 teachers and 240 Inspectors for an expansion of the programme of primary education, which will cost Rs.4.4 crores in the current year and Rs.12 crores annually in the next two years. The current year's requirement has been provided out of the budget allotment of Rs.25 crores for the educated unemployed. An outline of the scheme is given in Annexure VIII. We have, however, felt that the provision made in this programme is not adequate, considering the large number of unemployed educated persons and the great leaway to be made up in attaining universal primary education as envisaged in Article 45 of the Constitution. We, therefore, suggest that a more comprehensive programme of expansion of primary education should be undertaken in the immediate future. This programme should be suitably phased so as to provide educational facilities for 95 per cent of the children of the age-group 6-11 and for 45 per cent of the children of the age-group 11-14 by 1975-76. The implementation of this programme is likely to generate additional employment opportunities for nearly 1.25 lakh teachers and 1,000 Assistant Inspectors of primary schools every year, besides the requirements for normal replacement.

57. The statement at Annexure IX shows, according to the ranking of the States in respect of achievement, the Statewise position regarding the enrolment in classes I to V and the targets proposed for the age group 6-11 years. At present, the enrolment in these classes is about 600 lakhs or nearly 80 per cent of the age group 6-11 for the country as a whole. By 1975-76, it will require to be increased to at last 790 lakhs in order to achieve the proposed target of 95 per cent. This will involve the additional enrolment of nearly 38 lakh children in these classes every year.

58. The statement at Annexure X shows, according to the States ranking the statewise position of enrolment in classes VI - VIII in 1970-71 and the additional enrolment that will have to be undertaken during the next five years, ~~that is,~~ by 1975-76. At present, the enrolment in classes VI - VIII is of the order of 140 lakhs or 35 per cent of the population of the age-group 11-14. It will need to be increased to about 206 lakhs by 1975-76 in order to achieve the proposed target of 45 per cent of this age-group. This will involve an increase of nearly 13 lakh children in these classes every year. The enrolment of 13 lakh additional students, can, however, be divided into 9 lakh students in regular classes and 4 lakh students in part-time classes for student-workers. The system of part-time classes is the one recommended by the Education Commission and is discussed further below.

59. As the development of primary education varies greatly from State to State, the expansion programme will have to be drawn up separately for

each State, keeping in view the stage of development and the local factors affecting its development.

60. The Ministry of Education and Social Welfare has calculated the total cost of the scheme as in Annexure VIII on the basis of an average cost of Rs.275 per mensem per additional teacher but they have mentioned that the teachers appointed under the scheme will draw salary and allowances prevalent in a State for that category of teachers. Considering the great variation in the scales of pay of primary school teachers in different States, the average salary of a teacher may be taken as Rs.200; to this may be added 20 per cent for non-teaching costs and pensionary benefits making a total of Rs.240 as the average cost per mensem as detailed in Annexure XI. The average annual cost per child at the lower primar stage would thus come to Rs.72, if the teacher-pupil ratio is taken as 1:40. Similarly the average annual cost of education in the upper primary stage comes to Rs.105 per student. The financial implications of these proposals worked out for the remaining two years of the Fourth Plan are broadly indicated in Annexure XI and would amount approximately to Rs.130 crores for the remaining two years of the Plan. Keeping in view the difficulty of attaining such a high percentage of enrolment within a short span of time and also the need for reasonable expansion of primary education, we indicate below some measures that should help in the solution of some of the problems attendant upon such additional enrolment.

61. The following are some of the measures that may be considered in this connection, subject to their administrative feasibility :

i) The Adoption of Double-Shift System at Lower Primary Stage: Since due to paucity of resources, we are recommending only a notional amount for school buildings, we suggest that the existing school buildings and equipment should be put to more intensive use by the adoption of double-shift system in classes I - V of the primary stage without involving any extra shift working for the teachers. This system will help in economising on the expenditure on buildings, equipment and other overhead charges. It has been successfully adopted, we understand, in Kerala State.

ii) Part-time Education: Another measure recommended by the Education Commission and emphasised in the Fourth Plan is to provide part-time education to all children who cannot attend schools on a full-time basis. At present nearly 75 per cent of the children drop out before reaching class VIII. Most of these children are the helpless victims of poverty and they are impelled to leave schools in order to make some contribution, however meagre, to the low earnings of their families. If a programme of part-time education with suitable hours of schooling is adopted, these children can at a later stage be brough into the schools to complete their elementary education. This programme can be organised in the existing school buildings and with the existing equipment and by utilising the services of educated unemployed persons by giving them a suitable honorarium. Besides reducing costs (by about 50 per cent), this programme will provide educational facilities to such drop-out students and also increase employment opportunities for the educated unemployed.

62. An important strategy should be to involve the local community, both organisationally and financially, in the programme of primary education, in relation particularly to the construction of school buildings. It is on this consideration that we are including only a modest amount of Rs.30 crores for the construction of school buildings. The programme of construction of these buildings should, where possible, be linked with schemes like the Crash Scheme of Rural Employment, so that the labour component of the cost may be met out of the provision made under these schemes. The cost of building materials alone need be met out of the proposed outlay. In this connection, the possibility of financing the construction programme either wholly or partly through loans raised from financial institutions like the Life Insurance Corporation also requires to be explored, since this will reduce the immediate strain on the Government's budgetary resources and will spread the incidence of the capital cost over a longer period during which the loans may be amortised.

Besides, in order to minimise the economic waste involved in a large proportion of the new entrants to primary schools dropping out before completing the ~~primary~~ stage ~~and~~ to make the schools more attractive, sufficient provision should be made for amenities ~~like~~ mid-day meals, free supply of books, stationery, uniforms etc. to the needy children. These amenities would help in tackling the problem of retention of children in schools.

63. The programme of expansion of primary education suggested by us will create a large volume of employment opportunities for the educated unemployed as teachers, inspectors of schools and in other supervisory and clerical positions. According to this programme, an additional enrolment of 38 lakh children in the lower classes and 9 lakh children in the regular classes of the upper primary stage of education has to be made every year upto 1975-76. Based on the present teacher-pupil ratio of 1:40 and 1:30 respectively in the two stages, nearly 95,000 teachers would be required for the lower primary stage and about 30,000 for the upper primary stage i.e. a total of 1.25 lakh additional teachers each year. In addition to this, there would be additional employment of about 1,000 assistant inspectors of schools at the usual rate of one inspector for 125 additional teachers. Thus for the remaining 2 years of the Plan period, employment opportunities would be generated for 2.50 lakh teachers and 2,000 inspectors of primary schools. The programme of providing part-time education to 4 lakh children would also provide more employment opportunities on part-time basis for matriculates.

Adult Literacy:

64. In spite of the unprecedented expansion of primary education and despite many literacy drives and programmes, the number of illiterates in the country has increased from 333 million in 1961 to 386 million in 1971, and the percentage of overall literacy in the country has registered only a modest increase from 24.0 per cent in 1961 to 29.4 per cent in 1971. We consider, therefore, that it is essential to undertake immediately a programme of mass literacy. This programme may be

launched in 100 selected districts where the number of educated unemployed is comparatively large. This programme should aim at covering illiterate adults preferably in the younger age groups of 18-35.

65. This programme should be considered by the Ministries concerned with technical avocations such as the Ministries of Agriculture, Industrial Development etc., as an investment in productivity and they should show greater awareness of its potentiality. In order to make the programme attractive and fruitful, the instructions should not only be confined to traditional teaching of 3 R's but the curriculum should have a functional and occupational bias suited to the background of the adult trainees who may be grouped suitably according to their occupations, e.g., agriculture, village industries, crafts etc. Further a sound continuing programme of follow-up and supply of reading material is essential, if the newly literate adults are not to relapse into illiteracy. For this purpose suitable books and bro-chures giving useful information about rural occupations and other material dealing with the economic and social uplift of the villages, family planning etc. should be prepared and supplied; in addition light literature in simple language should also be made available. Besides making the people literate, this programme will help in increasing the effectiveness of developmental efforts due to improved receptibility on the part of the literate population and improve the professional competence of persons engaged in different occupations, broaden their outlook and improve their quality of living.

