



UNEMPLOYMENT IS THE BURNING PROBLEM OF INDIA AT PRESENT – TYPES, CAUSES, & SUGGESTIONS WITH RECOMMENDATIONS TO MITIGATE THE PROBLEM

Ms. Emiliana Lakra

Assistant Professor, Government college, Raigarh.

ABSTRACT :

Unemployment in India remains a subject of concern since it was first recognized in the 1950s. During that period; the Government of India had only few initiatives of employment generation until the first Five Year Plan was drafted in the year 1950-1951. This plan laid the foundation for overall and sectoral development in a medium term prospective for achieving the goal of employment growth and increasing the labour force. Unemployment has been a major problem for India for a long time. The problem of unemployment is a global phenomenon, with international



bodies like ILO predicting the rise in unemployment in India in coming years. The study attempts to find out the effect of economic growth on unemployment rate in India. The data regarding unemployment rate have been collected from secondary sources like the World Bank database. It has been found that there is a strong negative correlation between economic growth and unemployment rate. With increasing population, the labor force of the community increases which leads to unemployment of a large part of the population. But because we have limited resources and limited job opportunities, it is not possible for everyone to get employment. The unemployment rate in India shot up from 6.5 per cent in March 2021 to 8 per cent in April 2021, while the employment rate fell from 37.6 per cent in March to 36.8 per cent in April, says the report of CMIE – Centre For Monitoring Indian Economy. Quite a number, though educated, find no or little work to use their skill. One of the most disturbing problems in India has been the mounting rate of unemployment, both in the rural and urban sectors.

KEYWORDS : *Unemployment , Monitoring Indian Economy, sectoral development .*

CONCEPT OF UNEMPLOYMENT

Unemployment is a term referring to individuals who are employable and actively seeking a job but are unable to find a job.

- Unemployment serves as one of the indicators of a country's economic status.
- Usually unemployment is measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce. Unemployment serves as one of the indicators.

INTRODUCTION

India is the seventh largest country by area and second largest country by population, located in South Asia. Rapidly increasing population, the labor force of the community increases but because we have limited resources and limited job opportunities, it is not possible for everyone to get employment which leads to unemployment of a large part of the population. Increasing

population leads to reduction in income, saving and investment. Thus, capital formation is retarded and job opportunities are reduced, as a result unemployment increases.

Unemployment occurs when a person who is actively searching for employment is unable to find work.

It is the federal ministry which is responsible to protect and safeguard the interest of workers in general and the poor, deprived and disadvantaged sections of the society. Geographical mobility of labour. Whereas when a worker moves from one occupation to another called Occupational mobility of labour. According to **Census of India and NSSO**, out of 1,210 million people in the country, 455.8 million (about 37%) were reported as migrants of place of last residence (as per census 2011).

LITERATURE REVIEW

- According to Professor Alakh N5. Sharma unemployment is the biggest issue in India unemployment rates that declined to 6.5% in January 2021. It is a consequence of "restrictive labour laws that create inflexibility in the labour market. As of September 2018, according to the Indian government, India had 31 million jobless people.
- Hassan and Nassar (2015) have identified that the unemployment rate is negatively affected by economic growth.
- National Sample Survey Organisation (NSSO) is the largest and a very prominent agency of India working for the collection of data on various economic variables such as education, health, literacy rates, etc.
- Census of India is responsible for the collection of data related to different demographic characteristics.

OBJECTIVES:

- To examine the cases and consequences of unemployment in India.
- Unemployment impact on Indian economy.
- To figure out key issues of unemployment in India.
- To analyze the government initiatives for reducing unemployment
- To suggest ways to reduce unemployment
- Covid-19 impact on unemployment in India.

METHODOLOGY:

1. Theoretical framework:

This paper presents the concept related to unemployment, its types, causes and steps to correct unemployment in India.

2. Methods of collecting data:

Data collected is secondary data. Due to Covid-19 pandemic it's impossible to collect primary data and questionnaires. The data is collected through the help of newspapers, magazines, and the internet, Ministry of Labour and employment, etc.

3. Methods of data analysis:

Quantitative methods were used for analysing the unemployment rate in India and how many people were migrated.

TYPES OF UNEMPLOYMENT

1. Open unemployment 2. Under employment 3. Disguised unemployment 4. Seasonal unemployment 5. Cyclical unemployment 6. Technological unemployment 7. Structural unemployment 8. Frictional unemployment 9. Educated unemployment 10. Chronic unemployment

1. Open unemployment

- Open unemployment is a situation where a person is able and willing to work but there is no work for them. This type of unemployment is generally seen in our economy. Also known as Naked unemployment.

2. Under employment

- Underemployment is the underuse of a worker because a job does not use the worker's skills, is part-time, or leaves the worker idle.

3. Disguised unemployment

- A situation when people are apparently working but all of them are made to work less than their potential is called disguised unemployment. In this case, the person considers himself employed but is actually not working.

4. Seasonal unemployment

- Seasonal unemployment is caused by different industries or parts of the labor market being available during different seasons.

