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Labour Force, Labour Markets and Right to Work

What Does Right to Work Imply?

RIGHT to work (RTW) is a right that cannot be enforced merely by administrative arrangements. Its enforcement involves positive obligation of the government and calls for systematic actions on its part.

RTW primarily implies a full-employment strategy. And since employment follows growth, it implies changing the rate and pattern of growth in the economy. In other words, a viable way to achieve the aim of full employment on a sustained basis is to make sure that growth is widely distributed across regions and sections of the population, and is of a kind which can absorb the increases in the labour force and the backlog of the unemployed in different parts of the country. If some labour force remains unemployed even after modifying the growth process, it should be guaranteed employment through an employment guarantee programme. This guarantee of work, however, should be for unskilled work only. Those unemployed who are not prepared to take up unskilled work (for example, educated unemployed) will not be covered under an employment guarantee.

It is expected that the surplus unskilled workers will create such assets through an employment guarantee programme which will increase the employment in the mainstream. The need for the programme will therefore decline gradually and reach a minimum level after a few years, the number of years depending on the size of the programme and the size of the surplus labour in the economy.

In short, the RTW approach has two major components: (1) expansion of employment opportunities in the mainstream in the short run brought about by changing the rate and pattern of growth, and (2) expansion of mainstream employment in the long run brought about by the use of surplus labour in capital formation through a well designed employment guarantee programme. It can be said that an employment guarantee programme (a) plays only a supplementary role in providing full employment in the economy (b) is, however, an important and essential component of the growth process, and (c) is transitional in nature in the sense that its need tapers off gradually. This implies that an employment guarantee programme should neither be a charity programme giving out doles nor it should be a welfare

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measure. It should be a programme that uses surplus labour productively in a systematic and planned manner.

This paper examines the issues related to the RTW approach discussed above.

Macro Growth Process and Mainstream Employment

The Macro Employment Scene : Some Important Developments

The performance of the Indian economy in the post- independence period can boast of quite a few positive achievements such as nearly three and a half times increase in national income (at constant prices) during 1950-51 to 1986-87, almost three times increase in the production of foodgrains, expansion of the industrial base and more than 5 per cent rate of growth of the economy in the eighties. These achievements, however, have been fairly selective in their impact with the result that backward areas and poorer sections of the population have not benefitted much from the growth. As Dantwala put it, "the goal of reduction in inequalities has been as if forgotten by our planners (Dantwala, 1987). First of all, the gap between rural and urban sectors has increased considerably over the years. Though the proportion of rural population in the total population has declined marginally between 50s and 80s, the share of the rural sector in the total income has declined from 70 per cent to a little over 50 per cent during the period with the result that the relative per capita income in the rural sector has declined considerably. Secondly, regional disparities in growth and incomes have increased over the years as both agricultural and industrial growth, have remained considerably region specific and have more or less bypassed backward and remote areas. And thirdly, the growth process has not reduced if not enhanced inequalities of personal incomes and assets in the economy. Since there has been a sharp increase in the consumption of luxuries by the upper groups, the share of upper 30 per cent population in the total consumption expenditure has increased from 45.5 per cent in 1971-72 to more than 50 per cent in late eighties.

The selective growth process which has resulted in the marginalisation of the weaker sections has had its adverse impact on the employment scene also. To start with, the average rate of increase in the employment in the economy has remained lower than the rate of growth of the labour force throughout the period of economic planning. The average annual rate of growth of employment has been 2.1 per cent during 1951-87, while the average increase in the labour force has been 2.5 per cent during the same period (Prasad 1990). Secondly, there has been a consistent decline in the rate of increase in employment during the period for almost all the major sectors except for construction and transportation-communications (see Tables 1 and 2). The annual rate of growth in employment declined from 2.82 during 1972-73 to 1977-78 to 2.22 during 1977-78 to 1983 and to 1.55 during 1983 to 1987-88. Thirdly, the percentage growth of GDP needed for 1 per cent increase in employment has continuously increased from 1.04 in 1951-61 to 2.44 in 1978-83 to 3.57 in 1983-87. Fourthly, there has been a tremendous increase in the size of educated unemployed during the past few decades. Their number has increased from 2.049 m. in 1971 to 14.7 m. in 1986, which indicates that our education/training system is responsible for the wastage of educated manpower. And lastly, there have been several other deteriorations in the employment structure of the manpower such as slow growth of the organised sector, increase in the proportion of casual labourers, and to some extent distressed occupational diversification.