66. These classes for adults have necessarily to be of short duration, say, 1½ hours per day and that too in the evenings. Part-Time teachers at an honorarium of Rs.60/- per month should be

appointed to teach a class of about 35 illiterates, the duration of the course per batch being limited to 6 months. Each teacher will thus cover 70 illiterates in a year. We consider that 30,000 part-time teachers may be appointed under this programme which will cover more than 2 million illiterates in a year. The estimated cost of this programme (on the basis of Rs.60/- per teacher per month plus Rs.10/- as non-teaching cost for 30 thousand teachers per year) will be Rs.2.50 crores annualy making a total of Rs.5 crores for the remaining two years of the Plan period. This modest programme should be able to cover during the next two years about 4 million illiterates, i.e., approximately 4% of the illiterate persons of the districts selected.

67. The financial implications of these proposals as worked out for the remaining two years of the Fourth Plan are broadly indicated in Annexure XI and would amount approximately to Rs.130 crores. The mid-term appraisal of the Fourth Plan has revealed a great shortfall in expenditure as only 37.7 per cent of the total outlay has been spent on elementary education leaving Rs.146.27 crores for the remaining two years of the Plan. The Current expenditure on the programmes relating to the expansion of primary education and adult literacy involving an outlay of Rs.100 crores (approximate) could therefore be found out of this outlay, while the expenditure of Rs.30 crores in respect of school buildings could be met from the capital resources of the Government.

Miscellaneous

(i) Maximum utilisation of Installed Capacity in Industry and the Reopening of Closed Units:

68. It is well-known that in recent years there has been considerable under-utilization of installed capacity in various industries which has had serious effect on the employment situation. The main factors responsible for under-utilization of capacity in different industries include: insufficient demand, shortage or irregular supply of raw materials, components, spares, etc., shortage or irregular supply of power, transport bottlenecks, disturbed industrial relations and other management problems.

69. In order to generate employment in the industrial field in the short-term, it is essential that this under-utilization of installed capacity in various industries be reduced to the maximum extent possible. These industrial units have been put up at great cost involving scarce capital and still scarcer foreign exchange resources and it is essential that these should be put to the best use. Besides creating additional direct employment, the fuller utilization of capacity will have a multiplier effect on employment in other sectors. For these reasons it is essential that adequate attention be paid to the adoption of suitable measures for tackling the factors which have resulted in the under-utilization of the installed capacity.

70. We are aware that action on some of the remedial steps has already been initiated by the Government. A crash programme has been launched to increase the production of cotton and jute. It is proposed to establish a 'steel bank' to procure steel in advance of requirements and to supply essential needs ex-stock. More recently it has also been decided* that in respect of 54 specified industries additional production would be allowed, subject to certain conditions. When the licence issued to a party mentions a specific capacity on the basis of one or two shift working, the party would be allowed an increase in the licensed capacity on the basis of the maximum utilization of the plant and machinery. In other cases too, the licensed units have been permitted to operate upto 100% above the licensed capacity.

These measures, besides securing better utilization of capital invested in these industries and increasing the supply of goods, will also contribute to improvement in the employment situation. In order to increase productive employment in this field it is essential that increased utilization of capacity should also be allowed to other industries. We suggest that the cases of other industries should be examined on individual merits and they should be allowed similar facilities if that would demonstrably lead to creation of substantial employment.

Closure of Sick Units:

71. Another phenomenon which is affecting not only the growth of employment but diminishing even the existing level of employment is that of the closure of 'sick' units. The stoppage of work in an increasing number of factories has thrown out of

*Ministry of Industrial Development Notification dated 1st January, 1972.

employment a large number of industrial workers and created social tensions affecting the law and order situation. The Government have recently taken a number of steps to deal with this problem, e.g. the enactment of the Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act empowering Government to take over the sick textile units, the setting up of the National Textile Corporation for financing and managing these mills, the amendment to the Industries (Development and Regulation) Act giving Government powers to take over the management of other industries, etc. We feel, however, that in this matter suitable action requires to be taken by Government even at an earlier stage before the malaise becomes acute. The closure of a unit is generally the culminating point in a series of events which may involve mismanagement, lack of finances, lack of raw materials, obsolescence of machinery, labour-management tensions etc. In many cases action at an earlier stage could have prevented closure. We would suggest that the Government should set up an agency charged with the duty of overseeing the economic health and the state of affairs obtaining in such industries where closures have taken place or are apprehended (e.g. cotton textile, engineering). Such an agency should organise a proper system of timely reporting for this purpose and it should keep Government apprised of the developing situation from time to time to enable Government to take effective steps to prevent the situation from deteriorating further. This monitoring organisation should have the power to get periodical reports relating to the selected industries and the units therein. We suggest that the Ministry of Industrial Development should initiate studies to identify the industries which require to be brought within the scope of such organisation from time to time. It is also important that remedial and timely action by the authorities concerned in the matter may not be stalled on account of the non-availability of requisite financial resources, adequate provision for which should, in our view, exist. We would recommend the setting up of a separate corporation for the purpose with adequate revolving fund.

(ii) Promotion of Productive Employment for the Educated Unemployed.

72. In view of acute unemployment among the growing number of educated and technically qualified persons a number of schemes have been initiated to assist them to find employment. It is not, however, possible to provide all such persons salaried/wage-paid employment and hence increasing attention has been paid in the recent past to devising schemes to enable these persons to take up self-employment in industries, agriculture, professions etc. or to engage in other productive activities. In the "Fourth Five Year Plan" document, it is indicated that schemes will be formulated for training and financial assistance to technically qualified persons so as to enable them to set up industries. Besides these schemes, the Government of India (Ministry of Industrial Development) have recently sanctioned a centrally sponsored scheme with a provision of Rs 6.5 crores for providing assistance to the educated unemployed for setting up small industries. This sum has been earmarked out of Rs. 25 crores provided in the current year's budget specifically for schemes to assist the educated unemploye[illegible]

73. After the nationalisation of the b[illegible]ks in July, 1969, they are expected to subserve the

objectives of public policy, become instruments of economic development and assist employment generation. These banks and the State Bank of India have, in the recent past and particularly since nationalisation, been operating schemes of special financial assistance to help entrepreneurs and certain categories of self-employed persons like professionals, transport operators, etc. A Committee (popularly known as the Thakkar Committee) was set up by the Reserve Bank of India in October, 1970 to review the existing institutional arrangements and special schemes for meeting the credit requirements of various types of self-employed persons, to identify the categories of such persons who should be eligible for special financing and to evolve guidelines in respect of security, rates of interest, period of repayments and other terms and conditions for such financing. In the light of this Committee's recommendations, the Reserve Bank of India have prescribed, in March, 1971, certain guidelines* for the commercial banks in respect of the operation of these special credit schemes.

74. The Thakkar Committee have emphasised that the banks and similar financial institutions, which mobilise the savings of the community and canalise them into productive investment, have to play an important role in stimulating employment. They have, therefore, to adopt a conscious policy of employment promotion. They have suggested, inter alia, that if each branch of the banks entertains on an average about 50 proposals in a year for assistance to unemployed persons, about 3 million jobs could be generated by all the commercial banks in the next 5 years, besides

*Reserve Bank of India Circular Letter dated 19.3.1971.

substantial indirect employment. Another suggestion made is that each branch of nationalised banks should be enjoined to sponsor projects which within a year would create 100 additional jobs.

75. The number of branches of banks exceeded 12,000 in 1971, and the rate of opening of new branches is also high - more than 4,000** branches have been opened since the nationalisation of the banks. The performance of banks in deposit mobilisation has been very encouraging and the deposits of the scheduled commercial banks have registered an increase of 16.6% in 1970 and of 20.4% in 1971@. With their increasing resources it should be possible for the banks to play an increasingly purposive and fruitful role in providing assistance to the various categories of self-employed persons. It is difficult for us to lay down a definite target for each branch and in a matter like this the banking authorities should themselves set a target of sponsoring employment - oriented projects which each branch should be expected to attain. In view of the high rate of growth of deposits and the resources of banks, it is essential that a suitable portion of these additional resources should be earmarked for such schemes. Without being specific about any particular proportion, the amount to be earmarked in a year for these schemes could, in our opinion, be reasonably placed at 25 to 30% of the additional resources.

