

Unemployment on rise in India

Published on: September 30, 2013 | Updated on: February 10, 2017

By Ananddeep Kaur

Share this Article On



Creating new jobs is a crucial task 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 66% of the population under the age of 35, 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. Moreover, poverty, limited access to skill based education, work experience are some of the major factors that lead to unemployment and underemployment. During recession, job freezing is the most common occurrence done by hiring companies. Under such circumstances there is a greater degree of unemployment.

What is unemployment and its types?

Unemployment is a situation when a capable and willing to do job workforce does not get work.

Different forms of unemployment occur, few are not that harmful but few 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.

Unemployment statistics in India

The Labour Bureau under Union Ministry of Labour and Employment released an Annual Employment & Unemployment Survey report. The report for 2012-13 states that Sikkim has the maximum number of unemployed people where as Chhattisgarh has the minimum number of unemployed people in the country. Overall unemployment rate of the country is 4.7%. In Northern India, Jammu and Kashmir has the maximum unemployment rate followed by Himachal Pradesh, Delhi, Chandigarh, Punjab and Haryana. Unemployment rate in rural area is 4.4% whereas in urban area it is 5.7%.

According to a National Sample Survey Office (NSSO) last year also there was a dip in India's employment rate that had gone down to 38.6% in 2011-12 (July-June) from 39.2% in 2009-10. With this unemployment rate had gone up from 2.5% to 2.7%. In the year 2004-05 the employment rate

was 42%. In the five year period falling between 2004-05 and 2009-10, 2.7 million new jobs were created whereas 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% to 16%. Though in terms of percentage it looks small but the actual figures are really daunting. In rural sector about 90 lakh women lost their jobs in the period of two years. On the other hand 35 lakh 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% whereas for male the unemployment rate was 4%.

State of Kerala being the most literate state in India had the highest rate of unemployment, i.e, close to 10% among the large states. Whereas rate of unemployment in West Bengal was 4.5% and in Assam it was 4.3%.

At the same time, decline in job creation has also been revealed by Monster.com through its Monster Employment Index India. Monster is one of the biggest online job portals. Because of the global economic conditions, Indian employers have posted less number of jobs in this job portal. The Monster Employment Index is a monthly measure of online job posting activity. The data is based on a real-time assessment. The same sluggish growth has been shown by the Naukri Job Speak Index of Naukri.com.

Number of workforce in agriculture sector has gone down and for the first time it is below 50%. The farm sector now has 49% of the workers whereas manufacturing sector has 24% and services sector has 27% workforce.

India must see and consider employment as a major driver of the economy. Economic growth in 2009-10 was 9.3% whereas in 2011-12 it came down to 6.2%.

Jobless youth is left with no other option but to go for self employment and if he does not possess specific skill then youth has to do low paying jobs like hawking magazines, etc.

On the other hand youth is now more interested in skill based job as salary is better. This has been shown by an increase in the education loans in India. As per the data by Reserve Bank of India, in the past four years, outstanding education loan in the category of personal loan has almost doubled. Also there is a rise in the number of defaulters of education loan that clearly indicates the unemployment state in India especially for students who are looking for a job is bad.

According to the reports by NSSO, illiterate population has the lowest 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.

Impact of Unemployment

**GOVERNMENT DEGREE COLLEGE
LUXETTIPET**

CERTIFICATE


This is to certify that the following student team conducted a study project on the topic "**UNEMPLOYMENT IN INDIA**" Under the supervision of Sri. B. Radhakishan, Lecturer in Economics in the year 2019-20.

PARTICIPANTS

1. P. Archithachary
2. P. Ajay
3. T. Rajakrishna
4. B. Naresh
5. M. Mahesh

COURSE AND YEAR

- BA II Yr
BA II Yr
BA III Yr
BA III Yr
BA III Yr


Signature of the Supervisor


Principal
Principal
Govt. Degree College
Luxettipet - 504 214

Apart from financial impact, unemployment has many social impacts like theft, violence, drug taking, crime, health as well as it leads to psychological issues. Next comes the poverty that is directly linked with unemployment as well as inequality. Long term unemployment can actually ruin the family and the society.

Updates

In September 2015, the unemployment reached a mark that 23 lakh people applied for 368 posts of peon in the state secretariat in Uttar Pradesh. Among the applicants, 255 candidates with a PhD degree and more than two lakh hold BTech, BSc, Mcom and MSc degrees.

Unemployment in India: Types, Measurement and Causes

Article shared by :

Smriti Chand

ADVERTISEMENTS:

Unemployment in India: Types, Measurement and Causes!

Unemployment may be defined as "a situation in which the person is capable of working both physically and mentally at the existing wage rate, but does not get a job to work".

ADVERTISEMENTS:

In other words unemployment means only involuntary unemployment wherein a person who is willing to work at the existing wage rate does not get a job.

Types of Unemployment in India:

1. Open Unemployment:

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

2. Disguised Unemployment:

It 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.

3. Seasonal Unemployment:

ADVERTISEMENTS:

It is unemployment that occurs during certain seasons of the year. In some industries and occupations like agriculture, holiday resorts, ice factories etc., production activities take place only in some seasons. So they offer employment for only a certain period of time in a year. People engaged in such type of activities may remain unemployed during the off-season.

4. Cyclical Unemployment:

It 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. Cyclical unemployment is normally a short-run phenomenon.