TABLE 1 : GROWTH RATES OF EMPLOYMENT BY SEX AND RESIDENCE

	1972-73 to 77-78	1977-78 to 1983	1983 to 1987-88
Rural	2.52	1.74	0.95
Urban	4.31	4.10	3.79
Male	2.61	2.15	1.81
Female	3.23	2.36	1.04
Total	2.82	2.22	1.55

Note. Usual principal and subsidiary status.

SOURCE : Planning Commission, *Employment: Past Trends and Prospects for 1990*, New Delhi.

TABLE 2 : GROWTH RATES OF EMPLOYMENT BY MAJOR SECTORS 1973-88

	1972-73 to 77-78	1977-78 to 1983	1983 to 1987-88
Agriculture	2.32	1.20	.65
Mining	4.68	5.85	6.16
Manufacturing	5.10	3.75	2.10
Construction	1.59	7.45	13.69
Elec. gas and water supply	12.23	5.07	4.64
Transport, storage etc.	4.85	6.35	2.67
Services	3.67	4.69	2.50
Total	2.82	2.22	1.55

Note. Usual principal and subsidiary status.

SOURCE : Planning Commission, *Employment: Past Trends and Prospects For 1990*, New Delhi.

Modifying the Macro Growth Process

The above discussion shows that the growth process in India during the past few decades has not treated the poor well and has resulted in a general deterioration in the employment scene. It is clear that there is an urgent need to modify the process in favour of the poor and the unemployed.

One major weakness of the macro growth process in India is the lack of its clear direction. We started with the Mahalanobis model which was geared to striking a fine balance and establishing meaningful linkages between scarce capital and abundant labour available in the economy. It was proposed that capital be mobilised, especially in the public sector, for the development of modern industrial base for the production of capital goods and machinery for self-reliant and self-sustaining growth of the economy. Side by side it was expected that

labour with its given skills and technology will be mobilised for the goods of current consumption. Thus the Mahalanobis model aimed at planned introduction of the modern technology in the development process as well as enlargement of employment in labour intensive productive enterprises.

Such a model, however, implied several restrictions on the role of the private corporate sector to control the use of scarce capital in unwanted areas and in socially wasteful expenditure. Unfortunately this model was not allowed to work in our mixed economic system by powerful lobby of private capital and foreign capital, which were too strong to be kept under any control. Government neither had the required will nor the ability to control it. As a consequence we had a process which was pulled on one side by the strong lobby of capitalists and was shifted to the other by the attempts of the government to help the poor. The process ultimately proved to be supporting the strong in the economy.

It was not that the government was unaware of these developments. By attempting to bring about 'growth with social justice', it undertook some programmes and policies for helping the weak and the poor. However, these attempts were too weak to help the poor. In fact, they revealed a number of contradictions in policies and programmes of the government. For example, the forest policy and the industrial policy; the irrigation policy and the agriculture policy; the industrial policy and the policy towards cottage industries; etc. do not match well with each other. It seems to us that the various macro policies together are scattered and fail to give either an overall consistent comprehensive policy framework or a reasonably sharp focus to the future direction of growth in the economy. It is well realised that in a mixed economy like ours, this clarity is likely to be limited. However, the basic consistency of the policies is a must.

