The macro level manpower planning in india economics essay

INTRODUCTIONHRP AT MACRO LEVELImportance of Macro Level Manpower Planning in IndiaInstitutional arrangements at macro levelAPPROACHES TO MACRO LEVEL MANPOWER PLANNINGThe Manpower Requirements ApproachRate of Return Approach / Cost Benefit AnalysisSocial Demand ApproachLABOUR MARKET ANALYSISLabour Market CharactersticsLabour Market Information Systems (LMIS)MACBETH ModelLabour Market SignallingLabour Accounting MatricesLABOUR ECONOMICSEMERGING TRENDS & ISSUES IN HRPEFFECTIVENESS OF MACRO LEVEL MANPOWER PLANNING AND POLICYCHAPTER SUMMARYDISCUSSION QUESTIONSINTRODUCTIONHuman Resources constitutes both on the demand side as well as the supply side of production of goods and services, in any economy. On the demand side, Human Beings consume produced goods and services leading towards poverty alleviation, health improvement and enhancement of educational level and so on and so forth. By that they generate better living conditions. Thereby optimum utilisation of goods and services leads to an improvement of quality of Human Resources and Human Resource development in the economy. On the supply side, Human Resources too constitute important factor in fact considered as the primary factor of production system along with other capital which transform natural and physical resources into consumable goods and services. However, Human Resources and capital are complementary to each other and the degree of complementarities between Human Resources and capital is so close that optimal increase in output and thereby optimal economic growth is not possible by increasing any one of them at the cost of the other. Although Theodore W. Schultz (1962) has rightly observed that, some growth

can be possible by increasing additional conventional capital even though the labour is lacking in terms of skill and knowledge. But there will be very limited rate of growth. So to reap the fruits of modern agriculture and the benefit of modern industry without making required investments in Human Beings is simply not possible. By studying the per capita income differences among many countries, Anne O. Kmegar (1968) came to the conclusion that an optimal ratio of Human Resources to capital has to be maintained in order to reach and maintain the attainable rate of economic growth. Given the endowment of capital and other material resources, Human Resources could accelerate the production process and thereby economic growth. At the same time, unprecedented growth in Human Resources, disproportionate to the pattern of accumulation of capital and other material resources could hinder the tempo of development which necessitates Human Resource Planning at Macro level. HRP AT MACRO LEVELManpower Planning is largely concerned with labour supply, where as employment planning is concerned more with the demand for jobs than with the supply side of the employment equation. Thus HRP is interested to know as how many people are coming onto the labour market, what are their education and training levels, what is their age etc. It is largely concerned in determining what training needs are there so that the labour supply can be shaped to meet the demands of the economy. This activity is largely confined to the Ministry of Labour and/or Education, Ministries of Planning or Finance. The focus on the supply side of the equation is probably the reason that the demand for labour has been treated inadequately in most of the Manpower Planning activities to date. However, there is increasing recognition of the need for skilled workforces as

a basis for future development (Lall, 1999). Therefore, Manpower Planning is becoming a critical issue for developing countries like India. Manpower planning cannot be carried out in isolation from macro-economic phenomena. The part of macro-economics interested in creating jobs must take care of who are for the jobs in terms of the skill, sex and age base of the population hand in hand. The reason is that, determinants of economic growth are related to the characteristics of the labour force in a very strong way in terms of its skill, education, flexibility so on and so forth. Manpower is the primary resource of an economy. Without manpower resources, physical and financial and all other resources cannot be put into use. HRP are both macro and micro level issues. At the macro level, it is influenced by the environmental factors like employment, unemployment situation, demographic changes, legal control and organizational policies where as the factors like technological changes, trade union pressure, gap in skill and competency and recruitment and selection affect the process of manpower planning at the micro level. However, macro level manpower planning is uncontrollable and micro level manpower planning is controllable. HRP Need at Macro Level: HRP at macro level are to address the following factors as follows: Employment-Unemployment Situation: on one hand the number of educated unemployed is increasing in the economy, on the other hand there are acute shortages for a variety of required skills. Therefore an intensive macro level manpower planning can help in this direction in order to bridge the gap between employments –unemployment Scenario. Technological Changes: The rate of change of technologies in production, marketing methods and management techniques has been extensive and rapid in