** Actually 4172 branches, (the Reserve Bank of India press note dated Dec. 29, 1971.)

@ Deptt. of Banking, Ministry of Finance, Government of India.

76. The Thakkar Committee have indicated certain categories of persons who should be treated as self-employed for purposes of special credit schemes of banks. They have, however, taken pains to emphasise that the list given by them is by no means exhaustive but only illustrative. The Reserve Bank of India have also recommended in their guidelines of March 1971 that banks should, on their own initiative, formulate special credit schemes for promoting the generation of employment according to their innovative capacity and th should exercise a measure of healthy competition with other banks in this regard. Since the categories of self-employed persons identified by the Thakkar Committe are only illustrative, we feel that banks should take a broad and liberal view of the categories to be eligible for assistance and should extend it to the entire range of the self-employment field so as not to deny credit facilities to any class of persons wanting to set up as self-employed persons in a profession or business activity. Many persons setting up in profession will also create employment opportunities for others, e.g., a journalist setting up a publishing house or printing press or a person organising a troupe of artists will employ many other persons also.

77. In order that these measures of special credit assistance should be really efficacious, it is also essential that the terms of the loans, e.g., the rates of interests, period of repayment, margins, security, etc. should be made softer and should take into consideration the requirements and limitations of such borrowers. In this connection suggestions have been made that the margin requirements by the commercial banks should be nominal or should be dispensed with altogether in suitable cases and also that these persons should be

offered differential rates of interest for the advances made. We observe that some of these points, inter alia, were recently considered by the Committee on Differential Interest Rates set up by the Reserve Bank of India in September, 1970. We consider that a decision on these points should be taken very early by the authorities concerned taking into account, on the one hand, the needs and requirements of such under-privileged persons and on the other, the disabilities and serious limitations, which have practically inhibited them in the past from availing of the various facilities offered by the banking system.

78. It is, however, as important as the formulation of measures of special credit assistance to ensure that the schemes undertaken are operated efficiently and in a proper spirit and that the service provided by the banks is prompt and timely and gives satisfaction to their customers. The procedure adopted by them in processing the applications for assistance of the young entrepreneurs are, we are told, tardy and time-consuming and many applicants feel discouraged and frustrated as a result of these procedural delays. It is also essential for the unemployed taking up self-employment to have necessary technical guidance/assistance in respect of availablity of land, sheds, machinery, raw materials and on matters relating to taxation, finance, labour management, marketing etc. We hope that the banks themselves will appreciate the importance of streamlining and improving their methods and procedures so that they may be able to provide more prompt and efficient service.

As regards the provision of technical assistance etc., we notice that the setting up of a Multi-Service Agency has been suggested. This Agency will not only collect the relevant data and information in respect of the educated unemployed but will also give advice and technical assistance to the entrepreneurs on the feasibility of their projects and on other cognate matters. The setting up of such an agency for providing these essential services, both to the lending institutions and the prospective entrepreneurs, should be of great help in the operation of these special scheme and is to be welcomed on that account. The difficulties of the young entrepreneurs do not end there, since on account of the limitations of their resources, technical expertise, experience, etc., they come up against a number of difficulties in the matter of raw materials, working capital and necessary marketing arrangements during the working of their enterprises. It is desirable that some institutional arrangements should exist to look after these tasks in a more organised and systematic way, on behalf of these entrepreneurs working in a particular locality or industry. For this purpose they might organise themselves into an association or body which will tackle the problems of small industries like raw materials, finance, marketing of products, etc. and take them up with the appropriate authorities, where necessary. The formation of such voluntary organisations to provide, or assist in the provision of common service facilities should, in our view, be encouraged by the Government.

(iii) Exemption for unemployed persons from payment of application fees.

79. Among the suggestions received by us, one relates to application fees generally payable by the candidates who apply for jobs and the other to travelling allowance and daily allowance for those who are called for interview. The suggestion pressed for consideration is that no fees should be charged by the appointing authorities from the unemployed applicants and that all such persons as are called for interview should

be paid travelling and daily allowances. It is contended that on grounds of equity and social justice the unemployed persons should not be burdened with any expenses while seeking employment. They have generally to apply many a time before they get a job and therefore the cost of the application fees and the travelling expenses, prevent such persons from taking advantage of the existing employment opportunities.

80. On these points, there are differing points of view. While the proposal is pressed on the considerations mentioned above, it is argued, on the other hand, that the exemption of unemployed persons from the payment of fees would lead to a proliferation of applications from persons who are not either properly qualified or otherwise keen about competing for or taking up the job in question. Also, the application fees collected by the employers can be and are generally used to defray the travelling expenses which are paid to the candidates called for interview. We feel, however, the exemption from the payment of application fees will be a good gesture and would bring some relief to the unemployed persons and would be appreciated ~~as such~~ by the persons ~~affected~~. The payment of travelling allowance to all unemployed applicants may, however, have wide financial and administrative implications which would need to be examined in all their aspects.

81. A somewhat selective approach in the matter would, in our view, be desirable. Wherever an interview is an essential step in the process of selection, it is desirable that the unemployed candidates called for an interview be paid travelling expenses to enable them to appear for it. If the selecting authorities exercise proper discretion, as they normally do, in calling the candidates for the interview, this should not prove to be too much of a financial burden. However, in case a competitive test of all the applicants is an essential step in that process, it should not be necessary to pay travelling allowances to all the candidates.

CONCLUSION: 82. In the foregoing paragraphs we have endeavoured to outline some programmes for generating employment in the short-term, particularly for the rural unemployed and under-employed. We suggest that these should be implemented forthwith over the next two years. We have no doubt that a speedy and effective implementation of these programmes will generate considerable volume of employment in the rural areas. As would appear from the statement summarising the financial outlay (Annexure XII), the total financial outlay on the programmes suggested by us for implementation over the next two years should be of the order of Rs.2,000 crores. Since all these schemes (with the exception of the scheme for rural housing as outlined by us) are a already included in the Fourth Plan and specific provisions for them have been included in the Plan outlay, our proposal would involve during the next two years a net addition of the order of Rs.740 crores for all these programmes including that for rural housing. Out of this amount the sum required from the budgetary resources of Govt. would be about Rs.280 crores, while a sum of equal order would be required from the financial institutions leaving a sum of Rs.180 crores to be invested by the residents of rural areas on houses.

83. A sizeable portion of the additional outlay required is expected to be found by the financial institutions including the nationalised banks and the individuals concerned. One of the heartening features of our economy in recent years has been the rapid expansion of branches by banks mostly in the rural areas and consequently there has been impressive mobilisation of deposits. As will be apparent from the statement below the deposits of

scheduled commercial banks rose sharply by Rs.1,171 crores to Rs.6,356 crores during 1971 registering an increase of 20.6%:

AGGREGATE DEPOSITS OF SCHEDULED COMMERCIAL BANKS

(As on last Friday of the Calendar year)

Year	No. of new branches opened	Aggregate deposits (Rs. crores)	Percentage increase in deposits
1968	677	4220.9	-
1969	1369	4876.5	15.5
1970	2137	5684.9	16.6
1971	1254*	6855.8	20.6

* Upto 31st October, 1971.

Sources: Department of Banking, Ministry of Finance, Government of India.

The Fourth Plan document originally took credit of the order of Rs.3000 crores on account of accretion to the banks' deposits. This figure may, according to later estimates, exceed Rs.4000 crores.

84. The complaint is, however, made that the funds obtained by the banks through the mobilisation of rural resources are mostly diverted to the metropolitan areas and other big urban centres, thereby depriving the rural areas of adequate funds needed by them. It is in the fitness of things, therefore, that a part of these resources are invested in the rural areas for the types of schemes that we have endeavoured to outline in the foregoing paras. We feel that it should not be a difficult task for the nationalised banks etc. to provide additional resources of the order of Rs.230 crores for investment in these schemes. The remaining sum of Rs.130 crores is expected to be invested in house building

by the people in rural areas. Since an expenditure of about Rs.70 to 80 crores per year is, according to some estimates, already being incurred by the rural people in building their houses, our proposals would involve a modest step-up only of this outlay to Rs. 90 crores per annum, out of the average investment of Rs.115 crores per year on the programme.