In the context of restructuring the macro process, two broad approaches are being discussed in the country: (a) agriculture- demand led industrialisation model (ADLI) or rural led employment oriented strategy (RLES) or wage goods model of development and (b) capital intensive heavy industry dominated model. The experiences with the latter model has shown that such a model, in our socio-economic political system, leads to a bimodal growth process which pays more attention to selected groups and neglects the masses of the poor. The former approach, however, is likely to have a favourable impact on the poor because of its employment implications as well as its implications for decentralisation and reduction in regional disparities; and for ecology and environmental protection.

The selection of a macro approach provides a broad outline. There are quite a few unresolved areas, such as technology, resource allocation, sectoral planning policies etc. which have to be worked out carefully while operationalising these models.

Employment Oriented Growth Process

Reorientation of the growth strategy has a primary objective of creating large scale employment for the poor. It is, however, clear that expansion of employment opportunities for the masses has to be at a higher level of technology and productivity. How can this be

1. Refer to Irnia Adleman, "Beyond Exported Growth", *World Development*, Vol. 12, No. 9.; John W. Mellor, *The New Economics of Growth : A Strategy for India and the Developing World*, Cornell University Press, 1976, and M. L. Dantwala, "Growth and Equality in Agriculture", *Indian Journal of Agricultural Economics*, April-June 1987.

brought about? Basically there can be two kinds of relationship between growth and employment: (a) there can be trade off between productivity, growth and employment, which means that expansion of employment can be brought about by a lower growth rate, and (b) growth and employment can reinforce each other, which can be achieved by emphasizing employment creation at higher levels of productivity and a structure of growth capable of generating relatively higher employment.

The first approach of reducing growth rate for creating more employment at a lower productivity is not a very desirable proposition. However, the second approach may require a very high rate of growth to absorb the entire labour force. For example, it has been estimated that the Indian economy will have to grow at a more than 10% growth rate of GNP to make a significant impact on resolving the problem of unemployment. Our past experience during the planning period shows that this rate of growth is too high to be achieved. Consequently, the real alternative available to us is to maximise employment by focussing on employment intensive sectors in such a way that the level of productivity and efficiency increase along with employment.

The remaining surplus labour should be used to produce community assets and other assets so as to increase the labour absorbing capacity of the mainstream.

Reorientation of sectoral strategies also is needed here. A careful study of regionwise and sub-sectorwise employment elasticities of sectoral growth can provide good guidance in identifying relatively labour intensive sub sectors which also raise the productivity levels and total production. As regards agricultural sector, for example, Bhalla's study shows that the overall prospects of employment in this sector for the coming years are not very bright (Bhalla, 1989). During the sixties and mid seventies the labour absorbing capacity of agriculture increased due to the expansion in irrigation, bio-chemical technology and use of HYV seeds and fertilisers. This increase was experienced largely by Punjab, Haryana, West UP and other small pockets in other areas. In the mid seventies some new States (Gujarat, Maharashtra, Andhra Pradesh, etc.) experienced the green revolution and the consequent expansions of employment. And recently some more States (West Bengal, Bihar, Orissa, etc.) are experiencing the same. However, the old green revolution states are already experiencing declining employment elasticities due to the mechanisation and technological changes. One can say that the other States will follow the same way sooner or later. In other words, with the present pattern of growth, agricultural sector can be expected to absorb only a part of the growing labour force in the coming years. There are three important policy implications of this: (a) the agricultural growth process should be reoriented to focus more on the labour intensive agriculture, based on watershed development, land development and soil conservation. As a result, the regions which have been so far bypassed by the green revolution will develop to generate more employment and more production, (b) efforts should be made to make small and marginal farmers economically viable by providing them access to modern agriculture through appropriate support, (c) employment opportunities outside agriculture should be encouraged (by diversifying the economy), and (d) employment opportunities in non-rural areas should be supported.

Industrial strategy also will have to be reoriented in a similar fashion so as to maximise employment in the sector. It seems to us that the modified process on the above lines can be supported by the PAP (Poverty Alleviation Programmes) approach — in a meaningful way

because (a) it can mobilise surplus labour for modifying sectoral development strategies (for example, through land development watershed development, irrigation works etc. for agricultural development), (b) it can ensure productive use of surplus labour in building up infrastructural development in less developed areas and (c) it can also encourage self-employment of rural artisans and other small producers and thereby help in diversifying employment opportunities.