5. Cyclical unemployment

- According to Keynesian economics, cyclical unemployment is a natural result of the business cycle in times of recession: if all consumers become fearful at once, consumers will attempt to increase their savings at the same time, which means there will be a decrease in spending, and businesses will not be able to employ all employable workers.

6. Structural unemployment

- Structural unemployment is caused by a mismatch in the demographics of workers and the types of jobs available, either when there are jobs available that workers don't have the skills for, or when there are workers available but no jobs to fill.

7. Frictional unemployment

- Frictional unemployment is caused by temporary transitions in workers' lives, such as when a worker moves to a new city and has to find a new job.

8. Technological unemployment

- Technological Unemployment is caused when individuals lose their jobs due to technological advancement. Typically, technological unemployment occurs with the introduction of new machinery.

9. Educated unemployment

- Educated unemployment is when a person is educated and is not able to find a suitable and efficient job for himself.

10. Chronic unemployment

- If unemployment continues to be a long term feature of a country, it is called chronic unemployment.

Survey frequency

1.NSSO Surveys

The National Sample Survey Office (NSSO) has been the key governmental agency in India at the national and state levels to study employment, unemployment and unemployment rates through sample surveys. It does not report employment or unemployment results every quarter nor every year, but generally only once every 5 years.

2.Labour Bureau Reports

The Indian Labour Bureau, in addition to the NSSO surveys, has published indirect annual compilations of unemployment data by each state government's labour department reports, those derived from the Annual Survey of Industries (ASI), Occupational Wage Surveys, and Working Class Family Income and Expenditure Surveys and other regular and ad-hoc field surveys and studies on India published by third parties.

3.CMIE Reports

According to the Centre for Monitoring Indian Economy Private Limited (CMIE) India has never tracked and published monthly, quarterly or yearly employment and unemployment data for its people. Its data collection methodology and reports differ from those published by the NSSO.

4.ILO Reports

The United Nations International Labour Organization has published its statistics for unemployment in India, along with other nations, based on the international standards it has adopted. The ILO uses a complex and diverse set of population demographics, sample surveys and economic activity indicators to derive its estimates.

Statistics

Among the states and Union Territories of India, Gujarat had the lowest unemployment rate of 1.2% followed closely by Karnataka at 1.8%, Maharashtra and Chandigarh at 2.8%, Madhya Pradesh at 2.9% and Telangana at 3.3% while Sikkim had the highest at 15.8%. In the northern India, the unemployment rate is quite high, Jammu and Kashmir at 10.5%, followed by Himachal Pradesh at 7.5%, Rajasthan at 6.5%, Punjab at 5.8%, Delhi at 5.2% and Haryana at 4.8%.

According to the survey 2, 49.5% persons were estimated to be self-employed under the Usual Principal Status (UPS) Approach followed by 30.9% as casual labour. Only 16.5% were wage /salary earners and the rest 3% covered contract workers. Under the Agriculture, Forestry and Fishing sector, 46.9 percent persons are estimated to be employed. It shows that the majority of the workforce are employed in the primary sector. Studies also show that 41.9% employed persons are self-employed followed by 34.9% as casual workers, remaining 23.1% as wage/salaried employees and contract category workers for the age group of 18-29 years.

Analyzing data of unemployment rate in India - Historical Data

Year	Unemployment Rate (%)	Annual Change (%)
2022	8.2% (January-March)	4%
2021	4.2%	-0.6%
2020	4.8%	-0.56%
2019	5.36%	0.03%
2018	5.33%	0.09%
2017	5.42%	-0.09%
2016	5.51%	-0.05%

2015	5.57%	-0.04%
2014	5.61%	-0.06%
2013	5.67%	0.02%
2012	5.65%	0.01%
2011	5.64%	0.00%
2010	5.64%	0.07%
2009	5.57%	0.29%
2008	5.28%	-0.04%
2007	5.32%	-0.13%
2006	5.45%	-0.15%
2005	5.60%	-0.07%
2004	5.67%	-0.06%
2003	5.73%	0.01%
2002	5.72%	0.06%
2001	5.66%	0.00%
2000	5.66%	-0.02%
1999	5.69%	0.05%
1998	5.63%	-0.01%
1997	5.64%	-0.01%
1996	5.65%	0.01%
1995	5.64%	0.00%

As regards the unemployment rate from 1995 to 2022 in India, there is a trend of ups and downs in the rate due to some political, economic, social, demographic, cultural, geographical policies /reasons in India. Some years the conditions of India were economically viable and feasible; while in other years it was not. Therefore, the rate has been fluctuating.

There are some of cause of unemployment in India are mentioned;

1. Increase in population

Constant increases in population have been considerable over the half-century. The country's overall population is made up of more than 1.3 billion people, second only to that of China. It is one of the main causes of unemployment. The rate of unemployment is 11.1% in the 10th Plan.

2. Agriculture is underdeveloped in India.

It provides seasonal employment. So this gives rise to unemployment.

3. Slow Economic Growth:

This means that as the population increases, the economy cannot keep up with demands for employment and an increasing share of people are unable to find work. The result is insufficient levels of employment nationwide.