85. The Committee is fully conscious that the provision of additional resources of the order of Rs.280 crores for implementing its interim recommendations will involve a sizeable draft on the Government's budgetary resources, even after taking into account the resources which may be contributed by the public financial institutions and the banking sector. On our rough calculations, there would be the need for about Rs.230 crores by way of budgetary resources in the course of the next two years for implementing the schemes suggested in this report. It is also aware of the financial burdens which the Government at the Centre and in the States are required to bear owing to recent developments. Despite these factors, however, the Committee feels that the nation owes it to the unemployed and the under-employed to make the extra sacrifice necessary for implementing the schemes proposed in this report, which will help in better utilisation of the country's human resources and reducing acute social tensions caused by widespread unemployment. The Committee has not as yet gone into the basic question of finances. A study group is studying the financial and fiscal measures. In the meantime, as the Committee is recommending certain measures, it is necessary for it to suggest some areas for raising fresh resources also. While it is not within the competence of this Committee to spell out the details of

the fiscal measures required for raising the Government's budgetary resources, it would nevertheless venture to suggest some of these where scope exists for raising fresh resources. For example, it may be possible for the Union Government to levy a special employment surcharge on income and corporation taxes. Further, there could be a levy on commercial advertising. The Government may also examine the possibility of levying an integrated income-tax comprising both the agricultural and non-agricultural incomes, in which provision could be made for a higher limit of exemption in respect of purely agricultural incomes.

36. It is extremely difficult to estimate in precise terms the contribution to the growth of employment that will result from the programmes suggested in the foregoing paragraphs. In many cases, for example in rural housing, it is not possible to have any reliable figures of the present level of employment and hence, of the additional employment likely to be generated. An attempt has, however, been made to give rough estimate of additional employment in respect of some of the programmes earlier. For instance the proposed investment on roads and inland water transport over the next two years is expected to generate employment for 8.50 lakhs while the total employment under the proposed minor irrigation programme should be of 27.50 lakhs comprising roughly 4.5 lakhs skilled and 23 lakhs unskilled workers. Similarly, the direct employment as a result of investment on the rural water supply schemes is expected to be 52,000 out of whom 8,000 will be for engineers and skilled persons and 44,000 for the unskilled workers. In the field of education including adult literacy,

the additional direct employment should be 2.3 lakhs - all for the educated persons. Our suggestions for the promotion of self-employment through banks as well as the implementation on a priority basis of the scheme of agro-service centres and the construction programmes in the rural areas relating to minor irrigation, road construction, etc. would also provide employment to a large number of engineers and other technical personnel.

87. Though any estimates would suffer necessarily from well-known limitations, it should be a reasonable guess that direct employment as a result of the programmes suggested by us would be of the order of 4 million over the next two years. It is important to bear in mind, however, that these estimates are based on the essential premise that the resources adequate to meet the original Plan outlay on these programmes are, in fact, found and that additional investment as indicated by us is also made by raising resources from different sources.

It will not be out of place to mention that, besides direct employment, the programme involving construction have generally an indirect employment potential also and a ratio of 1:1.6 is normally taken as the ratio for measuring the direct and indirect employment in such programmes. There should, therefore, be indirect employment also of considerable magnitude as a result of our proposals.

88. It is no doubt true that almost all these programmes as included in the Plan would have generated employment of significant magnitude in the course of their implementation. The likely dimensions of such employment would, however, be smaller than what may have been expected from the size of the Plan

provision, since the execution of some of the programmes has been lagging behind and there has been **considerable short-fall in the expenditure incurred** on them, e.g. the programme of elementary education, road development, etc.

89. Lastly, we would like to conclude with just a few remarks. We feel it is essential that these programmes which are in the main intended for rural areas, should be implemented in the field in a coordinated manner, and that the individual schemes should be dove-tailed into the overall development plans for the areas concerned which may have already been drawn up or may be proposed in the near future. Specific surveys should be undertaken for this purpose to collect necessary data in respect of the infra-structure, natural resources, the ground water levels, local raw materials, etc. The information collected through these surveys would facilitate the drawing up of integrated district plans and the adoption of the process of planning from below in subsequent years. It should be ensured that the results achieved from surveys are properly utilised in the preparation of district plans. We understand that a programme to cover 25 districts in backward areas under a scheme of rural engineering surveys has already been prepared for the rest of the Fourth Plan period. In the Committee's view, an integrated survey approach would be useful for ensuring more active and purposive participation in planning by the rural community and the latter's cooperation and collaboration in implementation of the development programmes.

SUMMARY OF RECOMMENDATIONS:

90. Our main recommendations may be summarised as follows:-

(1) The Committee would like to reiterate the importance of ensuring that adequate arrangements are made for the marketing of the produce of supplementary occupations as most of the products like milk, eggs and meat are perishable. Studies may be undertaken by the States to examine the suitable type of organisation necessary for the processing and marketing of dairy, poultry and piggery products of small farmers and agricultural labourers. (Para 10)

(2) Practical steps need to be taken by the SFDA and MFAL agencies to assist share-croppers and tenants without recorded rights in land by their identification for the purpose of enabling them to obtain short-term and medium-term loans for cultivation as well as supplementary occupations like dairying, poultry farming and piggery. (Para 11)

(3) The allocation of funds for each district under the Crash Scheme for Rural Employment should be suitably refixed after taking into account its population, the state of agricultural development and other relevant factors. It is desirable to take up works of reasonable size in some selected parts of the district having regard to the severity of the problem. (Para 12)

(4) Pilot projects should be undertaken in small compact areas in selected districts to deal with all aspects of development and they should progressively be able to provide employment in different economic pursuits to every person offering himself for work in that area. Such projects should be undertaken as action-cum-study programmes to highlight the problems faced in their implementation under differing conditions and make available lessons and data for planning a more comprehensive programme of employment in the future. (para 14)

(5) The implementation of the scheme for Agro-Service Centres should be given a high priority as it has potential for providing employment/self-employment to engineering graduates and technicians in the rural areas. (Para 15)

(6) As the employment potential of minor irrigation is large, an additional area of about half a million hectares at a total cost of Rs.100 crores could be covered during the next two years. This would be in addition to the Fourth Plan programmes already under implementation. Para 22)

(7) In view of the employment and wealth generation potential of rural electrification programme, this programme should be extended to cover 37,000 villages and to provide for 3 lakh pump-sets over and above the existing plan targets, with an investment of Rs.235 crores. Para 23)

(8) The programme should be so formulated and implemented that the comparatively backward States are assisted to take up the electrificatio projects selected for these areas, the underlined intention being to bring them upto the national level. (Para 23)

(9) We consider that the Central Government in consultation with the State Governments should devise appropriate measures by which any diversio of funds from the roads programme is completely eliminated and the funds earmarked for the progra are in fact spent on it. (Para 31)

(10) If a State has been able to fully utilise its Plan provision on roads and if it is in a position to execute further programmes of road cor truction, we feel that additional sum of Rs.110 crores should be made available for these programm during the remaining part of the Fourth Plan (Para

(11) Keeping in view the employment potential of a system of inland water transport, we consider that the Government should take an early decision on the remaining recommendations of the Committee on Inland Water Transport headed by Shri B.Bhargava (Para 35)

(12) Taking into account the deplorable housing condition in rural areas and the resources generat in these areas by growth of production in the agricultural sector in recent years, efforts shoul be made to undertake a rate of construction of 0.8 unit per thousand persons or 3.6 lakh new units in 1972-73 and 0.9 unit per thousand persons or 4.1 lakh new units for 1973-74 making a total of 7.7 lakh units at an estimated investment of the order of Rs.230 crores over the next two years. (Para 40)

(13) A large scale programme of construction of rural houses should be formulated, initiated and launched by the Government. Government should provide the necessary institutional framework and actively promote the programme through rural publicity media and the Government agencies operating in the rural areas, e.g., the officials at the block levels, the panchayati raj organisations, etc. (Para 44)

(14) We consider that the requirements of the situation demand that there should be in existence in each State a suitable institutional agency to undertake in the rural areas the types of functions which the Housing Boards are at present undertaking in respect of the urban areas, viz. the acquisition, development of land, formulation and execution of housing schemes, etc. (Para 45)

(15) We recommend the setting up of a Rural Housing Finance Corporation in each State with the task of providing financial assistance to cooperative societies, panchayati raj institutions and individual for housing projects, individual houses etc. The Housing and Urban Development Corporation (or a separate Corporation, if necessary) at the Centre may function as the apex organisation for financing rural housing. (Para 46).