An AH India Employment Guarantee Programme

We achieve that the PAP strategy as a whole has a role to play in supplementing the main growth process. However, it is the wage employment component which should be used for operationalising an employment guarantee or Right to Work to the poor. We shall therefore discuss this aspect a little carefully in the following paragraphs:

Past Experiences of Wage Employment Programmes

(A) *NREP-RLEGP-JRY*. Wage employment programmes or public works programmes are not new in our country. The experiences of the past decade, however, is noteworthy here as two major all India programmes, namely NREP and RLEGP were introduced during the decade. (Since 1989 JRY replaced these programmes). During the decade about Rs. 4000 crores were spent on NREP, about Rs. 2200 crores were spent on RLEGP and more than 2000 crores were spent on JRY. This expenditure of more than Rs. 8000 crores created employment of above 5000 m. mandays during the decade. Though these achievements were satisfactory in terms of achievement of the official targets, the performance of the programmes was not satisfactory in terms of fulfilling the logic of the programme:

- (a) The total quantitative impact of the programmes was too small compared to the need for employment generation in the economy.
- (b) As these programmes were planned and implemented independently of developmental planning, and these programmes over planned rather independently, the selection of assets under the programmes was not satisfactory from the point of the role of the programmes in the development process.
- (c) In addition, there were several other weaknesses such as poor quality (including non-durability) of assets, poor maintenance of assets, their less than satisfactory use, etc. which made the expenditure on the programmes wasteful to a considerable extent.
- (d) As a result of the above factors the programmes failed to increase mainstream employment in the long run to any significant extent.
- (e) As far as the impact on the beneficiaries is concerned, it can be said that the impact was less than satisfactory because the quantitative impact was too small, the wages paid were frequently less than the minimum wages, and because the nutritional impact through the distribution of foodgrains was also limited.
- (f) It was also observed that the programmes did not make (except in isolated pockets) much impact on the functioning of the labour market either by raising the rural wage rate or by improving the integration of the labour market.

Some state governments introduced innovative wage employment programmes in their respective states. The Employment Guarantee Scheme (EGS) of Maharashtra, the Land Army Corporation (LAC) of Karnataka and the State Rural Employment Programme (SREP) of Tripura are worth noting in this context. The EGS of Maharashtra is rated as a relatively successful programme by scholars and researchers because of its favourable impact on the beneficiaries and on the economy.

(B) *EGS of Maharashtra*. The Maharashtra EGS is rated successful mainly because of its following positive aspects:

- (1) The planning of the programme is relatively good as it has been organised well through a relatively systematic network.
- (2) The selected assets are mostly related to land and water which are labour intensive in the construction as well as post construction phase.
- (3) The size of the programme is relatively large with the result that the quantitative impact has been significant in many pockets.
- (4) The programme has benefited the beneficiaries to a considerable extent and it has acquired a status of a supplementary income generating programme in most cases.
- (5) Some of the innovations introduced in EGS have increased the value of the programme by reducing the wastages:
 - (a) the introduction of Comprehensive Watershed Development Programme (COWDEP) assures that EGS irrigation works such as percolation tanks are used well;
 - (b) the programme of "Village development through labour" under EGS attempts to develop water and land resources at the village level intensively and to combine self and wage employment;
 - (c) the decision of not taking up building construction programme has increased employment intensity of unskilled labour under EGS assets.
- (6) And lastly, the guarantee aspect of the programme has created several non-economic (including political) positive developments in the economy. Some of the organisations which have come up on EGS works have strengthened the bargaining power of the poor. It will be useful to watch these organisations in future.

As a result of the above positive aspects, one observes a decline in the demand for EGS in some parts of Maharashtra. As Sathe's study of seven districts has shown, the demand for EGS work has declined in several pockets in Maharashtra and one important reason for this is the increase in the mainstream employment brought about by the EGS.