outside world. In order to adopt the change of technology in accordance with gobal trend, necessitate high degree of extensive Macrolevel Manpower Planning. Organizational Changes: The turbulent business environment affected by global economic cycle and discontinuities, the nature and pace of changes in organizational environment in terms of its activities and structures affect manpower requirements that require strategic considerations at Macro level. Demographic Changes: The changing profile of the work forces in the economy, in terms of age, sex, literacy level, technical competency and social background have implications for macro level HRP. Skill Shortages: There are acute skill shortages in labour market. Unemployment does not mean that the labour market is a buyer's market. Organizations have generally become more complex and require a wide range of specialist skills that are rare and scarce. These skill gaps can be bridged by proper Macro level Manpower Planning. Government legislation: Macro level manpower planning must go hand in hand in a very systematic way in accordance with Government control and changes in legislation. LeadTime: The long lead time is the gestation period required to provide education and training and deployment of the employees to handle new knowledge and skills successfully can be avoided by Macro level Manpower Planning.

Macro Level Manpower Planning in India

Development of Human Resources is primary objective of any country for long term economic growth. For a developing economy like India this is more visible from our economic planning as governments over the years have

been giving increasing priority to population planning and control, education, health, housing etc.

Population Planning and control:

Population planning and control measures have been initiated by the Government of INDIA to enforce control over population explosion and to curb economic imbalances. Unless such control has been enforced in a planned manner no amount of institutional support can sustain this resulting in generation of unproductive population which will remain a drain on our national resource. Recognising this, the Government of India has adopted a National Policy (2000) to ensure population stabilisation. The policy put emphasis on affordable reproductive health care, increased quality of life by enhancing services of primary and secondary education, sanitation, drinking water, housing, transport, communication and empowering women as part of the macro level manpower planning. Such planned efforts have helped us to achieve the goal in fair way if not in absolute terms. From the trend analysis on population growth in India, It is evident that there is a significant rise in population control awareness among people resulting in phenomenenal increase in averting birth over the decades.

Literacy and Education:

To develop Human Resource at the macro level, the Government of India has brought a National Policy on Education in the year 1986. The policy provides a broad framework for complete eradication of illiteracy in the country by declaring basic primary level education up to standard V, free and compulsory. The government has initiated lot of schemes for elementary and

secondary education as follows: Sarva Shiksha Abhiyan (SSA)/Right to Education (RTE): Free education for all children between 6 and 14 years of age has been made a fundamental right under the RTE Act 2009. Rashtriya Madhyamik Shiksha Abhiyan (RMSA): The RMSA was launched in March 2009. The objective was to improve quality of secondary education by enhancing access to it. National Programme for Education of Girls at Elementary Level (NPEGEL): This is a focused intervention by Government of India, specifically meant to reach at girls. Model Schools Scheme: A scheme to set up 6000 model schools as benchmarks of excellence at block level. With one model school per block to provide quality education to rural talents. It was launched in November 2008. National Programme of Mid Day Meals in schools: Under the National Programme of Mid Day. Meals in schools, cooked midday meals are provided to all children attending Classes I-VIII in government, local body, government-aided, and National Child Labour Project schools. Saakshar Bharat (SB)/Adult Education: The National Literacy Mission, recast as Saakshar Bharat (SB) launched by the Prime Minister on 8 September 2009, reflects the enhanced focus on female literacy. Inclusive Education for the Disabled at Secondary Stage (IEDSS): The IEDSS scheme was launched in 2009-10 replacing the earlier Integrated Education for Disabled Children (IEDC) schemeVocational Education: The revised centrally sponsored Vocationalisation of Secondary Education Scheme aims to address the weaknesses of the earlier scheme to strengthen vocational education in Classes XI-XII. Indian Higher Education System: With reference to Indian higher education system, it is one of the largest in the world. The major initiatives taken during 2011-12 for promoting higher and technical

education are, National Mission in Education through Information Communication Technology (ICT). Content generation and connectivity along with provision for access devices for institutions and learners are the major components of the Mission. The Gross Enrolment Ratio (GER) in higher education is targeted to increase from nearly 18 per cent at present to say 25 per cent by 2016-17.