(16) The L.I.C. should play its part in fostering and promoting the programme of housing in rural areas. Para 47).

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(17) The pace of execution of the existing programmes of rural water supply should be accelerated and its coverage extended. The programme should be extended to 21,000 more villages, ~~with a total outlay~~ of Rs.61.55 crores (over and above the current Plan provision of Rs.125 crores) over a period of two years (Para 52).

(18) The designing of suitable schemes and preparation of plans and estimates for the remaining 41,000 permanently disadvantaged villages should also be taken up immediately. (Para 52)

(19) A more comprehensive programme of expansion of primary education should be undertaken in the immediate future. This programme should be suitably phased so as to provide educational facilities for 95% of the children of age group 6-11 and for 45% of the children of the age group 11-14 by 1975-76. (Paras 57 & 53)

(20) We consider that it is essential to undertake immediately a programme of mass literacy. This programme may be launched in 100 selected districts where the number of educated unemployed is comparatively large. (Para 64)

(21) In order to generate employment in the industrial field, it is essential that the under-utilisation of installed capacity in various industries be reduced to the maximum extent possible. Recently it has been decided that in respect of 54 specified industries additional production to the extent of 100% above their licensed capacity

would be allowed subject to certain conditions. We suggest that the cases of other industries should also be examined on their individual merits and they should be allowed similar facilities if this would demonstrably lead to creation of substantial employment. (Paras 69,70).

(22) To deal with the problem of closure of 'sick' units, the Government should set up an agency charged with the duty of overseeing the economic health and state of affairs obtaining in such industries where closures have taken place or are apprehended. Such an agency should organise a proper system of timely reporting for this purpose and it should

Government apprised of the developing situation from

keep time to time. The Ministry of Industrial Development which require to be brought within should initiate the scope of such organisation from time to time. It is also important that remedial and timely action by the authorities concerned in the matter may not be stalled on account of the non-availability of requisite ~~financial resources~~, adequate provision for which should, in our view, exist. We would recommend the setting up of a separate corporation for the purpose with ~~adequate~~ revolving fund. (Para 73)

(23) With their increasing resources it should be possible for the banks to play an increasingly purposive and fruitful role in providing assistance to the various categories of self-employed persons. The banking authorities should themselves set targets of sponsoring employment-oriented projects which each branch of a bank should be expected to attain. A suitable portion of the additional

resources should be earmarked for such schemes. The amount to be earmarked in a year for these schemes could be reasonably placed at 25 to 30% of the additional resources. (Para 75)

(24) In our view the banks should also take a broad and liberal view of the categories of self-employed persons to be eligible for assistance and should extend it to the entire range of the employment field so as not to deny credit facilities to any class of persons wanting to set up as self-employed persons in a profession or business activity. (Para 76)

(25) In order that the measures of special credit assistance should be really efficacious, it is also essential that the terms of the loans, e.g., the rate of interest, period of repayment, security margins, etc., should be made softer and take into consideration the requirements and limitations of / the recommendations of the Committee on Differential Interest Rates should be taken very early by the authorities concerned. (Para 77)

such borrowing. We consider this a decision on

(26) Some institutional arrangements should exist to look after the difficulties in the matter of raw materials, working capital marketing etc. in a more organised and systematic way, on behalf of the entrepreneurs working in a particular locality or industry. For this purpose the entrepreneurs might organise themselves into an association or body which will tackle the problems of the small industries like raw materials, finance, marketing of products, etc. and take them up with the appropriate authorities, where necessary. The formation of such voluntary organisations should be encouraged by the Government. (Para 73).

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(27) Unemployed persons should be exempted from the payment of application fees. A selective approach may, however, be adopted in regard to the payment of travelling expenses. Only in such cases where an interview is an essential step in the process of selection, unemployed candidates called for an interview should be paid travelling expenses to enable them to appear for it. However, in case a competitive examination/test of all the applicants is an essential step in the process of selection, it should not be necessary to pay travelling expenses to all the candidates. (Para 30)

Sd/-
(B.Bhagavati)
Chairman

Sd/-
(V.L.Gidwani)
Member

Sd/-
(Jyotirmoy Bosu)*
Member

Sd/-
(K.Balachandran)
Member

Sd/-
(R.K.Sinha)
Member

Sd/-
(Ashok Mitra)
Member

Sd/-
(Chandrajit Yadav)
Member

Sd/-
(M.Ramakrishnayya)
Member

Sd/-
(M.Anandam)
Member

Sd/-
(J.C.Talukdar)
Member

Sd/-
(J.S.Tilak)
Member

Sd/-
(N.Sundaram)
Member

Sd/-
(Gautam Mathur)
Member

Sd/-
(N.S.Pandey)
Member-Secretary

New Delhi
February 11, 19[illegible]

*Subject to a note at Appendix.

Appendix
and
Annexures

APPENDIX

Note by Shri Jyotirmoy Bosu, Member

"I wish to submit the following for the ~~Interim report~~: I fully stand for transitional schemes to give work to the unemployed but I am not satisfied that the current schemes as they are being planned and executed will meet the needs of the situation. Although it is not within the terms of reference, the minimum that the Government should do is atleast to guarantee a certain sum for each unemployed person as relief pending the acceptance of "Right to Work" as basic fundamental in our Constitution".

ANNEXURE I

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION
DEPARTMENT OF LABOUR AND EMPLOYMENT
(Directorate General of Employment and Training)

RESOLUTION

New Delhi, the 19th December, 1970.

No.MP-10(110)/69: The problem of unemployment and under-employment in the country, in the rural and urban areas, has been a cause of serious concern to the Government in recent years. The emergence of considerable surpluses among the educated persons in general and technically qualified persons such as engineers and technicians in particular, has added a new dimension to the problem. The Government have now decided to set up a Committee to assess the extent of employment and under-employment and to suggest suitable remedial measures. The Committee will have the following composition:-

Chairman

Shri B. Bhagavati, M.L.A., Assam.

Members

1. Shri Jyotirmoy Bosu
Member, Lok Sabha.

2. Shri M. Anandam
Member, Rajya Sabha.

3. Shri V.L. Gidwani,
Employment Commissioner,
Cabinet Secretariat (Deptt. of Cabinet Affairs).

4. Shri J.C. Mathur, Additional Secretary,
Department of Agriculture.

5. Shri K. Balachandran, Additional Secretary,
Department of Industrial Development.

-/-

6. Dr. Ashok Mitra, Chief Economic Adviser, Department of Economic Affairs.

7. Shri B.C. Ganguli, Development and Planning Commissioner and Ex-officio Secretary, Department of Development and Planning, West Bengal.

8. Shri N. Sundaram, Development Commissioner, Government of Madhya Pradesh.

9. Dr. Gautam Mathur, Professor, Osmania University.

Member-Secretary

10. Shri N.S. Pandey, I.A.S.

The following will be the terms of reference of the Committee:-

(i) To assess the extent of unemployment and under-employment in all its aspects, taking into account the recommendations made by the Committee of Experts On Unemployment Estimates set up by the Planning Commission under the Chairmanship of Prof. M.L. Dantwala

(ii) To recommend the directions in which the programmes included in the Fourth Five Year Plan could be made more employment-oriented in their implementation, with due regard to their timely execution, economy and productivity and to the requirements of rapid economic development.

(iii) To suggest suitable strategies for employment generation, both short-term and long-term, including technical, financial and fiscal measures, in respect of different sectors of the economy, taking into account the mobility of labour and the openings for employment and self-employment in the tertiary sector as a result of implementation of Plan programmes and various measures initiated by the Government for activating the economy.

(iv) To suggest specific programmes for promoting productive employment and self-employment of the educated unemployed in general and the unemployed technical personnel such as engineers, technicians, etc., in particular and to suggest measures to rectify the imbalance between the out-turn of educated and technical persons on the one hand and the available employment opportunities on the other.

(v) To suggest a suitable machinery at the Centre and State levels for a continuous appraisal of the changing employment and manpower situation and assessment of long-term demand and supply.