It must be noted, however, that there is a considerable scope for improving the working of EGS as the programme suffers from several weak points. The major weaknesses, as revealed by several studies, are: (a) EGS is isolated in nature and is not related to the general developmental planning in a systematic fashion, (b) the assets constructed under EGS are

frequently observed to be non-durable, incomplete or of poor quality, (c) the assets are many times not used well and are wasted, (d) the poor are not always able to make use of EGS as the procedure is complicated or the wage-payment is delayed, or employment is not really guaranteed.

Karnataka Land Army Corporation is an autonomous corporation which undertakes public works programmes on behalf of various government departments and corporatives by employing workers directly. Though there are several limitations of KLAC's working, its achievements are noteworthy. KLAC has implemented large number of public works successfully, and it generates, on an average, 30,000 mandays of employment every day. The autonomous nature of the corporation, its flexible approach, its leadership and disciplined working seem to be the major reasons responsible for the success.

An All India Employment Guarantee Programme

Right to work may be provided through an all India employment guarantee programme. However, it must be mentioned that such a programme should be implemented only after it is ensured that the labour will be used productively under it and that the programme will not result in distributing doles. This can be ensured if a full-employment strategy or labour intensive planning process is adopted at the macro level and if the employment guarantee programme is planned as a part of a decentralised plan at the micro level so that the works undertaken under the programme supplement and complement the development of the micro region. It will be useful if the lessons of the past experiences (as discussed earlier) are incorporated in the new programme. The following steps can be suggested in this context:

- (a) The assets which are normally undertaken under wage employment programmes are of three types (a) directly productive assets (such as irrigation works, land development, soil conservation, afforestation etc.) which tend to expand directly the employment generating capacity of the economy, (b) infrastructural assets (such as roads, bridges, godowns, bank building, gohar gas plants etc.) which facilitate development in general and thereby support more employment avenues, and (c) assets that improve the quality of life of the poor (such as housing, school rooms, dispensaries, mid-day meal kitchens, etc.). The last will improve the productivity and incomes of the poor in a more indirect fashion.
- (b) The selection of the assets from the above types should be made in such a way that (a) the assets are employment intensive in the construction phase, (b) the assets create good amount of employment in the mainstream economy in the post construction phase, (c) the assets have a short gestation period and are able to increase the production of consumption goods in the economy (so as to reduce the inflationary pressures of the programmes) and (d) the use of assets is more oriented towards the needs of the poor.
- (c) We recommend that the programme of Agro Climatic Zonal Planning should be linked with the wage employment programmes. The strategy of agro climatic zonal planning aims at a more scientific utilisation of available resources, both natural and manmade, and aims at exploiting the potential for growth and

diversification by taking a realistic view of the climate, soil type, topography, water resources, and irrigation facilities and by relating them to requirement of output and employment. Wage employment programmes designed in the context of the ACZ planning will therefore be more useful and relevant to the regional economy.

The Agro climatic zonal planning cell has now prepared action plans for all the 15 zones and subzones. Use of surplus labour to execute these plans through wage employment programmes will ensure both employment generation for the poor and the productive use of labour force which will have a capacity to generate substantial employment in the mainstream.

- (d) *Common Property Resources and Wage Employment Programmes.* Development of common property resources (CRP) is another area where these programmes can contribute profitably. Major common property resources in India today are village pastures, community forests, waste lands, common threshing grounds, waste dumping places, watershed drainages, village ponds, tanks, rivers/rivulets and riverbeds. Somehow these resources have not received enough attention of our planners though some attention has been paid to them in the recent years. It is now realised that these resources are important for survival of the poor and that they have a good potential of creating incomes and employment for the poor if developed well. We think that village employment programmes should be utilised for the purpose.

Village level and regional level planning for the use of CPRs can be linked up with the wage employment programmes. Protection of environment at the micro level could also be ensured by such an approach.