4. Slow Growth of Industrialisation

Similarly, while industrialization has been considerable, its rate of growth is nevertheless fairly slow. There is a major emphasis on industrialization nationwide, which has elevated the Indian economy; however, industrial growth continues to generate relatively few new jobs overall as compared to increases in population.

5. Low Rates of Saving and Investment

India lacks sufficient capital across the board. Likewise, savings are low and the result is that investment—which depends on savings—is also low. Were there higher rates of investment, new jobs would be created and the economy would be kickstarted.

6. Shortage of Means of Production

Production is, quite simply, limited by the amount of materials, equipment, and energy available to fuel it. Shortages of raw materials, facilities, fuel, and electricity means decreased production of goods, which logically results in decreased availability of jobs.

7. Ineffective (or absent) Economic Planning

This is a major source of unemployment in India. Problematically, there were no nationwide plans to account for the significant gap between labor supply (which is abundant) and labor demand (which is notably lower). It is crucial that the supply and demand of labor be in balance to ensure that those who need jobs are able to get them; otherwise, many individuals will compete for one job.

8. Labour immobility

Culturally, attachment and maintenance of proximity to family is a major priority for many Indian citizens. The result is that people avoid traveling long distances from their families in pursuit of employment. Additionally, language, religion, and climate can also contribute to low mobility of labor. As one might expect, when many of those who might otherwise be suited to jobs are unable to travel to reach them, unemployment is magnified.

SUGGESTIONS & RECOMMENDATIONS TO CORRECT UNEMPLOYMENT IN INDIA

Despite the measures taken by the government, India remains a country experiencing severe unemployment problems. This section seeks to propose strategies for reducing unemployment in India. It is desirable to reduce tax rates and increase government spending which will eventually increase the aggregate demand and the rate of economic growth. Lower tax rates increase the disposable income of people and thus increase consumption and purchasing power leading to higher aggregate demand.

Government should invest more in human capital development to increase the employability in our country. It should also emphasize more on imparting quality education to the people. Education should be imparted in such a way that it should empower the youth with the necessary skills which can make them employable. Lower unemployment will reduce government borrowing and help economic growth. If the unemployed gain work, they will increase spending, and this will cause a positive multiplier effect which helps to increase economic growth. That's why it is important to reduce unemployment in India. Here's some steps and government scheme to reduce (correct) unemployment;

- **Sampoorna Gramin Rojgar Yojana (SGRY)**

This scheme was started in Sept. 2001 by Prime Minister. The main objective of this scheme was to provide gainful employment & food security to villagers. Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) have been merged in this scheme because both have the same objectives. DRDA is the nodal agency for this scheme.

- **Employment Assurance Scheme (EAS)**

This scheme was launched in 1994 with 1752 blocks where a modified public distribution system was in operation. It aims at providing 100 days work for unskilled physical workers especially in rural areas during slack agriculture season. It is a scheme to remove seasonal unemployment.

- **Integrated Rural Development Programme (IRDP)**

The Government of India introduced IRDP in 1978-79, intending to create full employment opportunities in the rural areas. This program included agriculture, forests, fisheries, animal husbandry, cottage industries, construction of canals, roads, and so on. To provide employment, a sum of INR 312 crores was also spent in the Seventh plan, which benefited 182 families.

- **The Swaran Jayanti Rozgar Yojana**

The plan, which started on 1 December 1997, is meant for providing employment to unemployed in urban areas. It aims at providing self or wage employment to unemployed youth of urban areas. It works upon two plans:

Urban Self- Employment Programme
Urban Wage Employment Programme

- **Swarnjayanti Gram Swarozgar Yojana (SGSY)** was introduced by the Ministry of Rural Development to assist the poor families living below the poverty line in rural areas for taking up self employment. The scheme is funded by the Central Government.

Swarnjayanti Gram Swarozgar Yojana (SGSY) is an initiative launched by the Government of India to provide sustainable income to poor people living in rural areas of the country. The scheme was launched on April 1, 1999.

Covid-19 impact on unemployment in india

India's unemployment rate rose to its highest level since 1991 during 2020 as a coronavirus pandemic caused the economy to come to a screeching halt, according to a study. In January 2021, India saw an unemployment rate of over six percent. This was a significant improvement from the previous month.

CONCLUSION

India is a fast growing economy. There has been enormous improvement in the unemployment scenario since the time it was recognized as a challenge. The government is implementing various measures for increasing the employment rate and has succeeded to a great extent. Participation of women and the marginalized groups speaks about the success of the policy measures. The wide spread skill development programmes have gained popularity across the nation. With better enforcement of the strategies mentioned above, the employment level can be significantly improved. Unemployment is a serious and an important challenge which needs to be looked at and removed from the country. With rising population, increasing enrolment and other concerning factors the unemployment issue has taken its toll to greater height leading to several consequences which require forefront attention from everyone. The problem of unemployment is not a new issue that emerged overnight. There are various measures and mitigating methods that are being undertaken by government and concerned agencies. Unemployment creates negative effects on the unemployed as they are jobless and suffer from worse prospects to find new jobs and those who are employed feel less secure to keep their jobs in future. However, for the overall development of the economy, governments and individuals have to take initiative steps in increasing productivity and improving the standard of living.

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