

Unemployment Problem in India – Causes and Solutions

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ABSTRACT

Unemployment is a big problem for India as well as most of the developing countries. It has adversely affected the people. It has many dimensions which leads to powerlessness, isolation, low income, health problems, insecurity and human depression. In this paper we have tried to study different types of unemployment, causes and remedial measures to the problems of unemployment. In India one of the most disturbing problems has been mounting rate of unemployment, both in the rural and urban sectors. If this problem is solved, then only the future of our country can be bright.

Key Words : Unemployment, Crime, Problem, India, Economy, Percent

INTRODUCTION

In a developing country like India as well as less developed countries unemployment is a big problem. Hence it has a significant effect on people intensely. It is painful and causes much hardship resulting in economic loss and has a devastating effect on poverty. When unemployment is low, it is easier to find jobs and it is high, it is tough to find suitable jobs and people may accept jobs that do not closely match their skills. Unemployment rises recessions and declines during recoveries. It may also exist in situations where there is neither recession nor boom. Unemployment is a social evil having many dimensions such as poverty, which lead to powerlessness isolation, low income, health problems, insecurity as well as human depression.

According to periodic labour force survey (PLFS). The unemployment rate came down to 3.1% in 2023 from 3.6% in 2022 and 4.2% in 2021. Annual Report 2022-2023, In rural areas, UR decreased from 5.3% in 2017-18 to 2.4% in 2022-23 while for urban areas it decreased from 7.7% to 5.4%. UR for male in India decreased from 6.1% in 2017-18 to 3.3% in 2022-23 and corresponding decrease in UR for female was from 5.6% to 2.9% (Table 1).

If we see in the past trends, according to National sample survey office (NSSO) 2015 indicate that there was a dip in India's employment rate that had gone down to 38.6 per cent in 2011-12 from 39.2 per cent in 2009-10. With this employment rate had gone up from 2.5 per cent to 2.7 per cent. In the year 2004-05 the employment rate was 42 per cent. In the five-year period falling between 2004-05 and 2009-10, 27 million new jobs were created where as in the previous five years 60 million new jobs were created. As per the survey number of women who lost their jobs was more than that of men. Number of employed men between 2009 and 2012 remain almost same but number of employed women dropped from 18 per cent to 16 per cent. Though in terms of percentage it looks small but the actual figures are really daunting. In rural sector about 90 lakhs women lost their jobs in the period of two years. On the other hand, 3.5 lakhs women were added to the workforce in urban areas. Overall unemployment rate in females was more as compared to males. For females it was 7.2 per cent whereas for male the unemployment rate was 4 per cent (Sakalya, 2015).

India must see and crusader employment as a major driver of the economy. According to the report by NSSO, suggests that illiterate population has the lowest

Table 1 : Labour Force Participation Rate (LFPR) in usual status (ps+ss) for persons of age 15 years and above

| Survey period | Rural | | | Urban | | | Rural + Urban | | |
|---------------|-------|--------|--------|-------|--------|--------|---------------|--------|--------|
| | Male | Female | Person | Male | Female | Person | Male | Female | Person |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 2022-23 | 80.2 | 41.5 | 60.8 | 74.5 | 25.4 | 50.4 | 78.5 | 37.0 | 57.9 |
| 2021-22 | 78.2 | 36.6 | 57.5 | 74.7 | 23.8 | 49.7 | 77.2 | 32.8 | 55.2 |
| 2020-21 | 78.1 | 36.5 | 57.4 | 74.6 | 23.2 | 49.1 | 77.0 | 32.5 | 54.9 |
| 2019-20 | 77.9 | 33.0 | 55.5 | 74.6 | 23.3 | 49.3 | 76.8 | 30.0 | 53.5 |
| 2018-19 | 76.4 | 26.4 | 51.5 | 73.7 | 20.4 | 47.5 | 75.5 | 24.5 | 50.2 |
| 2017-18 | 76.4 | 24.6 | 50.7 | 74.5 | 20.4 | 47.6 | 75.8 | 23.3 | 49.8 |