- (e) *Land Army Corporation.* It is clear that all the employment demanded by the poor can not be made available locally in all regions. On the other hand, not all the workers will be willing to travel away from the village, as only some of them will be mobile enough to undertake work away from the village. We suggest that this mobile component of the labour force should be organised under a Land Army Corporation. Such a corporation should arrange for the movement of workers from one place to another (within some specified area) on different work sites. This will ensure completion of the works covered under the plan on one hand and continuous employment to the workers on the other. These workers will have to be paid higher wages to compensate for their mobility. Attention will also have to be paid to the education of their children and general welfare of the travelling workers.

We suggest that each State should have a Land Army Corporation which can undertake programmes as per the needs of different departments as well as its own plan. Such a Corporation can be set up by the State Government, and it can function as an autonomous body. It should be adequately equipped with technical and other staff, and it should work on no profit no loss basis. The Karnataka model can be used as a reference while designing the details of state level corporations.

Planning the Use of the Assets

The rationale of wage employment programmes can be followed and wastage of the resources can be reduced not merely by identifying the right asset in a planned fashion, but also by ensuring the further use of the created assets in expanding the labour absorbing capacity of the economy. How can we achieve this? We suggest the following measures in this context:

- (a) Preparing a comprehensive plan for the use of *each major asset* like percolation tank, check dam, irrigation tank etc. Such a plan may include schemes of constructing field channels, land development, field drains etc. Wage employment programme can undertake these works also.
- (b) Comprehensive watershed development programmes also can ensure that watershed development ultimately increases the mainstream employment (on the basis of the EGS scheme).
- (c) Processing the products of social forestry (for example charcoal manufacturing from wood, soap manufacturing from inedible seeds) and of horticulture (fruit processing, canning) can further generate sustained self employment in the mainstream. Planners should organise these systematically.
- (d) In other words, the purview of wage employment programmes does not end after the asset is created, the planners will also have to ensure that the asset is used productively and is creating employment in the mainstream.
- (e) The above kind of first round and second round employment planning is possible only within a decentralised planning framework. We therefore believe that the planning for wage employment can be effective and realistic only if it is undertaken at the micro level.
- (f) It follows from this that the blanket rules of 20% forestry, 20% SC/ST products are not relevant in this new framework. These decisions will have to be taken at the micro level in the context of the local level planning.
- (g) Our discussion so far suggests that wage employment programmes are transitional programmes and in the final analysis they have to create and support mainstream employment. We have already suggested the measures that will ensure that the assets constructed under the programmes are used for further employment generation. We would also like to add that these programmes should incorporate skill training, preferably on the job skill training, so that the labourers are enabled to take up sustained self or wage employment in the long run. KLAC has made a beginning in this direction. It will be useful if it is adopted at the all-India level also.

It is clear that it will not be easy to ensure productive use of labour force under an employment guarantee programme in the short run. It will be necessary therefore that such a programme is adopted in a phased manner. In the initial stages those districts could be covered which have a relatively high incidence of un/under employment and where there is an immediate scope for taking up public works.

Equity Aspect of the Programme

Wage employment programmes are likely to have an inequitable impact on the poor in several ways: (a) in the construction phase if the non-poor or better off of the poor manage to get employment, (b) large numbers depriving the poorest of their share of employment, (c) in the ownership of the assets created under the programme and (d) in the use of the assets when the distribution of the products or the use of assets favour the rich. It seems to us that all the three possibilities are there in the present set of programmes. It is necessary to take appropriate steps to reduce the intensity of these effects. We recommend the following measures in this context:

- (a) Preference should be given to the poorest strata on wage employment works. To start with, only the landless should be entitled to work on these programmes. The other poor should be allowed when the size of the programme is raised substantially.
- (b) A provision should be there to allow for collective ownership or individual ownership by the poor (for example, the tree patta scheme) of the community assets.
- (c) Soil conservation, as well as water shed development works should be undertaken on the lands of small and marginal farmers so as to strengthen their asset base.
- (d) The users for the use of community assets should be charged same price.
- (e) Special taxes should be imposed on the non-poor and the urban population to finance wage employment programmes in the state. (f) The use of community assets by the poor should be subsidised, (g) The poor should be provided free or subsidised fuel and fodder from the village forest.

