

70 years of Independence

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Job creation: a priority of government in Independent India



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Father of the nation Mahatma Gandhi often used to say that India lived in its six lakh villages spread over length and breadth of the country. So no government in independent India can ignore this fact and hence job creation has been central theme of economic policy of all governments. Right from independence successive governments have rooted their economic philosophy on Gandhian thoughts that cottage industries is key to providing jobs particularly in rural India. The fine quality of Indian handicrafts and handlooms is often described by the famous Dacca Muslin. Traditional Indian weavers are known for their intricate and fine work that a six yard Dacca Muslin cloth can be made to pass through a ring. That used to be the craftsmanship of Indian weavers before British came and destroyed Indian cottage industries to promote their machine made cloth from Manchester using Indian raw cotton. This used to be the exploitative approach of the British to use cheap labour to produce raw material, which used to be made into finished industrial products and sold back to vast population in India at a very high profit to sustain their Industrial revolution. This killed the Indian industry and craftsmanship pushing the vast majority of Indian people to solely depend on agriculture in which there was already disguised unemployment as farming is seasonal in nature.

The emphasis in independent India, therefore, has been to lay emphasis on promoting small scale industries particularly cottage and micro industries so that there is livelihood for people throughout the year in rural India. Today, there are over five crore Medium, Small and Micro industries in the country accounting for nearly 40 per cent of India's manufacturing and 45 per cent of merchandise exports.

This did not mean India did not require large and heavy industries. They are needed for example

in the power sector, manufacture of machine tools, vehicles, steel making, defence manufacturing, automobile. and so on and so forth. But small industries are needed for job creation as capital intensive heavy industries using automation and hi-tech cannot be driver of employment, which can only come in labour-intensive construction, infra development, like roads and railways, logistics business, textiles, handlooms, besides small and cottage industries. An investment of Rs 1-1.5 lakh is needed to create one job in small and cottage industries whereas an investment of Rs 5-6 lakhs are required to create one job in capital intensive heavy industries. Also one car produced, creates three jobs in the services sector like mechanics, drivers, cleaners, etc. Likewise one truck or one tractor produced creates 7 jobs. So services sector is the key especially in rural India where there is dearth of jobs other than agriculture. This will prevent large scale migration to urban areas as well.

So rightly stress on micro and small industries since independence has created industrial clusters dotting all over the country besides evolving funding mechanism including micro finance institutions so that exploitation by money-lenders is minimized. Taking this theme forward Modi government has taken several initiatives during the last three years that will give the much needed boost to job creation. The results might not be evident immediately but it has certainly done the ground work for it. The more than doubling of highways construction, speeding up of rural roads development, spending of Rs 8.5 lakh crore on capital expenditure in railways in the next five years, metro rail projects will all push employment. Also allowing 100 per cent FDI in food processing will create more jobs in rural India apart from ensuring that Rs 40,000 crore of fruits and vegetables that rot every year is drastically reduced. This will also ensure better remuneration to farmers as well and create alternative occupation to rural population in their own backyard. The Mudra scheme has ensured that several crores of youth got jobs through self employment. The youth of rural India not only get jobs for themselves but also become employers for few others in their start-ups. Improved connectivity through better infrastructure has ensured more industrial corridors are came up in the country, which in turn will create more industrial clusters like Tiruppur in Tamil Nadu, Moradabad in Uttar Pradesh, Ludhiana in Punjab, Surat in Gujarat, Murshidabad in West Bengal.

Food Processing parks in areas where farm produce is abundantly available will ensure rural jobs and better income to farmers.

Work is going on full swing in Mumbai-Delhi, Ludhiana-Kolkata, Vizag-Chennai, Chennai-Bengaluru and Bengaluru-Mumbai. The Government proposed to take up a few more industrial corridors in the coming years including extension of Vizag-Chennai corridor to Kolkata on one side and up to Tuticorin on the other side. All these will create the ambience for more small scale industrial clusters.

The digitization of the economy, hastened by demonetisation and rollout of Goods and Services Tax too will result in more jobs. Demonetisation will result in improving ease of doing business without corruption. The GST will push up GDP growth by a couple of percentage points.

The Modi government's stress on clean energy, particularly solar power including roof-top power generation will ensure a lot of jobs for skilled and semi skilled workers. This is already visible in states like Tamil Nadu, Rajasthan, Andhra Pradesh, Gujarat, Karnataka where wind and solar power development have taken a big leap forward.

There might have been some hiccups in the short run in job creation because of these systemic and structural reforms but they have kick-started the sagging economy and created necessary base for big jump in employment generation in the coming years.

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Views Expressed in the article are author's personal.

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