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

Source: - Periodic Labour Force Survey (PLFS) Annual Report 2022-2023

unemployment rate. Because this segment of the society is ready to do low paying jobs. Educated youth is facing the most of unemployment that shows lack of skill-based employment opportunities in India. The state is Kerala being the most literate state in India had the highest rate of employment, that is close to 10 per cent among the large states. Whereas rate of unemployment in West Bengal was 4.5 per cent and in Assam it was 4.3 per cent. The economic development of any country depends upon various factors and therefore we in the paper tried to study various types, causes and some of the remedial measures of unemployment problems in India (<https://en.wiki>).

Unemployment is a situation where the person willing to work fails to find a job that earns them living. Unemployment means lack of employment. In simple way, unemployment means that the state of being unemployed. It occurs when people who are without work and are actively seeking paid work. 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 individuals currently in labour force. The rate of unemployment varies over a wide range among the different states of India. When a person does not get a full-time work, it is called under employment (Kaur, 2013).

Types of unemployment

Now in the following we shall discuss various types of unemployment. The economists distinguish between various overlapping types of unemployment. Cyclical unemployment or deficient demand occurs when there is not enough aggregate supply in the economy to provide jobs for everyone who wants to work. Demand for most goods and services falls less production in need and consequently fewer worker are needed, it lead mass

unemployment. Frictional unemployment focus on voluntary decisions to work based on each individuals valuation of their own work and how that compares to current wage rates plus the time and effort required to find a job. Structural unemployment focuses on structural problems in the economy and inefficiencies inherent in labour markets, including a mismatch between the supply and demand of labourer with necessary skill sets. The structural unemployment emphasize causes and solutions related to disruptive technologies and globalization. Finally classical unemployment or real wage unemployment occurs when real wages for a job are set above the market-clearing level, causing the number of job seekers to exceed the number of vacancies. It is observed that as wages fall below a livable wage many choose to drop out of the labour market and no longer seek employment. This is especially true in countries where low-income families are supported through public welfare system. In such cases wages would have to be high enough to motivate people to choose employment over what they receive through public welfare (Prasad, 2015).

Unemployment may also be categorized as (a) seasonal unemployment- the agricultural labourers, farmers, workers of sugar mills, rice sellers, cotton ginning units and ice factories are included in seasonal unemployment, (b) Industrial employment – workers forced to be unemployed due to saving devices are counted in industrial unemployment, (c) Educated unemployment arises when a large number of educated people are unemployed or unable to secure a job, (d) Technological unemployment refers to the situation when people have been put out of work by the introduction of superior technology in their idea of operation, (e) Disguised unemployment is a common feature in agriculture. It arises when more than the required human response has been engaged in the cultivation of the same

plot. It is a sort of under employment (Jeffrey, 2010).

Causes of unemployment:

After discussing the various types of unemployment, we now in the following try to explain some of the important causes of unemployment. The first main cause of unemployment is theoretical education. This chronic unemployment is attributed to the system of education prevailing in our country. Our education is too theoretical. It turns too many arts graduates and too few engineers. To make up for this deficiency government has opened several technological institutes in different parts of India. There are already more technologically trained men than there is employment for them. However, this attempt is good but it will not solve the problem of unemployment. Secondly there is a lack of full employment in industries. In the industrial segment, there is the same lack of full employment. There are not many mills and factories and the number of men employed in them is not large. Even the mills and factories that we have do not work to their maximum capacity either for lack of requisite machinery or for lack of adequate supply of materials. Thirdly, is the lack of alternative opportunities for agricultural workers. In the rural India, the practice is equally discouraging. Agriculture is the principal occupation of the majority of rural population. However, agriculture keeps the cultivators engaged for a limited part of the year. For many months every year the agricultures remain idle and lives miserably. Fourthly, poor condition of cottage industries. In villages, unemployment is due to lack of cottage industries. The cottage industries are in a winding state. they give whole time occupation to only a fraction of the people who depend on them. Finally, there other factors that are responsible for unemployment in India such as excessive burden of population on cultivation, rapidly increasing population, low productivity in agriculture sector, defective economic planning and large-scale production and mechanization (Sharma, 2011).