Health and Medical-care:

The National Health Policy of 2002 and the priorities set in the successive Five year Plans seek to provide preventive and curative health-care facilities. As an important initiative for the development of Human Resources at the macro level, it aims at achieving an acceptable standard of good health amongst the general population in the country by enhancing accessibility to the decentralized public health system. Success in eliminating or controlling diseases such as small pox, leprosy, polio, and TB is indicative of the progress made in some areas of health. Overall sex ratio in the country has increased from 933 in 2001to 940 as per census 2011 (prov.). The health indicators in Table depict all the progress that has been made by India over the years. Despite progress made on many fronts, there are areas of concern as progress has been quite uneven across regions with large-scale inter-state variations. Moreover, rural and remote areas continue to have deficit in health facilities. At the state level the situation is not very well baring few positive changes in life expectancy ratio, infant mortality rate, child mortality rate etc.

Housing:

In housing sector, Government has renewed its efforts by bringing the National Housing and Habitat Policy 1998. The basic thrust of this policy is to achieve sustainable development of housing infrastructure through public - private partnership. The Government of India has been giving high priority over the years for building rural infrastructure with the objective of facilitating a higher degree of rural-urban integration and for achieving an even pattern of growth and opportunities for the poor and disadvantaged sections of society. Programmes for achieving this include the Bharat Nirman. This programme, launched in 2005-6 for building infrastructure and basic amenities in rural areas, has other components like rural housing, irrigation potential, and drinking water, rural roads, electrification, and rural telephony as well. To provide better urban infrastructure, Housing in the country, the central government has been allocating resources to state governments through various centrally programmes as follows: Jawahar Lal Nehru National Urban Renewal Mission (JNNURM): The JNNURM has two of its four components devoted to shelter and basic service needs of the poor. These are: Basic Services to the Urban Poor (BSUP) for 65 selected cities and Integrated Housing & Slum Development Programme (IHSDP) for other cities and towns. Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) seeks to supplement the efforts of the government through the JNNURM to address the housing shortage. Rajiv Awas Yojana (RAY): RAY is to provide support for shelter and redevelopment and creation of affordable housing stock to states, which are willing to assign property rights to slum dwellers. Apart from these there are other social sectors schemes of the Government

are in operation to enhance social security and overall quality of life are as follows: The MGNREGA: This is a flagship programme of the Government of India. The objective is to enhance livelihood security of rural households of the country. The scheme provides guaranteed wage employment of at least one hundred days in a financial year to every household whose adult members ready to do unskilled manual work. The Swarnjayanti Gram Swarozgar Yojana (SGSY): It is a self-employment programme with the objective of helping poor rural families to cross the poverty line by assisting them to take up income generating economic activities through a mix of bank credit and government subsidy. The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched by the Government of India on 1st December1997. It provides gainful employment to the urban unemployed and underemployed by promoting self-employment ventures and provision of wage employment. In addition to the above centralised strategy for Human Resource Planning and development, state planning boards at the state level and at the district level, manpower planning generation councils have been setup in this direction. Macro level HRP is a complex and dynamic process. It requires longitudinal study to understand the results of various policy measures and actions.