We would like to add that the issue of equity is very important as far as the impact of wage employment programmes is concerned. If it is not properly taken care of, these programmes are likely to increase the degree of inequalities of assets which is already quite high at present.

The Political Dimension of the Programme

One important advantage of an employment guarantee programme lies in the fact that it provides guarantee of work to the poor. The provision of guarantee is a recognition of the right to work of the poor. The poor can now demand employment as a right rather than wait for bureaucrats to start work. This fact itself can create awareness and political consciousness among the poor. This right has a potential of initiating organisation of the poor, which may gradually strengthen their bargaining strength in the society.

The EGS experience of Maharashtra is worth noting in this context. Several organisations of workers have come up on EGS works in Maharashtra, and some of them have been successful in making several demands in the interest of the poor. Their progress in future is worth noting.

It is frequently argued that structural changes are a must in the rural society and that unless such changes are introduced no development will reach the poor. It seems to us that an employment, guarantee programme can contribute towards bringing about slow but firm changes in the structure in favour of the poor. First of all, the political gains of the guarantee may help the poor in strengthening their bargaining strength. Secondly, the new assets created under the programme can be individually or collectively owned by the assetless and/or used by them. This will contribute towards strengthening their asset base. And lastly, the availability of employment under the programme will reduce the stronghold of farmers and the rich over them.

Jawahar Rojgar Yojana

When we examine JRY in the context of the above discussion, it becomes clear that the design of the programme is far from adequate to play the role that is expected of a sound wage employment programme. To start with, the programme lacks the right focus. Though it aims at constructing village level community assets it is not directed towards selecting those assets which will expand the mainstream employment or towards ensuring that the use of the assets is made for improving the incomes and (if possible) assetbase of poor. That the programme has to be transitional in nature and its need should gradually decline is nowhere reflected in the designing of the programme. Secondly, JRY is neither linked with other PAPs, nor is it linked with any local level planning systematically. Its isolated nature is likely to result in wrong selection of assets or selection of low priority assets. In other words, JRY is likely to encourage wasteful expenditure. Thirdly, the power of decision making under the programme basically lies with the Village Panchayat and the Sarpanch who are likely to be neither interested nor capable of selecting the right kind of assets under the programme. Leaving almost entire programme in their hands, without giving them systematic training, is likely to result into wasteful expenditure which will not pay due attention to the employment or asset needs of the poor. And lastly, neither the size of the programme nor the designing of the programme ensures employment of one person from each family of the landless.

We, therefore, feel that the programme should be put in the right perspective and its designing should be modified to reach the set goals.

Being a new programme, JRY has not been evaluated much so far. Some isolated reviews and micro studies are available. On the basis of these as well as on the basis of our discussions and field visits, we would like to make the following observations:

- (a) It seems that the performance of JRY in a village depends to a considerable extent on the village Sarpanch — and his group. If they are progressive, they use the money for the village and if they are not progressive, they use the money to serve their own vested interests. Village communities are seldom powerful enough to have much say in the planning and implementation of the programme.
- (b) JRY money is usually used to strengthen the village panchayat. Construction of Panchayat Ghar or extension of Panchayat Office are some of the common assets undertaken under JRY.

- (c) JRY seems to be focused more towards asset construction and less towards the needs of the poor. There is therefore a tendency not to take up assets relating to land development or water conservation.
- (d) The amounts available to village panchayats are usually found to be too small compared to the needs of the village.
- (e) It is observed that the use of contractors is not uncommon under JRY.
- (f) Village Panchayats do not have the technical expertise needed to plan and implement the programme. The support provided by the district administration here does not seem to be always adequate.

