



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

UNEMPLOYMENT IN INDIA: AN ANALYSIS

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ABSTRACT

Unemployment in our country remains a subject of concern. Unemployment is a key measure of economic health. It is a major factor in determining how healthy an economy is unemployment means a state of being without any work both educated and uneducated for earning our livelihood. In other words unemployment means “Willing and able to work” but is not getting work. Present unemployment rate in India stands at 10.99 percent urban representing 12.02 percent and rural representing 10.52 percent (CMIE).

Keywords:- *Unemployment, Economic health, Educated, Uneducated, Livelihood,*

INTRODUCTION

India is one of the fastest growing economies of the world. India projected to be the world most populous country by 2024. Due to the large population unemployment in the country remains a subject of great concern since it was recognised in 1950's. Unemployment problems has received great importance in the development agenda of the country since independence and inception of the Five Year Plans. The Government of India had only few initiatives of employment generation until the first Five Year Plan. The plan laid the foundation of overall and sectoral development in a medium term prospective for achieving the goal of employment growth and increasing the labour force. In the Seventh Five Year Plans (1985-1990), employment was placed at the core of development strategy. In the Ninth Five Year Plane(1997-2002), employment was identified as the important dimensions of State policy with other being quality of life and regional development. The eleventh Five Year Plan (2007-2012) mainly focused an “inclusive growth and conceived employment as the key element.

The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed individuals by all individual currently in the labour force. During the period of recession an economy usually experiences a relatively high unemployment rate. According to International Labour Organization (ILO) more than 200 million people globally or 6 percent of the World work force are without a job. Current unemployment rate in the country as on May 2020 is as at 23.48 percent, urban area sharing 25.79 percent and rural are sharing 22.48 percent (CMIE.2020). There is a considerable theoretical debate regarding the causes, consequence and solution for unemployment. The classical economies, the neu classical economies and the Australian School of economies argues that the market mechanism and reliable means of resolving unemployment that interventions imposed on the labour market from the outside such as unionization, bureaucrats work rules, minimum wages laws, taxes and other regulation that they claim discourage the hiring of workers, keynessian economies emphasis the cyclical nature of unemployment and recommends government interventions in the economy that it claims will reduce unemployment during recessions keynessian theory focuses on recurrent shocks that suddenly reduce aggregate demand for goods and services and thus reduce demand for workers. This models recommend government intervention designed to increase demand for workers, these can include financial stimuli, publically funded job creation and expansion in monetary policies. John kynes believed that

the root cause of unemployment is the desire of investors to receive more money rather than produce more products, which is not possible without public bodies producing new money

CONCEPT AND DEFINITION OF UNEMPLOYMENT

Unemployment can be defined as “the percentage of unemployed workers in the total labour force” Unemployment refers to the number of workers who are actively seeking for a job and currently not receiving any sort of remuneration or wages. Unemployment can also be stated as when a person is looking for an employment is unable to get the job due to workers mindsets as to not satisfy with the number of working hours and due to lack in skill capacity amongst the workers. The unemployed comprise all persons of working age who were without work during the reference period for examples were not in paid employment or self employment, secondly, currently available for work for example were available for paid employment or self employment during the reference period. Thirdly, seeking work for example had taken specific steps in a specified recent period to seek paid employment or self employment. Future starters that is, persons who did not look for work but have a future labour market stake who have made arrangements for a futures job start are also counted as unemployed, as well as participants in skills training or retaining schemes within employment promotion programmers, who on that basis were “not in employment “not “currently available “ and did not “seek employment” because they had a job offer to start within a short subsequent period generally not greater than three months and person “not in employment”. Who carried out activities to migrate abroad in orders to work for pay or profit but were still waiting for the opportunities to leave. The exclusion of people who want to work but are not seeking work but are not seeking work until past often called the “hidden unemployed” or the “unemployed according to the relaxed definition”, which also included persons formerly known as “discouraged workers”.

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The 19th International Conference of Labour Statisticians, Geneva resolution introduced the concept of the “potential labour force”. These potential labour forces comprises “unavailable job seekers”, defined as persons who sought employment even though they were not available, but would become available in the near future and “available potential job seekers” defined as persons who did not seek employment but wanted it and were available. Thus person without work formerly included in the “relaxed definition”, of unemployment are now comprised in the potential labour force. The Geneva resolution further identifies a particular group the “discouraged jobseeker”, made up of those person available for work but who did not seek employment for labour market related reasons.(ICLS,2013)

OBJECTIVE OF THE RESEARCH PAPER

Main objective of the paper is to analyse the meaning and facts of unemployment, to study the various types of unemployment in India. Causes of unemployment Governmental initiative to reduce unemployment and suggestion to reduce unemployment in the country

RESEARCH METHODOLOGY

The present paper is mainly based on secondary data. The information has been collected from various books, reference books, journals, reports, websites, internet and various other available sources.