Institutional Arrangements At Macro Levels:

The followings are the agencies and institutions that provide required macro level data at the appropriate level. The Planning Commission: Employment Manpower Planning Division of the Planning Commission is at the apex of the institutional machinery. It formulates employment plans. The Ministry of Labour: The Labour Ministry gathers employment data through the

Directorate General of Employment and Training. The National Sample Survey Organisation: National Sample Survey (NSS) and the Annual Survey of Industries are also engaged to collect Employment dataThe Institute of Applied Manpower Research: The Institute of Applied Manpower Research conducts various studies to know about employment strategies of different sectors of economy as well at project levels. The National Labour Institute: The National Labour Institute established in 1974. It conducts major studies on institutional conditions on rural employment and other related labour issues at the sectoral and project levels. Universities and other institutions at the state level: Researchers in the Universities and other state level research bodies also participate and work in this direction collect data on local labour markets.

APPROACHES TO MACRO LEVEL MANPOWER PLANNING ---

The approaches to Macro-level Manpower planning are as follows: The Manpower Requirements Approach (MRA)Rate of Return Approach / cost benefit analysisThe Social Demand Approach

The Manpower Requirements Approach (MRA)

The dominant model of manpower planning is known as the manpower-requirements approach (Youdi, 1985). It first came to widespread prominence in the Organization for Economic Co-operation and Development's (OECD) Mediterranean Regional Project (MRP) in the early 1960s. The three major steps in manpower forecasting are (a) projecting the demand for educated manpower (b) projecting the supply of educated manpower and (c) balancing supply and demand.(a) Projecting the demand

for educated manpowerThere are five main steps to assess the number of workers by educational level over time by following the MRP methodologyNote: i= economic sector, j= occupation, k= educational level, a= age, s= sex; 1. Estimating the future level of GDP or output (X)2. Estimating the structural transformation of the economy as expressed by the distribution of output by economic sector (Xi/X) as it evolves over time. 3. Estimating labour productivity by economic sector (Li/Xi) and its evolution over time. 4. Estimating the occupational structure of the labour force within economic sectors and its evolution over time (Lij/Li). 5. Estimating the educational structure of the labour force in given occupations within economic sectors over time (Lijk/Lij). Hence the demand function for educated labour looks something like: LDijk = f (X, Xi/X, Li/Xi, Lij/Li, Lijk/Lij). --------------------- (1)(b) Projecting the supply of educated manpowerThere are four basic steps: 1. Estimating the population Pa, s, k by age, sex and educational level. 2. Assessing the number of graduates, dropouts by age, sex and educational level, Ea, s, k. 3. Finding the labour force participants (LS) by applying age, sex, educational level, labour force participation rates to the number of graduates, la, s, k. 4. Estimating the occupational supply based on the labour supply by education level possibly using an education to occupation matrix Mk, jHence the supply function for educated labour looks something like: LSj, k = f(Pa, s, k, Ea, s, k, la, s, k, Mk, j). … (2)(c) Balancing labour supply to demandAccording to Youdi, (1985), this adjustment is normally done in two ways. First, if LD. j. is very different from LSj, due to poor data quality and not backed up by a proper reasoning, the manpower planner will tend to use an ad hoc adjustment mechanism in revising one or

more of the key assumptions. For example, too much optimism on labour productivity could reduce the demand for labour. On the contrary too much optimism on labour force participation rates could increase the supply of labour. To deal with such paradoxical situations, it is necessary to reconcile labour supply and demand.

The critics of MRA

Psacharopoulos and Blaug (1970) and Ahamad and Blaug (1973), criticised MRA by evaluating ten manpower-forecasting studies in different countries . They have identified, considerable forecasting errors with projections of employment by occupation using the MRP (Mediterranean Regional Project) or manpower requirements approach methodology. The errors were primarily due to the fixed-coefficients model and assumed labour-productivity growth as mentioned in equation (1). Forecasting errors go parallel with the time-horizon of the forecast. There was no evidence linking manpower forecasts to any real educational policy decision. In some cases manpower forecasts corroborated to what turned out to be a wrong decision. Therefore, forecasting does not improve policy decisions always. One of the most crucial assumption according to Youdi in MRP-type manpower-forecasting methodology is that the elasticity of substitution between different kinds of labour is equal to (or near) zero. The elasticity of substitution is: $e = - d \, \text{Log} \, (Lk1/Lk2)/d \, \text{Log} \, (Wk1/Wk2)$ Where k1 and K2 are two kinds of labour, say university graduates or post graduates, or even mechanical or electrical engineers, and W is the level of their wages determined during the forecast period. Yet, it is clear that the elasticity of substitution cannot be zero. It would vary depending upon the degree of

substitutability of one type of job for another. Again this is also highly dependent on the amount of training or additional education required to substitute one job with other.