Financial Costs of Right to Work

Can we afford to spend huge amounts on Right to Work Programme? It is frequently argued that the costs will be too high for the country.

Let us first attempt to assess the costs. In 1972-73 the backlog of unemployment was estimated around 8 m. Labour force was estimated to be growing at a rate of 2.5 percent per annum. Labour force participation rates have registered a marginal decline over the years, and therefore growth in labour force during the eighties is estimated to be around 2.2 per cent per annum. However, as the rate of growth of employment has been declining, the backlog of unemployment has increased.

It has been estimated that there was a backlog of 28 m. unemployed at the beginning of the Eighth Plan and an addition of 78 m. persons to the labour force is expected during the decade of nineties. That is, an average of 10.6 m. new employment opportunities would need to be created annually to achieve the goal of full-employment by the end of the century.

The planning commission has assessed that an annual growth of employment of 3 per cent per annum will facilitate the achievement of the above goal. This is a difficult target if one views this in the light of the past performance. However, an employment guarantee programme should be initiated immediately to reorient the growth process and to ensure minimum employment to all.

The cost of the programme will depend on how much labour force offers for the programme. Tables 3,4 and 5 give some estimates of the cost. It can be said that the cost will range between Rs. 12,000 crores to Rs. 18,000 crores if the cost per day ranges between Rs. 20 and Rs. 30 and the number of person days guaranteed ranges between 4000 m. days to 6000 m. days.

The affordability of these high costs depends on (a) our priorities in planning and (b) alternatives available to us for achieving the goal of poverty alleviation. We believe that the poor cannot wait for ever and therefore they have to be provided with an employment guarantee. We also believe that if the programme ensures productive use of surplus labour and therefore is required only for a transitional period, we should go in for it without delay.

TABLE 3 : COST OF EMPLOYMENT GUARANTEE

(in Rs per prson/day)

<i>Minimum wage (Rs. per day)</i>	<i>Share of unskilled labour costs (in total costs)</i>				
	30	40	50	60	70
15	50	38	30	25	21
20	67	50	40	33	28
25	83	63	50	42	36

TABLE 4 : SIZE OF THE EMPLOYMENT GUARANTEE IN TERMS OF ANNUAL NUMBER OF PERSONDAYS

(million)

<i>Number of persons entitled (millions)</i>	<i>Number of days annually guaranteed employment per person</i>			
	50	700	150	200
10	500	1000	1500	2000
20	1000	2000	3000	4000
30	1500	3000	4500	6000
40	2000	4000	6000	8000
50	2500	5000	7500	10000
60	3000	6000	9000	12000

TABLE 5 : TOTAL ANNUAL COST OF EMPLOYMENT GUARANTEE

(Rs, in Crores)

<i>Number of person days guaranteed annually (millions)</i>	<i>Cost in Rs. Person day</i>			
	20	30	40	50
500	1000	1500	2000	2500
1000	2000	3000	4000	5000
2000	4000	6000	8000	10000
3000	6000	9000	12000	15000
4000	8000	12000	16000	20000
5000	10000	15000	20000	25000
6000	12000	18000	24000	30000

The finances of the programmes will definitely pose a serious problem. However, the possible ways of financing it could be as follows:

- (a) The present allocations for poverty alleviation programmes can be used largely for this programme.
- (b) Re-orientation of planning also will imply larger resources for the programme. For example, the resources allotted to Agro-Climatic Zonal Planning, wasteland development, infrastructural development, afforestation etc. can be directed to these programmes.
- (c) Reduction in government expenditure also can generate some surplus for the programme.
- (d) Taxation of the non-poor should also be an important source of finance for the programme. A special tax could be imposed for the purpose.
- (e) Charging the beneficiaries of the assets created under the programme can also generate some resources for the programme.
- (f) Use of foreign funds if available and if feasible can be made for the programme.

While concluding our discussion in this paper we would like to observe that Right to Work is a desirable, feasible and an essential strategy not only for poverty alleviation or full employment, but also for the healthy development of our economy.