METHOD OF COMPUTATION

The unemployment rate is calculated by expressing the number of unemployed persons as a percentage of the total number of persons in the labour force. The labour force is the sum of the number of persons employed and the number of persons unemployed.(ILO,2013)

Thus, the measurement of the unemployment rate requires the measurement of both employment and unemployment. The Unemployment rate is calculated as follows:

$$\text{Unemployment rate percentage} = \frac{\text{Person unemployed} \times 100}{\text{Labour force}}$$

$$\text{Unemployment rate percentage} = \frac{\text{Person unemployed}}{\text{Person employed} + \text{person unemployed}} \times 100$$

TYPES OF UNEMPLOYMENT IN INDIA

OPEN UNEMPLOYMENT

Open unemployment is a situation where in a large section of labour force does not get a job that may yield them regular income. This kind of unemployment can be seen and counted in terms of the number of unemployment persons. The labour force expands at a faster rate than the growth rate of economy; therefore the people do not get the jobs.

DISGUISED UNEMPLOYMENT

Disguised unemployment is a situation in which more people are doing work than actually required. Even if some are withdrawn production does not suffer. In other words it refers to a situation of employment with surplus manpower in which some workers have zero marginal productivity. So their removal will not affect the volume of total production overcrowding in agriculture due to rapid growth of population and lack of alternative job opportunities may be cited as the main reasons for disguised unemployment in India.

SEASONAL UNEMPLOYMENT

Seasonal unemployment occurs during certain seasons of the year. In some industries and occupation, like agriculture, holiday resorts, ice factories etc. Production activity takes place only in some seasons. So they offer employment for only a certain period of time in a year. People engage in such type of activities may remain unemployed during off session.

CYCLICAL UNEMPLOYMENT

Cyclical unemployment is caused by trade cycles at regular intervals. Generally capitalist economies are subject to trade cycles. The down swing in business activities results in unemployment. It's a short run phenomenon.

EDUCATED UNEMPLOYMENT

Educated unemployment means apart from open unemployment many people are unemployed because their qualification does not match the job, faulty education system, mass output preference for white collar jobs, lack of employable skills and dwindling formal salaried jobs are mainly responsible for unemployment among educated youths in India. Educated unemployment may be either open or underemployment.

TECHNOLOGICAL UNEMPLOYMENT

Technological unemployment occurs when there is a change in the techniques of production which may not warrant such labour. Modern technology being capital intensive require less labourers and contributes to this kind of unemployment.

STRUCTURAL UNEMPLOYMENT

This kind of unemployment arises due to the drastic changes in the economic structure of the country. These changes may affect either the supply of a factor or demand for a factor of production. Structural unemployment is a natural outcome of economic development and technological advancement and innovation that are taking place rapidly all over the globe in every sphere.

UNDEREMPLOYMENT

Underemployment is the situation in which people employed contribute less than their capacity to production. In this kind of unemployment people are not gain fully employed. They may be employed either on part time basis or undertake a job for which lesser qualification is required.

CASUAL UNEMPLOYMENT

Casual unemployment means when a person is employed on a day to day basis, casual unemployment may occur due to short term contracts, shortage of raw materials, Fall in demand, change of ownership and so on.

CHRONIC UNEMPLOYMENT

Unemployment continued for a long period is termed as chronic unemployment. Rapid growth of population and inadequate level of economic development on account of vicious circle of poverty are the main causes for chronic unemployment.

FRICTIONAL UNEMPLOYMENT

It is caused due to improper adjustment between supply of labour and demand for labour. This type of unemployment is due to the immobility of labour, lack of correct and timely information, seasonal nature of work etc.