Rate of Return Approach / Cost Benefit Analysis

The Rate of Return (ROR) approach is radically different from the MRA approach. In this approach the net returns of educational expenditure is calculated (ILO, 1984). It is measured as the increase in net income that an individual will be able to command during his life with respect to the income he would have received if he had not reached a given level of education. The present value of the flow of future net income is calculated for each specific educational programme. The rationality of ROR approach is that those programmes which show positive returns should be promoted, while those show zero or negative net present value should not be promoted or possibly abandoned. If the income is calculated as the difference between the income of the individuals benefited after tax, and the cost include both the direct costs paid for the education and the indirect costs in terms of income that would have earned if there have been non-participation in educational programmes, for a given discount rate, yields the private rate of return. Whereas, if the income is calculated before payment of tax and the costs include all the resources utilised to implement the education programme, for a given discount rate, gives the social rate of return.

Limitations of ROR approach

It does not consider the external effects on earnings. The only gains quantified are income due to education. Hence applicable to the individuals

who had received the education in question. The analysis undermines households' needs and decision to undertake " human capital investments" on education. For example, school drop-outs with high private rates of return could be caused either by a family decision on the relative priorities of work or schooling, or by adequate government resources for primary or elementary education. The basic assumption in ROR approach is that wages reflect the marginal product of labour. The content of the marginal years of schooling an individual undertakes is responsible for the marginal increase in income. Which itself is questionable. In this approach, the total employment remains constant. Dougherty (1985) argues that most rate-of-return studies of manpower-development programmes implicitly assume that the old post of a trained individual is not filled by an unemployed worker and that the trained individual does not displace any other worker. It gives no guide to the quality of education currently being given. One would have to wait at least a decade to see whether the quality of the education delivered was reflected in the wages given, which is hardly a basis for improving the quality of education today. As noted by George Psacharopoulos (1995), it does not allow for market " segmentation" and " screening" hypotheses much favoured in today's labour market models. That means earnings differences might be due to the superior ability of the more educated, rather than to their extra education. Paul Bennell (1996a) added controversy to ROR approach by saying that, it is generally accepted that comparative evaluations of general academic and vocational education indicate that the rate of return for the general academic is much higher than the vocational education.

The Social Demand Approach

Social demand approach relies on assessing society's requirement for education. It is an aggregate demand for education in respect of all individuals within the society. In practice, social demand approach relies on projection of past trends in demographic aspects of population and the enrolment at different levels of education. Therefore, social demand approach is capable of revealing the number of students with different types of professional preparation that is expected with a given target data, based on past experiences. Projections of social demand for education rest upon the levels of: Incomes of educated peopleTastes and preferences of households for educationDemographic characteristics such as fertility and mortalityDirect costs of educationStudent grantsExisting standards of taking admissions to various levels of educationDirect costs of education

