

# Structural Shifts, Technology Import and Employment

ARUP MITRA

Professor of Economics

Institute of Economic Growth (IEG)

Delhi

India

## Introduction

The basic pre-requisite for improvement in well-being levels of those from low income households, is rapid growth in productive employment opportunities. This is an effective way of sharing the benefits of economic growth with the weaker sections of the society, not having enough resources to take part in the growth process directly. It can help create a stable society free from social turmoil and insurgency. A high employment policy is also a way of reducing many other costly government interventions (Bhaduri, 2005). The present study proposes to focus on rising capital intensity and skill intensity associated with new technology and the implications on employment creation. Technology import from developed countries tends to reduce labour demand in general as it is by and large capital intensive. The imported technology also has a strong skill bias with limited opportunities for semi-skilled and unskilled workers. However, the alternate view is that the new technology would create possibilities of product diversification and new products which would throw up new opportunities for employment creation without any commensurate increase in capital. In this context the present paper is organized as follows: it begins by a discussion on structural transformation and the excess growth of the tertiary sector in several developing countries in section 2. Section 3 largely deals with the limited labour absorbing capacity of the industrial sector, particularly in relation to imported technology in the developing countries. The relationship between innovation and employment is explored in section 4, using the Indian company level data. Finally, section 5 summarizes the major findings. The database of the study is drawn from Key Indicators of Labour Market (KILM) data, International Labour Organization (ILO) Labour Statistics, World Development Indicators (World Bank), United Nations Industrial Development Organization (UNIDO) data and the company level data in India.