Further, there are some studies which throws light on the unemployment problems in India. Nagaraj (1994) examined the relationship sector in the 1980's. The author found that the real wage increase was due to increase in man days work. The increase in real wages for man day lagged behind the real wage increase (Nagaraj, 1994). Goldar (2000) found no statistical relationship between man days and employment. He found a statistically significant association between real wages and employment. Bhalla (1997) suggests that workers have

shifted from non-agricultural occupations to agriculture in rural areas in the early post-reform period. Ghose (1999) point out that the growth in non-agricultural employment during the 1980's was mainly due to public expenditure and that decline in public expenditure was responsible for the decline in growth of rural non farm employment. Dev (2001) has made two observations (a) a shift of non-farm jobs from rural to urban areas and (b) in the rural informal sector, manufacturing is losing more jobs than trade. Further, within both-manufacturing and trade, job losses are concentrated among the self-employed in family operated enterprises.

Solutions to the Problem of Unemployment:

Now we shall discuss some of the possible solutions to the unemployment problems in India. Every country is trying to solve the employment problem in her own way, (a) The real remedy lies in an addition to the national wealth, in increased production of industrial goods. If there are more industries, there will be more avenues for employment. It is only a rapid industrialization of the country that we have a key to the solution of our economic problem. If more and more industries are established and commodities are produced, there will be vacancies not merely for technically trained men but also for labours – skilled and unskilled, (b) Secondly, if the unemployment of the rural people is to be tackled, emphasis should also be laid on the revival of cottage industries. The government alone can help them with loan and find a market for their goods, (c) Thirdly, the solution to the problem is the establishment of vocational and technical institutes. The government should open technical and vocational colleges and manual labour should be made compulsory. Big factories should be attached to these colleges. More stress is to be given to practical side, (d) Fourthly, increased investment in heavy and basic industries and consumer goods industries should be increased to provide more employment with more production, (e) Fifthly, revival of cottage and small-scale industries. Cottage and small-scale industries should be developed. Subsidies and other incentives should be given to private sector, (f) Sixthly, modernization and mechanization for agriculture should be done. Wastelands should be utilized, (g) Seventhly, improved transport and communication. Rural works programs should be increased and means of transport and communication should be developed, (h) Lastly, self employment should be encouraged government should take initiatives to

encourage self employment young entrepreneur should be assisted with hassle free loans (Gyan, 2015).

Conclusion:

In conclusion we can state that different forms of unemployment occurs, few are not that harmful but are very risky for the society as a whole. People waiting for their first job come under frictional unemployment. Such kind of unemployment is not regarded as dangerous and can be improved by creating more awareness regarding new job openings. Then comes the seasonal unemployment and this is specific to certain seasonal industries like tourism and farming. To reduce this, people must be encouraged to take other jobs in off season. The worst type of unemployment is the structural one. It comes into picture when there is a change in the structure of an economy. It is long term unemployment and can be caused by various reasons. Machines replacing human, change in the behaviour of consumer etc. are the causes. Structural unemployment can be reduced to great extent by providing retraining, on job training and by making people occupationally flexible.

Further, creating new jobs is a crucial and plays an important role in the economy. Drop in the financial market hits job market and creates unemployment. India has the largest population of youth in the world with about sixty six per cent of the population under the age of thirty-five, so impact of declining financial market is the worst in India. Though education level in the recent years has increased but skill development is still a crucial issue. More attention should be given otherwise this problem can make jobless youths go to wrong direction. The future of India can be bright when steps are taken to solve the unemployment problem. Then only there will be peace and prosperity in the country.

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