Critiques of social demand approach

It is argued that the decision to choose more or less of education, beyond a legal school-learning age, is made by an individual who attaches a positive value to the present as well as the future benefits of education. Since, the theory of the rate of return approach to education looks upon education as a contributor to productivity, it facilitate investment decisions in education. LABOUR MARKET ANALYSISLabour market analysis is a principal instrument of Human Resources Planning. It helps in identifying skill shortages and also gets into the reason of market failure to match labour supply with demand since the demand for human resources crucially depends on the functioning and flexibility of labour markets. Psacharopoulos (1991) advocates " labour market analysis" as an alternative to manpower forecasting. Hollister,(1986)

argue that given the state of the art of manpower planning and the characteristics of developing countries' economies, such countries would be best served by a manpower planning and analysis program which puts less emphasis on manpower projections and more emphasis on analysis of the operation of various aspects of the labour market at all skill levels. He states " if labour markets in developing economies are relatively flexible then the need for long term manpower projections of demand and supply is relatively limited". It is therefore, all purported forecasting techniques to assess manpower requirements are dubious in nature. For which emphasis is on labour market analysis and labour market signalling. Labour market analysis helps in identifying shortages at more disaggregated levels of occupations and geographical locations. It also enables to have a diagnosis of market failure in order to match labour supply with demand. Demand, supply and institutions interact in labour markets and labour economics studies the operation of labour market considering all these issues. Analysis of labour markets is carried out for different occupational segments markets for blue collar workers, markets for white-collar workers, markets for professional etc. Investigating markets for knowledgeable and skilled workers, differentiating supply and demand forces in the market, geographic and industrial mobilities, wage pattern etc. are the areas for studying the labour markets. Recently, however macro changes in wages and unemployment over a given period of time, both within the country and across countries are also studied to synthesize the facts of the labour market with the basic principles of economics. To facilitate labour market analysis, there is a need for a comprehensive and regularly updated labour market information system.

Labour market characterstics

Labour markets are more of social matters. Sociological and demographic changes like social class movements, gender awareness, youth cultures, family size, employment heritage, ethic and cultural background may influence who enters, leaves, or is restricted from taking up and keeping particular kinds of employment. However, labour is one important factor of production. The supply of labour is determined by the number of able people in the population and their willingness to work with due cognizance of existing labour laws and regulations, health of economy and firms along with labour price and availability of other factors of production. In a perfect market, wages would be determined directly by supply and demand of labour. But the labour market is often far from perfect. Wages are less flexible than other prices. Wages rarely fall, when demand for labour declines or supply increases. This wage rigidity can be considered as the major cause of unemployment.

Labour Market Information Systems (LMIS)

The seeming failure of above approaches has led some authors to concentrate on the preparation and organisation of labour which is known as Labour Market Information Systems (LMIS). This serves as an alternative to forecasting. As noted by Richter (1989) " labour market information means nothing more or less than information about labour markets". LMIS promote collection of data sets without prescribing any analytical framework within which to collect and analyze data for planning or policy formulation. For which this model is of very little use. Hence suffer from the following criticism.

Criticism of LMIS

Manpower forecasts suffer from lack of appropriate data whereas lack of proper analytical framework is the measure drawback of labour market information systems (LMIS). Another disadvantage of LMIS as described by the ILO is that, it ignores the demand side of the equation to a large extent i. e. the macro-economics. This is because data on macro-economic planning is largely the preserve of non-labour market specialists in Departments of Planning, Finance, and Statistics etc. Since demand projections for labour depend on the economic growth rate and this is the single most important variable for manpower planning (Jolly and Colclough, 1972), these should hardly be ignored in LMIS.

MACBETH Model

MACBETH is essentially a recursive simulation model of the labour market and the evolution of occupational mismatches. The MACBETH (MACro Compter Based EmploymenT Heuristic) model provides a flexible tool to examine alternative future scenarios of the manpower planning problem. The main use of MACBETH is learning-by-doing as a heuristic. As defined in Oxford English Dictionary, Heuristic is a system of education under which the pupil is trained to find out things for himself. Heuristic is the core of MACBETH. It is a tool with which alternative scenarios are examined and thereby to understand the complexities of the labour market and its underlying factors. The purpose of the model for labour market and human resource policy analysis is to project and examine different scenarios of: population by age and sexnumber of students and school leaverssize and cost of the schooling systemsupply of labour by occupation and education

levelvalue added and growth by economic sectoremployment demand by occupation and education levelemployment mismatches by occupation and education levelimpact on employment of mobility of labour between occupationstraining implications and costs of labour movements between occupationsTechnically, the MACBETH package has three main modules, all functioning interactively with the user through several menus: 1. Data preparation2. Projections3. Result comparisonsThe model is robust and straightforward enough to be applied in the context of developing country like INDIA. The model serves as tool to ensure data consistency for the purpose of projections. Therefore is most useful for perspective planning purposes.