3. The Committee is requested to submit its report within a period of one year.

4. The Committee will devise its own procedure. It may call for such information and take such evidence as it may consider necessary. The Ministries/Departments of Government of India will furnish such information and documents and render such assistance as may be required by the Committee.

5. The Government of India trust that the State Governments/Administrations of Union Territories, public and private sector undertakings, organisations of employers and workers and all other concerned organisations will extend to the Committee their full cooperation and assistance.

ORDER

ORDERED that the Resolution be published in the GAZETTE of India, Part I, Section 1.

ORDERED that a copy of the Resolution be Communicated to all Ministries/Departments of the Government of India, State Governments/Administrations of Union Territories and all others concerned.

Sd/-
(I.D.N. Sahi)
Additional Secretary

N.B. 1. Subsequently Shri M.M. Kusari, Development Commissioner, West Bengal was nominated as Member vice Shri B.C. Ganguli Vide Resolution No.EEI/200/10/71 dt. 24.5.1971

2. Later on Shri J.C. Talukdar, Commissioner for Planning & Development and Ex-Officio Secretary to Govt. of West Bengal, Department of Development & Planning was nominated as Member vice Shri M.M. Kusari Vide Resolution No.EEI/200/10/71 dt. 30.8.1971.

3. The following three Members of Parliament have been appointed as additional members of the Committee:-

(i) Shri R.K. Sinha, Member, Lok Sabha
(ii) Shri J.S. Tilak, Member, Rajya Sabha
vide Resolution No.EEI/200/10/71 dt. 2.12.71.

(iii) Shri Chandrajit Yadav, ~~Member, Lok Sabha~~ vide Resolution No.EEI/200/10/71 dt. 23.12.71.

4. 4. Shri M. Ramakrishnayya, Additional Secretary, Ministry of Agriculture, New Delhi, was appointed as a member vice Shri J.C. Mathur vide Resolution No.EEI/200/10/71 dt. 23.12.71.

ANNEXURE: II

NO. OF APPLICANTS ON THE LIVE REGISTERS OF THE EMPLOYMENT EXCHANGES

(in 000's)

SL. NO.	APPLICANTS	AS ON 31ST DECEMBER 1966	1967	1968	1969	1970	AS ON 30TH JUNE 1970	1971
1.	Total applicants	2619.0	2740.0	3011.6	3423.9	4068.6	3621.3	4494.6
2.	Educated Applicants	917.5	1087.4	1309.3	1526.2	1821.6	1625.9	2053.4
	a) Graduates & above	93.6	121.5	175.4	215.2	276.5	232.3	333.4
	i) Engineers	4.3	7.0	11.0	13.1	16.5	13.4	16.6
	ii) Diploma Holders	18.7	28.2	39.6	44.7	47.3	47.3	48.4
	iii) Others	70.6	86.3	124.8	157.4	212.7	171.6	268.4
	b) Under-Graduates	204.4	251.3	324.3	401.3	443.9	395.1	529.0
	c) Matriculates	619.5	714.1	809.6	909.7	1101.2	998.5	1191.0

SOURCE: D.G.E.T., Department of Labour and Employment.

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ANNEXURE-III

Utilisation of Human Labour per hectare on Different Crops.
(man-days of eight hrs. each)

District/ State	Year	Paddy HYV	Paddy Local	Wheat HYV	Wheat Local	Maize	Jowar	Barley	Gram	Sugarcane Planted	Sugarcane Ratoon
1	2	3	4	5	6	7	8	9	10	11	12
Muzaffarnagar (U.P)	1967-68		74	61	50(C)	50			32	141	93
	1968-69		69	62	56(C)	46			31	114	99
Ferozepur (Punjab)	1967-68		80	75	52	69					
	1968-69		65	62	51	70					
Deoria (U.P)	1967-68		91(EU) 96(EI)		66(U) 103(I)			86(U) 96(I)		387(U) 395(I)	105(U) 182(I)
Thanjavur (Tamilnadu)	1967-68										
	(ADT-27)	132	104(Kuruvai)								
	(Co-25)	129	110(Samba)								
	(Co-25)	101	142(Thaladi)								
Surat & Bulsar (Gujarat)	1967-68		149		63		57(U)				
Cuttack (Orissa)	1967-68		92(K) 215(R)								
Cuddapah (A. Pradesh)	1967-68		123(I)				38(U)				
Nowgong (Assam)	1968-69		72(Winter Sali)								
			63(Winter Boro)								
			83(Autumn Ahu)								
Pali (Rajasthan)	1962-63 to 1964-65				127		38				

(Continued)

ANNEXURE-III (CONCLUDED)

(man-days of eight hrs. each)

District/ State	Year	Paddy HYV	Paddy Local	Wheat HYV	Wheat Local	Maize	Jowar	Barley	Gram	Sugarcane Planted	Sugarcane Ratoon
1	2	3	4	5	6	7	8	9	10	11	12
Raipur (M.P.)	1962-63 to 1964-65		99		45						
Alleppey & Quilon (Kerala)	1962-63 1964-65		148 102(V) 135(M) 140(P)								
Karnal Rohtak & Jind (Haryana)	1963-64				70(I) 52(U)		29(U)				163(PR)

C. - Combined
E.U.- Early Unirrigated
E.I.- Early Irrigated
L.U.- Late Unirrigated

U - Unirrigated
I - Irrigated
K - Kharif
R - Rabi
V - Viruppu
M - Mundaka

P. - Punja
P.R.- Planted Ratoon Combined

Source: Farm Management Studies Reports, Directorate of Economics and Statistics, Ministry of Agriculture.

ANNEXURE-IV

Inputs of Human Labour per hectare as Related to Intensity of Cropping

Size-group (Hectares)	Intensity of Cropping	Human Labour days per hectare
1	2	3
	Muzaffarnagar (U.P.) 1967-68	
Below 2.87	150.52	147.86
2.88 - 4.71	150.78	114.94
4.72 - 6.96	146.27	115.62
6.97-10.65	143.37	80.04
10.66 and above	140.37	
All Farms	144.16	95.34
	Deoria (U.P.), 1967-68	
0 - 1.04	141.42	185.01
1.05 - 1.79	134.92	150.20
1.80 - 3.07	132.24	133.07
3.08 and above	120.58	118-38
All Farms	124.91	127.40
	Ferozepur (Punjab), 1968-69	
Below 6	144.66	91.10
6 - 9	133.19	78.86
9 -14	132.96	85-36
14 -24	126.79	66.30
24 and above	95.95	49.78
Region	123.92	77.41
	Surat & Bulsar (Gujarat), 1967-68	
Below 2.50	125	240.48
2.51 -5.00	119	202.83
5.01 -7.50	120	208.97
7.51 -10.00	115	183.40
10.01 and above	112	137.44
Over all	118	201.41
	Thanjavur (Tamil Nadu), 1967-68	
Upto 1.16	170	238.15
1.17-2.02	163	204.03
2.03-3.05	159	177.35
3.06-5.71	153	182.02
5.71 and above	126	122.97
All groups	145	163.23

Source: Farm Management Studies Reports, Directorate of Economics and Statistics, Ministry of Agriculture.

ANNEXURE V

Fourth Five Year Plan Programmes for Area Under Minor Irrigation

('000 hectares)

State	Fourth Plan Target (1969-74)	1969-70 (Achievement)	1970-71 (Achievement)	1971-72 (Anticipated Achievement)	1972-73 (Target)
1	2	3	4	5	6
Andhra Pradesh	400.00	38.52	48.97	75.00	85.00
Assam	140.00	15.52	30.08	48.54	56.23
Bihar	800.00	80.00	130.20	181.13	169.00
Gujarat	500.00	70.00	103.00	118.00	127.00
Haryana	250.00	40.00	107.00	43.00	30.00
Himachal Pradesh	10.00	1.64	1.66	2.16	2.60
Jammu & Kashmir	60.00	2.40	6.40	12.00	18.00
Kerala	80.00	6.31	7.51	8.80	8.00
Madhya Pradesh	620.00	74.00	104.00	118.00	116.00
Maharashtra	600.00	104.00	87.00	91.00	130.00
Meghalaya	10.00	1.00	1.10	1.50	3.00
Mysore	220.00	17.00	52.00	47.00	52.00
Nagaland	9.00	1.15	1.40	2.00	2.00
Orissa	100.00	10.00	14.00	20.00	27.00
Punjab	600.00	177.00	121.00	122.00	125.00
Rajasthan	300.00	102.00	98.00	44.00	47.00
Tamil Nadu	500.00	100.00	100.00	110.00	95.00
Uttar Pradesh	2,400.00	458.00	487.00	471.00	451.00
West Bengal	250.00	40.00	51.00	50.00	50.00
Union Territories	50.46	9.91	8.30	10.19	11.45
All India	7,200.00	1,348.45	1,560.12	1,575.32	1,605.28

Source: Agriculture Division, Planning Commission.

