

CHAPTER 3.1

SECTORAL OVERVIEW

3.1.1 In order to improve the standard of living of the people, availability of gainful employment to the entire labour force is a necessary pre-requisite. The projected 8 per cent gross domestic product (GDP) growth over the Tenth Plan period together with appropriate macro economic policies and promotion of labour intensive sectors, should lead to the creation of employment opportunities in excess of the addition to the labour force. This, in turn, would lead to substantial reduction in the incidence of unemployment. However, it is recognized that the number of poor far exceed the number of the unemployed. This is attributable to the fact that people are working, but at low levels of productivity and wages. Therefore, in the short run, it is necessary to evolve policies and programmes to address the problems of those, who are bypassed in the process of growth. In the era of economic reforms it is even more important for the State to intervene in order to protect the poor and under-employed from the adverse impact of the reform process through a well-conceived social safety net.

3.1.2 Direct State intervention for poverty alleviation is an on-going process with specific programmes for providing employment to those living below the poverty line (BPL), and ensuring access to subsidized foodgrains for the targeted poor, with the objective of food and nutritional security for the people. In addition, the problem of labour force in the informal sector have to be addressed more sharply. This section covers these aspects in some detail.

Anti-Poverty Programmes

3.1.3 The major anti-poverty programmes aimed at providing self-employment and supplementary wage employment to people living below a defined poverty line have been in existence for over two decades. However, these have been restructured periodically in order to improve their efficacy as

instruments of poverty reduction. The Ninth Plan further recognized the need to redesign and rationalize these programmes. The erstwhile Integrated Rural Development Programme (IRDP) and its several sub-schemes have been merged into a single self-employment programme called the Swarnajyanati Gram Swarozgar Yojana (SGSY). The approach is a holistic one, through formation of self-help groups with capacity building, selection of activity clusters, infrastructural support, technology, credit and market access as essential ingredients built into the programme. In the Tenth Plan, the SGSY will be a process oriented programme with a focus on social mobilization and group formation in the first phase, thrift and credit amongst the members of the group augmented by a revolving fund in the second phase, and access to credit from micro finance institutions in the third phase. Micro enterprises would only be taken up when groups acquire the entrepreneurial abilities, know-how and market access in the fourth stage. Local people would be trained as animators and facilitators through a systematic programme especially in areas where Non-government organisations (NGOs) do not exist.

3.1.4 There would be single wage employment programme, namely, the Sampoorna Gramin Rozgar Yojana (SGRY), instead of the Jawahar Rozgar Yojana and Employment Assurance Scheme, wherein the benefits would accrue to the people by way of direct transfer benefits through wage payments with some indirect benefits accruing through the creation of rural infrastructure. Under the SGRY the payment of wages would be partly in foodgrains and partly in the form of cash, which would ensure a minimum level of food security for the poor. At the village level, the works would be largely labour intensive for the creation of rural infrastructure. Further, in selected backward districts, it is envisaged that 100 mandays of employment would be generated per person with an element of guarantee.

Public Distribution System

3.1.5 The public distribution system (PDS) has been in operation for a long time, but it was not perceived as a part of the anti-poverty strategy. The importance of an effective mechanism that ensures availability of food at affordable price at household level for the poor, was reflected in the launch of the Targeted Public Distribution System (TPDS) in 1997. Each poor family was entitled to 10 kgs. of foodgrain per month at specially subsidized prices. The allocation to BPL families was later increased from 10 kgs to 20 kgs at 50 percent of the economic cost. Further, under the Antodaya Anna Yojana 25 kgs of food grain were to be provided to the poorest of the poor families at a highly subsidized rate of Rs.2 per kg of wheat and Rs. 3 per kg for rice. Consequently, the off-take under TPDS improved at the national level. Yet, in some States, the off-take is abysmal despite high levels of poverty. To make the implementation of TPDS more effective, it is desirable to restrict if only & The provision of rice and wheel at subsidised prices and the coverage of TPDS should be limited only to the BPL families. Stability in foodgrain prices could be ensured through maintenance of buffer stocks and open market operations of the Food Corporation of India (FCI).