Labour Market Signalling

For short-term assessment of training needs, labour market signalling (LMS) is recommended as a tool that could help, and improve the ability of training centres to respond quickly to changes in market circumstances and thereby, reduce inefficiencies (Middleton, 1993)." Labour market signalling requires planners to focus more on education and training qualifications rather than on occupational classifications. The reasons are related to the quality of occupational statistics, the effect of technology on an occupation, and the practical link between academic specialization and occupational placements." (Middleton, 1993, p. 140)Labour market signalling advocates the need to focus on wage and employment trends not only to guide schooling and training decisions but also to evaluate how well labour markets are functioning. The objective of signalling, again according to Middleton et. al, is that it can estimate whether there will be upward or

downward pressure on the economic returns to invest in specific skills. Planners can monitor labour market conditions and evaluate training programs. They can also focus upon skills that are of strategic importance for economic development and that take a long time to acquire. The main indicators of labour market signals are wages, employment trends by education and training and occupational classifications, costs of specific education and training programs, enrolment data for institutions, programs of study, individual courses, ' help-wanted' advertisements in newspapers and professional journals, unemployment rates by education, skill, training and occupation. Part and parcel of the labour market signalling technique is the need to identify the types of skills that are required in the labour market. It is felt that the demand for occupations is a poor predictor of future labour market requirements for qualified labour, simply because the types of occupation change rapidly with new technologies. However, any forecasting technique can compensate through the use of scenario analysis that provide a number of alternative forecasts under different assumptions.

Labour accounting matrices (LAM'S)

Labour accounting matrices provide a useful tool to organise demographic and labour market information in an internally consistent manner. Since the framework is set in the tradition of social accounting matrices (SAM's) the labour accounting system provides a complete mapping from activities in the economy to jobs and earnings, and to households receiving such earnings. SAMs and LAMs are static pictures or photographs of the economy at any given time. They can be used for simulation experiments of comparative statics in an economy. Clearly, a collection of SAMs or LAMs over time

provide a near moving picture of events over time. The LAM is then a manpower matrix because it indicates the number or number of hours that each type of person is, on the average, available for work. The matrix of activities can either be a supply or a demand for labour statement and shows the numbers each type of individual spends being engaged in productive activities and the number of hours that are lost due to unemployment.

LABOUR ECONOMICS

Labour economics seeks to understand and explain the functioning and dynamics of the labour markets. It is concerned with workers who are suppliers of labour services as well as employers, who demands labour services and endeavours to understand the resulting pattern of wages, employment and income etc. Labour market is characterised by the interaction of employers and workers. Marshal and Smith are the two pioneering economists who first recognised that the study of market for labour is not possible without understanding the social relations of production, long term contractual arrangements, problem of motivation, institution like unions and internal labour markets etc. All these characterstics requirements differentiate the market for labour from other markets. Labour Economics is defined as the study of the organizations, institutions and behaviour of the labour market in an industrial economy". As defined by Dole Yoder, " Labour economics or manpower economics is basically concerned with efficient utilization and necessary conservation of manpower and human resources. Labour economics attempts to study and understand the processes by which manpower is utilized in modern economy". Labour economics deal with manpower planning, labour