ANNEXURE -VI

OUTLAY AND TARGETS FOR ENERGISATION OF ADDITIONAL PUMPSETS IN THE FOURTH FIVE YEAR PLAN AS SPECIFIED IN THE PLAN DOCUMENT

SI. No.	State/Union Territory	Outlay on Rural Electrification During Fourth Plan (Rs.Crores)	No. of additional pumps likely to b energised during IV Plan
1	2	3	4
1.	Andhra Pradesh	15.00	50,000
2.	Assam	10.88	3,200
3.	Bihar	36.00	39,000
4.	Gujarat	6.00	15,000
5.	Haryana	10.00	25,000
6.	Himachal Pradesh	1.21	Nil
7.	Jammu & Kashmir	1.00	120
8.	Kerala	4.50	11,250
9.	Madhya Pradesh	20.00	50,000
10.	Maharashtra	25.00	1,00,000
11.	Mysore	15.50	38,670
12.	Nagaland	0.07	Nil
13.	Orissa	6.05	1,500
14.	Punjab	9.00	22,500
15.	Rajasthan	14.00	35,000
16.	Tamil Nadu	41.15	1,52,165
17.	Uttar Pradesh	61.00	1,50,000
18.	West Bengal	10.00	2,410
	Total (States):	286.36	7,45,815
Union Territories:			
1.	A & N Islands	0.55	Nil
2.	Chandigarh	Nil	195
3.	D & N. Haveli	0.34	Nil
4.	Delhi	2.50	2,500
5.	Goa, Daman and Diu	2.27	100
6.	LMA Islands	0.18	Nil
7.	Manipur	0.79	Nil
8.	N.E.F.A.	1.40	Nil
9.	Pondicherry	Nil	1,300
10.	Tripura	0.30	90
	Total (U.Ts)	8.33	4,185
	TOTAL (ALL INDIA)	294.69	7,50,000
	R.E.C. Financing Programme	150.00	5,00,000
	GRAND TOTAL:	444.69	12,50,000

Source: Central Water & Power Commission.

ANNEXURE - VII

VILLAGES ELECTRIFIED

States/Union Territories	Total No. of Villages.	Number electrified as on 31.3.71	30.9.71	31.10.71	%age of Villages electrified
1	2	3	4	5	6
Andhra Pradesh	27,084	8,078	8,270	8,404	31.03
Assam	25,702	687	707.b	707b	2.75
Bihar	67,665	7,822	7,981	7,981e	11.79
Gujarat	18,584	3,907	4,225*	4,275*	23.00
Haryana	6,669	6,669	6,669	6,669	100.00
Himachal Pradesh	13,060	4,073	4,162	4,162e	31.87
Jammu & Kashmir	6,559	685	685c	685c	10.44
Kerala	1,573	1,196	1,209	1,219	77.50
Madhya Pradesh	70,414	6,906	7,759d	7,759d	11.02
Maharashtra	35,851	12,197+	12,700+	12,794+	35.69
Mysore	26,377	8,328	8,602	8,776	33.27
Nagaland	814	68	75	75	9.21
Orissa	46,466	1,261a	1,261a	1,261a	2.71
Punjab	11,947	6,179	6,260	6,267	52.46
Rajasthan	32,241	3,067	3,394	3,576	11.09
Tamil Nadu	14,124	11,166	11,699	11,844	83.86
Uttar Pradesh	1,12,624	20,719	21,156	21,156e	18.78
West Bengal	38,454	2,966	3,035	3,035e	7.89
Total (States)	5,56,208	1,05,974	1,09,849	1,10,645	19.89
UNION TERRITORIES:					
A&N Islands	399	21	26	26	6.52
Chandigarh	31	23	23	23	74.19
D&N Haveli	72	12	13	13	18.06
Delhi	276	276	276	276	100.00
Goa, Daman & Diu	245	127	135	135	55.10
L.M.A. Islands	10	8	8	8	80.00
Manipur	1,866	188	188	188	10.08
N.E.F.A.	2,451	46	46	46	1.88
Pondicherry	388	342	360	362	93.30
Tripura	4,932	66	68	68	1.38
Total U.Ts.)	10,670	1,109	1,143	1,145	10.73
Total (ALL-INDIA)	5,66,878	1,07,083	1,10,992	1,11,790	19.72

Figures relate to 1961 Census.
Figures as on 30.9.71 and 31.10.71 are provisional

\+ - Includes 65 Nos. electrified by licensees.
* - Includes 95 Nos. electrified by licensees.

a - As on 28.2.1971 b - As on 30.6.71 c - As on 31.3.71

d - As on 31.8.71 e - As on 30.9.1971

Source: Central Water and Power Commission.

ANNEXURE - VIII

Ministry of Education and Social Welfare

Scheme of providing employment to the educated unemployed.

With the object of providing employment to the educated unemployed the Ministry of Education and Social Welfare has formulated a scheme under which assistance is being provided to the States/Union Territories for the appointment of additional primary teachers and assistant inspectors of schools; distributing free text-books and stationery to children, provision of midday meals to additional children and introduction of work-experience in middle schools.

The details of the programmes envisaged under the scheme are as follows :-

1. Appointment of 30,000 primary school teachers at the average cost of Rs.275 p.m. for 4 months during 1971-72. A sum of Rs.3.30 crores has been provided for it. In the appointment of teachers under the scheme preference will be given to trained matriculates.

2. Under the scheme it has been proposed that one assistant inspector of schools may be appointed for every 125 teachers. For appointing 240 assistant inspector of schools at the rate of Rs.500 per month for 4 months during 1971-72 amount of Rs.4.8 lakhs has been allocated. Primary school teachers and assistant inspector of schools will draw the salary and allowances as are admissible to those of similar category in the State/

Union Territory. The statewise distribution of teachers and assistant inspectors may be seen at annexure -I*. States/ Union Territories which do not have large scale unemployment among matriculates have been excluded.

3. It is well known that the girls and children of scheduled castes and scheduled tribes constitute the bulk of the non-attending children. It is also recognised that it is necessary to provide incentives in the form of free text-books and stationery in order to promote and sustain the enrolment of such children. For the supply of free text-books and stationery the average cost calculated is Rs.5/- per annum per child. During the year 1971-72 the average cost per child has been taken as Rs.3/- and amount of Rs.27 lakhs has been provided for supply to 9 lakhs children. The allocation of funds to different states for the purpose is as in Annexure II.*

4. Supply of midday meals has proved to be a good incentive for increasing enrolment. In the border states of Assam, Jammu & Kashmir, Nagaland, Himachal Pradesh and Union Territories, this has not been introduced so far as the CARE organisation does not operate in these areas. An amount of Rs.20 lakhs has been set apart under the present scheme for supply of feeding material to these States. The administrative and transportation costs may be borne by the States and Union Territories from their own resources as is being done in other States. Where CARE programme is already in operation,

the expansion of the programme has lagged behind due to want of resources for meeting the administrative and other expenses. It is proposed to assist these States/Union Territories on the assumption that additional feeding material will be received from foreign agencies as at present. To meet additional administrative and transportation costs during the remaining period of 1971-72 at Rs.3/- per pupil for 8.6 lakhs additional pupils an amount of Rs.25.8 lakhs has been provided. For 1972-73 and 1973-74 the cost has been calculated @ Rs.5/- per annum per child. The Statewise distribution of the financial assistance may be seen at annexure III.*

5. It is recognised that one of the reasons for the present plight of the educated unemployed is their liking for white collar jobs and ignorance of the common skills needed in every-day life. This can be remedied to a large extent by introducing in the schools a programme of work experience as suggested by the Kothari Commission. The programme can also provide employment as intructors to agriculture graduates, I.T.I. and Polytechnic trained persons at present unemployed. It is proposed to introduce the work-experience programme in 1000 middle schools and or middle departments of high school during the current year. At the average monthly emoluments of Rs.350/-p.m. per teacher per school amount of Rs.14,00,000/- for 4 months during 1971-72 has been provided. In addition to

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that a sum of Rs.3000/- per school for the cost of equipment and work-shed has been provided. Balance will be met by the State Government and/or local community. As the schools taken up during 1971-72 are not likely to be fully equipped during 1971-amount of Rs.20/- lakhs for this year has been earmarked and the rest i.e. Rs.10 lakhs will be made available in 1972-73. The statewise distribution of the assistance may be seen at annexure IV.*.