5. Educated Unemployment:

Among the educated people, apart from open unemployment, many are underemployed 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.

6. Technological Unemployment:

It is the result of certain changes in the techniques of production which may not warrant much labour. Modern technology being capital intensive requires less labourers and contributes to this kind of unemployment.

7. Structural Unemployment:

This type of unemployment arises due to drastic changes in the economic structure of a 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 world in every sphere.

8. Underemployment:

It is a situation in which people employed contribute less than their capacity to production. In this type of unemployment people are not gainfully employed. They may be employed either on part-time basis, or undertake a job for which lesser qualification is required. For example a Post Graduate may work as a clerk for which only S.S.L.C. is enough.

9. Casual Unemployment:

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 etc.

10. Chronic Unemployment:

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

11. Frictional Unemployment:

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

Measurement of Unemployment:

There are three measures or estimates of unemployment. These are developed by National Sample Survey Organisation (NSSO). They are:

1. Usual Status Unemployment:

ADVERTISEMENTS:

Also known as open unemployment or chronic unemployment. This measure estimates the number of persons who remained unemployed for a major part of the year. This measure gives the lowest estimates of

unemployment.

This concept used to determine the usual activity status of a person as employed or unemployed or outside the labour force. The persons covered may be classified into those working or available for work in their principal activity sector and subsidiary sector.

2. Weekly Status Unemployment:

The estimate measures unemployment with respect to one week. A person is said to be unemployed if he is not able to work even for an hour during the survey period. In other words according to this estimate a person is said to be employed for the week even if he/she is employed only for a day during that week.

3. Current Daily Status Unemployment:

It considers the activity status of a person for each day of the preceding seven days. The reference period here is a day. If a person did not find work on a day or some days during the survey week, he/she is regarded as unemployed.

Normally if a person works for four hours or more during a day, he or she is considered as employed for the whole day. The daily status unemployment is considered to be a comprehensive measure of unemployment.

Causes of Unemployment in India:

The important causes of Unemployment in India are as follows:

1. Rapid growth of population and increase in labour force.
2. Underdevelopment of the economy.
3. Slow growth in the agricultural sector.
4. Defective system of education.
5. Absence of manpower planning.
6. Degeneration of village industries.
7. Inappropriate technology.
8. Slow growth of industrial sector.
9. Immobility of labour.
10. Jobless growth.

Essay on Remedial Measures For Unemployment

Essay on Remedial Measures For **Unemployment** – The problem of unemployment is growing day by day in India. It is becoming more and more complex also. Such a complex problem will have to be tackled in a planned manner. No single solution can be an effective remedy for this problem. Multi-pronged attempt is needed to face it in an effective manner. It is possible only with the combined efforts of the government and the public.

I. Population Control:

The growing population in India is a major cause of many socio-economic problems. Our population is growing on an average at the rate of 2.48% per year. We are adding every year more than 120 lakh to 130 lakh people to our population. At the same time, about 5 million people attain the employable position every year.

Job opportunities are not increasing at the same rate to accommodate the growing population. Hence the population growth has to be checked. Family planning programme has to be made more popular and other suitable steps are to be taken to minimize or neutralize its growth.

II. Promoting Economic Development:

The main solution for the problem lies in achieving substantial economic development. This can be materialized, only if attention is paid equally to agriculture and industry.

ADVERTISEMENTS:

A. Promoting Economic Development:

(i) Irrigation Projects:

The employment opportunities in the agricultural sector may be increased through the construction of major and minor irrigation projects, expansion and development of plantation, intensive agriculture and horticulture. Unutilised land may be brought under-cultivation.

(ii) Development of Fisheries:

Forest and Animal Husbandry. The development of forest and fisheries and encouragement of animal husbandry [dairy farming, poultry, piggery, etc.] is also a major step in the direction of improving agricultural production.

(iii) Encouragement of Cottage and Household Industries:

In the Indian context, cottage and household industries which are often associated with agriculture play a vital role in the development of economy. Hence they should be given due encouragement. Basket making, brick-making, toy-making, beedi rolling, agarbati making, carpentry and furniture making, leather works, carving, smithery, and such other works are to be encouraged to keep our people engaged with work that fetch economic rewards.

(iv) Encouragement for Growing Commercial Crops:

Commercial crops can make agricultural tasks economically attractive. Commercial crops such as areca, coffee, tea, pepper, ginger, cardamom, cashew, tobacco, ground nut, vegetables and fruits, etc., can bring good income to the farmers. Due encouragement is to be given to the farmers to grow such commercial crops.

(v) Attractive Local Programmes and Projects:

Depending upon the local needs and feasibility new agricultural programmes and projects are to be launched so that the young people of the area get new opportunities to use their talents and energy for the developmental programmes.

The U.P. Government, for example, introduced in 1990-91, a land army called "Bhoomi Sena". The Bhoomi Sainiks [young men of the local area] are given funds by the state government in the form of bank loans for the afforestation of land.

B. Industrial Development:

Planned development of industries is essential for creating more and more job opportunities. Development of industries may include: (a) large-scale industries, (b) small scale industries, and (c) village and cottage industries including handicrafts. Proper balance should be maintained between agricultural growth and industrial development, so that industry would not destroy handicrafts and household industries.

The unchecked process of mechanization and the domination of multinational companies are adversely affecting the creation of new job opportunities. In the name of