organization, labour relations and public policy. Wage and employment theory, collective bargaining theory, practice of social security and social welfare are also areas that fall under the preview of labour economics. Labour economics has two sides. One is the application of microeconomic technique and the other is application of macroeconomic techniques to the labour market. Microeconomic technique deals with the role of individuals as well as individual firms in the labour market whereas macroeconomic technique is concerned with the interaction and interrelationship between labour market, money market, goods market, as well as the foreign trade market. Macroeconomics also looks into the resultant effect of these interactions on macro variables such as employment levels, aggregate income and gross domestic product etc. The most important development in modern labour economics is the development of the concept of human capital. Human capital approach analyses the individual decision making with regard to supply of labour and other behavioural areas which are more related with sociology than economics. Before the development of the concept of human capital, labour supply decisions were considered more as an economic rationality. By making such decision as an inter- relational variable of education, skill, investment, wages, working hours etc, the subject of labour economics has been demarcated from the traditional economic analysis. EMERGING TRENDS & ISSUES IN HRPHRP is a holistic process of organizational strategy to gain competitive advantage. However, shortages of skills are now global phenomena. For the developed countries, this is primarily because of ageing population, whereas in developing countries like India, the problem is due to absence of proper initiative at the

national level. Some of those are described below: 1. The shift in skill requirements in India was witnessed from 1981 census reports. Indian economy has encountered massive shift in employment from secondary & primary sectors to tertiary or science sector. 2. Labour market authority in India should perform in the line with the practices prevailing in Europe and other industrialized advanced countries. The authority does the job of matching labour requirements of firms & helping in placements. Hence it is the look out of the authority to ensure that labour is not mismatched redundant. 3. The Institute of applied Manpower research under the planning commission has done some studies in the same Sectoral and occupational categories. Decisions on skill development at the national level cannot be taken in isolation of social sector spending both planned nonplaned which including education budget. In India, average percentage of total expenditure on education shows a decline trend. 4. In order to achieve the desired result, initiative at the national level should be reinforced by organizations at the micro level, through regular skills renewal efforts. 5. Another important aspect which deserves the attention of HRP is demographic change process. Indian organizations are witnessing a significant change process in systems, management culture φlosophies and management practices which is the outcome of global aligning of Indian organization. Other emerging issues like restructuring, TQM Practices, changing process, systems, culture & management practices need attention of HRP. THE EFFECTIVENESS MACRO LEVEL HUMAN RESOURCE PLANNING AND POLICYHuman Resource Planning is concerned with the utilisation of human resources in a controlled manner to achieve both short-term as well

as long-term objectives of the organisation that are preset. Thereby, planning process endeavours to balance manpower supply with that of manpower demand at the levels most consistent with the needs of the projected requirements by assessing of the prevailing and expected economic and social environment of the business. Effectiveness of manpower planning and policy at the macro level is highly dependent on the quality and reliability of labour market information. Whereas the existing sources of statistical information suffer from serious gaps, inadequacies and redundancies that hinders in meaningful manpower research affecting effective National Employment Policy. Thus, the quality and effectiveness of future macro level manpower policies depend most significantly on the accuracy and adequacy of the information inputs. Therefore, the apex level institutions referred above need to work in this direction to fill up the gap. They need to improve the quality of current bench-mark data sources, build extensive computer generated data banks in order to support data adequacy and accuracy. SUMMARYMacro level manpower planning is an important objective of the Government for long-term economic growth. However, the art of manpower planning is in a mess. After decades of manpower forecasting practices, it has been suffering from repeated and sustained criticism. The planners practicing the art of manpower planning might rightly be confused with its mandate. The methodology and overall usefulness of manpower planning is also questionable. Therefore, Manpower Planning at its core is suffering from the problem of mismatch between labour supply and demand resulting in unemployment. DISCUSSION QUESTIONSWhat is Macro level Manpower planning? Discuss the importance of Macro level

Manpower planning in India. Discuss the Manpower Requirement Approach of Manpower Planning. Discuss the Rate of Return Approach to Manpower Planning. Discuss the emerging trends and Issues in HRP and illustrate how to improve the effectiveness of Macro level Human Resource Planning and policy. Write short notes on : Social Demand ApproachLabour Market AnalysisLabour Market CharactersticsLabour Market Information SystemMACBETH Model