

Problem of Unemployment in India

Meaning of Unemployment

Unemployment refers to a situation when all able and willing persons of a country do not get suitable opportunities to work.

- People who are engaged in economic activities are termed workers, and they constitute the workforce. The workforce is the total number of persons actually working.
- Workforce participation rate is the ratio of the workforce to the total population of a country.
- Worker population ratio is the ratio of the total number of workers in a country to the population in the country multiplied by 100.

Nature and Types of Unemployment in India

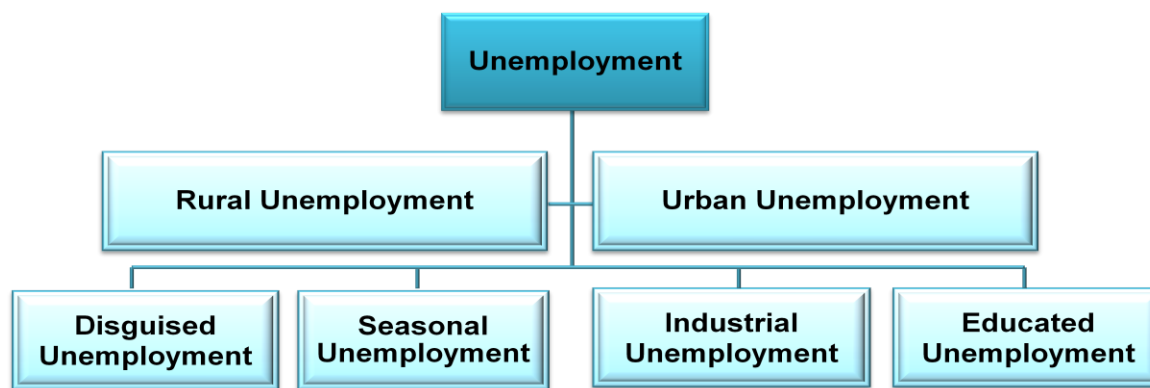
Various types of unemployment are prevailing in India. Of these, the most important types of unemployment are

- **Seasonal unemployment:** Because of the absence of proper irrigation facilities and subsidiary employment opportunities in rural areas, multiple cropping is not possible in most rural areas. Hence, these farmers remain idle for about 5–7 months in a year. This situation is called seasonal unemployment. Gross irrigated area as a percentage of gross cropped area was only 17.11% in 1950–51 and it has been increased to 35–64% in 1992–93. However, it does not exceed 25% of cultivable land under multiple cropping. This implies that farmers cultivating approximately 75% of land remain involuntarily unemployed for a significant part of the cropping season.
- **Frictional unemployment:** This may be the by-product of normal economic changes such as closing of firms or may arise out of personal factors such as the search of a job after completing education and the preference for a different job environment. It implies that the unemployed persons are conscious of their state of unemployment. Their state of unemployment can be described as open or visible unemployment.
- **Disguised unemployment:** When more labourers are employed in a job than actually required, the situation is termed disguised unemployment. Disguised unemployment prevails in India because of the following reasons:
 - There is increasing population pressure on land.
 - There is non-availability of alternative employment opportunities in urban areas.
 - Agriculture is a family occupation in India as family members do not find proper jobs in urban areas.
- **Technological unemployment:** This may arise in a situation where workers are put out of work by the introduction of superior technology in their area of operation. It is high in India as the country is undergoing technological progress.
- **Structural unemployment:** Because of a high growth rate of population and a slow growth rate of gross domestic product, the problem of structural unemployment has arisen in India. When there is



agricultural backwardness, the growth of industrial and agricultural output will be slow, service sectors will be small in size, and hence, the demand for labour and employment opportunities will be restricted.

- **Educated unemployment:** When people with general or technical education do not find proper employment opportunities in accordance with their educational qualifications, they are educated unemployed. Educated unemployment prevails in India because of the following reasons:
 - Since independence, there has been a tremendous improvement and expansion of educational facilities in the country, but the employment opportunities were not generated in the same proportion. This led to educated unemployment in India.
 - The education system in India is not suitable for the existing job potential in the market. It does not provide vocational training but only focuses on general education.