UNEMPLOYMENT PROFILE

Month	Unemployment Rate (%)		
	India	Urban	Rural
Jun 2020	10.99	12.02	10.52
May 2020	23.48	25.79	22.48
Apr 2020	23.52	24.95	22.89
Mar 2020	8.75	9.41	8.44
Feb 2020	7.76	8.65	7.34
Jan 2020	7.22	9.70	6.06
Dec 2019	7.60	9.02	6.93
Nov 2019	7.23	8.88	6.45
Oct 2019	8.10	8.27	8.02
Sep 2019	7.16	9.62	6.00
Aug 2019	8.19	9.71	7.48
Jul 2019	7.34	8.30	6.90

Source:- Centre for Monitoring Indian Economies (CMIE)

Unemployment Rate (%)	
States (India)	Jun 2020
Andhra Pradesh	2.1
Assam	0.6
Bihar	19.5
Chhattisgarh	14.4
Delhi	18.2
Goa	10.1
Gujarat	2.8
Haryana	33.6
Himachal Pradesh	2.1
Jammu & Kashmir	17.9
Jharkhand	21.0
Karnataka	9.2
Kerala	20.1
Madhya Pradesh	8.2
Maharashtra	9.7
Meghalaya	1.1
Odisha	4.2
Puducherry	4.2
Punjab	16.8
Rajasthan	13.7
Sikkim	4.7
Tamil Nadu	13.5
Telangana	15.5
Tripura	21.3
Uttar Pradesh	9.6
Uttarakhand	8.7
West Bengal	6.5
Monthly time series	

Source:- Centre for Monitoring Indian Economies (CMIE)

CAUSES OF UNEMPLOYMENT IN INDIA

1. Rapid growth of population
2. Poverty (M.L. Jhingan, 1989)
3. Underdevelopment of the economy
4. Slow growth in the economy
5. Defective system of education
6. Absence of manpower planning
7. Degeneration of village industries
8. Immobility of labour
9. Jobless growth (<https://www.your-articlibrary.com>)
10. Social tensions
11. Wastage of human capital

GOVERNMENT INITIATIVES FOR PROMOTION OF EMPLOYMENT

- Mahatama Gandhi National Rural Employment Act (MGNREGA). This was initiated in 2005 which aims to provide at least 100 days of paid work to any adult member of the rural family during the financial year. It provides security to rural families.
- Start up India scheme which involve promotion of ease of doing business for start ups.
- Stand Up India Scheme, a scheme to empower Schedule Caste and Schedule Tribes and Women by giving them a loan to promote their entrepreneurship.
- Pradhan Mantri Mudra Yojana a scheme which provides loan to those who have planned to start nonfarm business like trading, manufacturing etc. This promotes the development of the non farming sector in rural areas. This scheme gives loans to micro unorganised sector to bring them into mainstream economy.
- Deen Dayal Upadhyay Grameen Kaushalya Yojana a scheme to promote skill development based on the demand of the economy. This scheme guarantees employment to at least 75 percent of the trained candidates.
- Self Employment and Talent Utilisation (SETU) was launched in 2015 under NITI Aayog. It gives financial and technical assistance to new start – ups, self employed business people and micro businesses.

- National Rural Livelihood Mission aims to reduce poverty and unemployment rate by enhancing the livelihood options for the poor, skill developments and promotions of entrepreneurship and start ups for the minorities.
- Pradhan Mantri Kaushal Vikas Yojana a scheme which comes under the Ministry of Skill and Development and Entrepreneurship. This scheme provides necessary skills needed for the market thus providing a better livelihood.
- National Career Service Portal which was launched as a platform for bringing together the job seekers, recruiters, placement drives, counselors and skill providers etc.

WAY FORWARD

- Create awareness measures to increase of employment schemes so that people from remotest parts of the country can be benefited.
- Balance Growth rate and employment rate, sectors like food processing industries, manufacturing industries, and handicrafts industries can boost employment.
- The export boosts in labour intensive sectors like the jute industry, handicraft industries, and textiles industries.
- Quality Education
- Public investment in sectors such as health, education, Police and Judiciary can generate many Government jobs.
- Decentralization of industrial activities is needed so that people of every region get employment.
- Development of the rural areas will help reduce the migration of the rural people to the urban areas thus minimizing the pressure on the urban area jobs.
- Entrepreneurship create employments too many countries, therefore Government needs to encourage entrepreneurship among the youth.
- Remove barriers for women aims at removing the social barriers for women entry and their sustained participation in the job market in needed.
- National Employment Policy (NEP)
- Establishment of Vocational and Technical training institutes.
- Improve transport and communication
- Encourage self employment; Young entrepreneurs should be assisted with loans.
- Intake of employment capacity should be increased
- Increase human capital development, and overcome the problems of geographical disparities of unemployment.
- Adequate measure for unemployment planning

CONCLUSION

Although our country is a developing and a fast growing economy, problems of unemployment are affecting the economy day by day. The government is implementing various measures for increasing employment unless the problems of unemployment are solved the future of the country cannot be bright. Better enforcement of the strategies and unemployment planning will push up growth, development and prosperity in the country. Proper management of unemployment is the need of the hour otherwise the problems can make the jobless youngster go to the wrong direction.

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