The criteria on which the distribution of financi assistance to states/Union Territories have been based are:-

i) The position of the number of educated unemployed in each State/Union Territory and

ii) its comparative backwardness.

The Central assistance under the scheme will be available only if the States/Union Territories utilize to the full outlays earmarked under elementary educati in the State Annual Plans. The Assistance to each sta will be determined on the basis of physical targets envisaged under the scheme. Thus the Central assistan will be available only for the numbers of teachers appointed during the year over and above the teachers' posts sanctioned under its plan and non-plan budgets. The central assistance will be in the non-plan sector and will be available upto 1973-74 i.e. Fourth Five Year Plan. After that States/Union Territories will have to provide funds for the continuation of the scheme. The following provision has been approved by the Ministry of Finance and Planning Commission.

1971-72	:	Rs. 441.6 lakhs
1972-73	:	Rs.1194.4 lakhs
1973-74	:	Rs.1184.4 lakhs
TOTAL	:	Rs.2820.4 lakhs

Sanction to the States/Union Territories for implementating the scheme has been issued on 8.10.71.

STATEMENT --- ENROLMENT IN CLASSES I - V (1970-71-1975-76)

Sl. No.	State	Enrolment in Classes I-V in 1970-71&	Percentage of enrolment in Classes I-V to total Population in the Age Group 6-11 in 1970-71.*	Target of estimated Enrolment necessary in Classes I-V in 1975-76 to cover the 95% Population of the Age Group 6-11.$
1	2	3	4	5
1.	Nagaland	73	122.8	62
2.	Kerala	3321	116.6	3055
3.	Tamil Nadu	5132	107.6	4775
4.	Maharashtra	6233	94.0	7311
5.	Uttar Pradesh	10718	86.6	12827
6.	Gujarat	3288	85.9	4172
7.	Mysore	3450	85.1	4190
8.	Andhra Pradesh	4383	77.7	5873
9.	West Bengal	4773	74.4	6878
10.	Orissa	2074	71.9	3062
11.	J & K.	375	70.9	551
12.	Haryana	1027	69.5	1668
13.	Punjab	1431	66.0	2447
14.	Assam	1561	65.9	[illegible]
15.	Bihar	5009	62.2	3440
16.	Rajasthan	2205	58.1	4074
17.	Madhya Pradesh	3206	55.7	5906
	INDIA	60112	[illegible]	79036

Sources: $ Report of Population Projection Committee

* The enrolment in classes I-V includes age group of below 6 and above 11. Hence these values.

& Planning Commission.

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ANNEXURE - X

Statement - Enrolment in Classes VI-VIII (1970-71 - 1975-76)

(In Thousands)

SL. NO.	State	Enrolment in Classes VI-VIII in 1970-71*	Percentage of Enrolment in Classes VI-VIII to the total Population in the age group 11-14 in 1970-71	Target of Enrolment necessary in classes VI-VIII in 1975-76 to cover 45% of the total population of the age group 11-14£
1	2	3	4	5
1.	Kerala	1069	70.9	738
2.	Nagaland	21	65.8	16
3.	Tamil Nadu	1409	51.9	1279
4.	Jammu & Kashmir	129	48.1	142
5.	Haryana	350	47.8	420
6.	Maharashtra	1637	46.0	1904
7.	Punjab	470	43.7	617
8.	Gujarat	837	42.7	1058
9.	Mysore	749	34.2	1093
10.	West Bengal	1135	34.0	1759
11.	Assam	331	29.6	652
12.	Andhra Pradesh	869$	28.4	1535
13.	Uttar Pradesh	1862	27.8	3545
14.	Rajasthan	518	26.1	1597
15.	Orissa	395	25.9	795
16.	Madhya Pradesh	749	23.7	1548
17.	Bihar	965	21.9	2188
	INDIA:	14160	34.9	20574

SOURCES:- * Planning Commission.
£ Report of Population Projection Committee.
$ Figures are estimated.

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ANNEXURE XI

Statement: Estimated cost involved in the expansion schemes Under Education for generating additional employment opportunities:

Sl. No.	Programme	Average Unit Cost in Rs	Total cost during remaining two years of the Fourth Plan. (Rs. In crores) 1972-73	1973-74	Total
1.	Additional Annual enrolment of 38 lakh children of the age group 6-11 will create employment opportunities for 0.95 lakh teachers.	Rs.60/- per student per annum.	22.80	45.60	68.40
2.	Additional enrolment of 13 lakh (9 for regular classes and 4 for part-time education) children will create employment opportunities for 0.30 lakh teachers and also for other educated unemployed.	Rs. 80 per student per annum for regular classes and Rs.40/- per student per annum for part-time classes.	8.80	17.60	26.40
3.	Provision for 1,000 school Inspectors at the rate of one Inspector for every 125 additional teachers.	Rs.400/-per month per Inspector.	0.48	0.96	1.44
4.	Provision for school buildings.	Ad-hoc	10.00	20.00	30.00
5.	Adult literacy	Rs.70/- per teacher per month	2.50	2.50	5.00
			44.58	86.66	131.24
			(rounded to 130 crores		

Explanatory Notes:

(i) The average annual cost, based on average salary of Rs.200/-per month per teacher plus 10 per cent old age benefits etc. and 10 per cent non-teaching cost and 1 : 40 teacher pupil ratio in lower primary stage, comes to Rs.72/- per student in lower primary stage.

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In actual practice, however, this cost differs from State to State and in fact in the educationally backward States like U.P. and Bihar, where there is a great scope for the expansion, the average cost is substantially low. Therefore, average annual cost of Rs.60/- per additional student has been taken as the basis for working out the total cost involved in the education of 38 lakh annual additional children of the age group 6 - 11.

(ii) The average annual cost per student in upper primary stage, based on the formula of 50% more cost than in lower primary stage and 1 : 30 teacher pupil ratio comes to Rs.105/- but on the basis of the very low rate of teaching cost in educationally backward States, in which larger number of additional children of the age group 11 - 14 are to receive education, the average annual cost is assumed to be Rs.80/-. For part-time education, where the cost is estimated to be 50% less than in regular classes, the average annual cost per additional child is assumed to be Rs.40/-.

(iii) The cost related to total costs and includes the cost of the students brought under the programmes in the previous year(s).

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ANNEXURE -XII

SUMMARY OF THE FINANCIAL OUTLAYS PROPOSED

Sl. No.	Scheme/Programme	4th Plan Outlay (in crores)	Proposed outlay for 1972-74 (in crores)	Outlay to be met out of 4th Plan outlay	Net additional requirement in 1972-74 (in crores)	Break-up of net additional outlay (in crores) during 1972-74			Remarks
						Govt. budgetary resources	Financial institutions	Private investment	
1	2	3	4	5	6	7			8
1.	Minor Irrigation	@ 1470.00	@ 675.00	@575.00	100.00	-	100.00	-	@ Inclusive of institutional investment and farmers contribution.
2.	Rural Electrification	* 520.00	* 325.00	90.00	*235.00	100.00	135.00		* Inclusive of institutional investments.
3.	Road & Inland Water Transport	871.00	587.00	477.00	110.00	110.00	-	-	
4.	Construction of Rural Housing	-	230.00	-	230.00	20.00	30.00	180.00	
5.	Rural Water Supply	125.00	116.00	51.00	65.00	50.00	15.00	-	
6.	Education	243.04	130.00	130.00	-	-	-	-	
	TOTAL:	3229.04	2063.00	1323.00	740.00	280.00	280.00	180.00	