

CHAPTER I

Introduction

Almost all the developed countries of the world have open economies. These developed countries, which have “open” economies, are not only “economically” strong, but many of them are also militarily strong. A classic example is, of course, the United States of America (U.S.A), a market-oriented economy, which is not only economically strong, but is also a “super-power” in terms of defence. Today, the United States, dominates the world with its “military’ and “economic” power.

India did not realize the immense potential and enormous power of the market-driven economy till the beginning of the nineties of the last century. It did not comprehend that market-economy has the gigantic power to awaken a dormant economy from its slumber and make it dynamic, innovative and energetic to make it grow at a jet-speed to take the country reach “Himalayan” heights in prosperity. For more than four decades since Independence, the country followed the policy of “protectionism”. The policy-makers were obsessed with the idea that the prime role of government is to own/control industry and commerce rather than being the facilitator of these two important segments of the economy. There was more emphasis on “control” rather than on good governance. The industrial and commercial sectors faced thousands of controls. Foreigners dreaded to invest in India. Domestic investors too were feeling strangulated. Over-protectionism resulted in low productivity, low production, low investment and less employment.

The year 1991, however, saw India open its eyes to the reality and realize the vast potential of a market economy. The ‘closed’ economy was opened up and sweeping changes in economic policies were initiated, thereby giving economic freedom to one and all. India is no more a closed economy where only a few capitalists could thrive. Today, even a pauper can become a billionaire if he has the entrepreneurial ability. Controls will not come in his way. The innumerable controls that were inhibiting the economic growth have largely been eliminated. The quota-

license-permit raj is almost over. Telecommunications, power, civil aviation etc., which were hitherto the monopoly of the government, have now been opened to the private sector. Even railways are being opened to the private sector. Foreign investments are being welcomed in many areas. User charges in many areas are being revised to make it cost-based. Import restrictions are being removed in stages to reach ultimately the stage where there won't be quantitative restriction on import of any commodity or service. The need for cutting down "unproductive employment" in government sector has been fully realized. Liberalization, privatization, globalization, computerization, fiscal reforms are the keywords that are being liberally used in the corridors of power.

Economic reforms, ushered in 1991, have greatly transformed the economy and have placed it on the path of speedier progress. The reforms have been consumer-friendly and have resulted in an era of availability of everything in plenty. In spite of visible positive gains of economic reforms, some have termed economic reforms as "anti-people" and have vehemently opposed them on the ground that they have resulted in "jobless growth". It is, however, difficult to accept this argument, as investment, both foreign and domestic, have swelled, since the reforms were initiated in the early nineties. When investment has been going up by leaps and bounds, how can employment remain stagnant? What is the reality? Has economic reforms resulted in "jobless growth" or has it pushed up employment? Have the economic reforms really resulted in "jobless growth"? Have they reduced the job opportunities for people? It is to probe into these questions and find out the answers to depict the real scenario; the instant study was taken up.

Scope and Objectives

1. To highlight in brief the important economic reforms ushered in so far.
2. To assess the impact of economic reforms undertaken till now.
3. To know the growth in employment, both urban and rural, at All-India, state and city levels during the last three decades, i.e., 1971-81, 1981-91 and 1991-2001.
4. To highlight the inter-state and inter-town disparities in growth in employment and identify the reasons for the same.
5. To make suggestions/ recommendations on the basis of findings.

Definition of Employment

At the outset, it may be noted that employment, as adopted in this report, does not mean only wage earners or persons belonging to the salaried class. In this report, employment includes all those who are engaged in some economic activity. Thus, it includes all workers including farmers, agricultural laborers, industrialists, businessmen, self-employed persons – whether as doctors, architects, engineers, mechanics etc., petty vendors and so on. In short, in this report, employment refers to the total number of workers as identified by the Census of India.

The Census of India (since 1981 Census) has classified workers into two categories, viz., main workers and marginal workers. A main worker is a person whose main activity is participation in any economically productive activity. Such participation may be physical or mental in nature. For determining a worker, he / she should have worked for six months or 183 days or more in one or more than one activity. A person who has worked for less than 183 days in a year is considered as a marginal worker. Total workers refer to main workers plus marginal workers.

Coverage and Limitations

In order to study the growth in employment at all-India level, both urban and rural areas were taken up for analysis. With regard to assessing the scenario at state level, all the states and union territories have been covered. As far as making the study at town level is concerned, the study has been limited to Class-I Urban Agglomerations and towns as identified by the 1971 Census. In this regard, it may be noted that 2001 Census was not considered for identifying Class I U.As and towns because some of the Class I U.As / towns as identified by the Census 2001, did not qualify as towns in some of the earlier censuses. As per the 1971 Census, there were 146 Class I (population with one lakh or above) urban agglomerations and towns. Among these, two towns viz., Ulhasnagar and Thane form parts of Greater Mumbai Urban Agglomeration as per the 2001 Census. Hence, these two towns have not been considered separately while making analysis at town level. Further, Guwahati (Assam), though existed as a separate town in 1971, has also been excluded from analysis at town level due to non-availability of continuous data from 1971 to 2001 for Guwahati, as no Census was conducted in Assam in 1981.

Methodology

The study of course required lot of data in order to fulfill its objectives. The main data required for the study pertained to population and number of workers, and the Census documents of various years formed the sources for this data. With regard to data / information that was required for knowing the economic reforms that have been undertaken so far and their impact on the economy, the Five Year Plan documents published by the Planning Commission, Economic Surveys published by the Ministry of Finance, documents published by the Ministry of Commerce and Industry pertaining to various policies, the Statistical Abstracts published by the Central Statistical Organisation, articles published in various newspapers, books dealing with subject of economic reforms, etc. were the main sources.

Chapterisation

The report has been structured into nine chapters including this introductory chapter. Some of the important measures that have been undertaken under the economic reforms programme have been explained in the second chapter. The positive impact that the country has experienced so far due to economic reforms has been analysed in the third chapter. It has to be noted that the second and third chapters do not cover each and every aspect of economic reforms carried out so far and that the points that have been covered are only illustrative. The fourth chapter deals with trends in employment (number of workers) from 1971 to 2001 at all-India level. In this chapter, the growth in overall as well as both in urban and rural employment has been analysed. In the fifth chapter, the state level scenario in growth in overall employment from 1971 to 2001 has been analysed in detail. The sixth chapter deals with analysis of growth in urban employment from 1971 to 2001 at state level. Growth in rural employment from 1971-2001 has been analysed in the seventh chapter. The town level scenario has been analysed in detail in the eighth chapter. The last chapter presents findings and recommendations.