3.1.6 Further, in order to contain the level of food subsidy, restrictions on inter-state movement of foodgrain should be removed. Instead of issuing ration-cards, food stamps should be distributed to the beneficiaries. This would prevent leakages and reduce cost. While the first best system would be the use of smart cards in the form of a food credit/debit card, this is not feasible immediately.

3.1.7 Given that the stock of foodgrains is well above the buffer stock norms, there is a problem of managing the surplus. There is a need to take a re-look at the Minimum Support Price (MSP) scheme, which has served its purpose. The erstwhile deficit States have started generating surpluses and if procurement is extended to these States, there would be a problem of stocking these surpluses. Yet, it would not be fair if farmers from selected areas corner all the benefits of MSP. Hence, it is necessary to decentralize procurement and distribution. There is need to provide price incentives for increase in production of pulses and oil seeds. There is need

for reforms in the food sector, which would benefit both producers and consumers of food. These would include amendment of the Essential Commodities Act, 1955 competitive grain procurement, delicensing of all agro-based and food processing industries, no restrictions of export of agricultural commodities and lifting of the ban on futures' trading among others.

Food and Nutritional Security

3.1.8 Data from research studies and clinical experience shows that social and economic deprivation lead to under-nutrition and poor health. In spite of huge buffer stocks, and anti-poverty programmes which generate income in the hands of the poor, 8 percent of Indians do not get two square meals a day and there are pockets where severe under-nutrition takes its toll even today. Every third child born is under weight. Low birth weight is associated not only with higher infant mortality but also long-term health consequences including increased risk of non-communicable diseases. In the last five decades the mortality rate has come down by 50 percent and the fertility rate by 40 percent but the reduction in under nutrition is only 20 percent. Around half of the pre-school children suffer from under-nutrition. Micronutrient deficiencies are widespread; more than half the women and children are anaemic; reduction in Vitamin-A deficiency and iodine deficiency disorders (IDD) is sub-optimal. Under nutrition and anaemia adversely affect work capacity and productivity.

3.1.9 During the Tenth Plan there will be focused and comprehensive interventions aimed at improving the nutritional and health status of the individuals. There will be a paradigm shift from household food security and freedom from hunger to nutrition security for the family and the individual. Untargeted food supplementation will be replaced by screening of all the persons from vulnerable groups, identification of those with various grades of under-nutrition and appropriate management.

Labour Welfare

3.1.10 Labour policy (including the measures taken for skill development and social security) has, by and large, remained focused at the organized sector,

which has a very small share in total labour force and has in any case a reasonable level of income for its average worker. However, it is possible to reach out to the entire labour force through the labour market institutions over a period of five to ten years.

3.1.11 As the essential condition for improving the lot of labour is the availability of gainful employment to the entire labour force, the labour policy has to interact closely with the economic policy that concerns growth of labour intensive sectors, such as; agriculture, agro forestry, animal husbandry, livestock, horticulture, fisheries, rural non-farm activities, Khadi and Village Industries Commission (KVIC), road transport and road construction, retail and distributive trade, education and vocational training services. At present, these economic activities are dominated by the informal sector and the small & medium enterprises. In the Tenth Plan, economic infrastructure to support these will be strengthened. Support from micro-credit and

insurance industry will be enhanced to meet the capital needs and to cover risk in such ventures.

3.1.12 To reach out to the entire labour force including those employed in the informal sector, many of the existing institutions, laws and programmes will have to be restructured. These pertain broadly to

- Reform of vocational training system
- Occupational safety and health
- Labour regulations
- Social security of workers

3.1.13 Over a period of five to ten years, it is expected that the labour market institutions for productivity improvement, safety, health and social security of workers will reach bulk of the labour force through simplified procedures, and policies and programmes that are especially designed for the small establishments.