Rural Unemployment

In India, the incidence of unemployment is more pronounced in rural areas. The two types of rural unemployment in India are seasonal unemployment and disguised unemployment.

- Seasonal unemployment is a situation where several persons cannot find a job in a particular season as in the case of agriculture and factories producing woollens and ice cream.
- Disguised unemployment refers to a situation where marginal physical productivity of labour is zero or may become negative.
- Causes of rural unemployment in India:
 - Agriculture is the predominant occupation of rural people, and it fails to absorb the increasing job population of the land. It also provides only seasonal employment to the rural population.
 - The joint family system and the habit of staying at home are other reasons responsible for rural unemployment.
 - There is a lack of alternative occupations to the rural population.
 - Use of capital-intensive technology has resulted in surplus labour in rural areas which has led to rural unemployment.

Urban Unemployment

In India, urban unemployment is divided into industrial unemployment and educated unemployment.

- **Industrial unemployment:** This problem became acute with the increase in the size of urban population and the increasing migration of rural people to urban industrial areas in search of employment. The slow pace of industrialisation in India could not keep pace with the growth of the urban labour force.

- Educated unemployment: Educational facilities have increased very fast during the Five Year Plans. Educated people fail to earn their living through self-employment and cannot do physical work too. This gives rise to unemployment among these educated people.

Extent of Unemployment in India

The extent of unemployment is not the same throughout the country. Unemployment rates were relatively high in Kerala, West Bengal and Tamil Nadu in 1999–2000. However, in Rajasthan, Uttar Pradesh, Himachal Pradesh and Madhya Pradesh, unemployment was relatively low during the same period. The Planning Commission, National Sample Survey Organisation (NSSO) and Employment Exchanges provide data about the employment and unemployment levels in India.

According to the 8th Five Year Plan, the Planning Commission remarked that there is a positive correlation between the unemployment rate and the level of literacy and education in any state. Unemployment rates are high in those states in which the literacy rates are high.

Causes of Unemployment in India

- Slow growth rate of different sectors: The Indian economy was unable to grow at a pace proportionate with the continuous growth of the labour force in the industrial, agricultural and service sectors. Thus, adequate employment opportunities were not created in these sectors.
- Defective educational system: The Indian educational system does not emphasise on vocational and technical education. This has led to the problem of urban unemployment.
- Use of capital-intensive technology: Most industries have adopted capital-intensive technology in their production activities, particularly the large- and medium-scale industries. India had depended on imported technology at the initial phase of industrialisation. Today, there is surplus labour in India for productive activities, but dependence on capital-intensive technology has led to unemployment.
- Rural–urban migration: Lack of employment opportunities in rural areas and relatively high wage rates in urban areas have led to rural migration to urban areas. Hence, this situation has created urban unemployment problems in India.

Impact of Unemployment

Unemployment negatively impacts the economy of the country. This is because unemployment creates a feeling of hopelessness and depression among unemployed people.

- Unemployment results in the wastage of human resource as people are not involved in any kind of productive activities. This makes them a liability to the nation.
- Unemployed people cannot support their families and educate their children. This makes the entire family dependent on the nation, and hence, the dependence of unemployed people increases on the working population of the country.
- The quality of life of an unemployed person deteriorates which also impacts the social life of a person. This may result in people engaging in illegal activities such as theft and robbery.
- Increasing trends towards unemployment is an indicator of a depressed economy where most of its human resource is not engaged in any productive activity.

Remedial Measures

Long-term Measures

Long-term measures adopted by the government to solve the problem of unemployment:

- **Emphasis on sustained self-employment:** As the public sector production process is based on capital-intensive technology, there is limited scope for employment generation. Government-emphasised policy measures could use excess labour in the private sector, particularly in self-employment. Thus, self-employment would lead to a growth in the income at a sustained rate.
- **Growth in infrastructural investment:** Infrastructural investments include investments towards electricity generation and distribution, expansion of transport and communication. These infrastructural investments lead to a growth in industrial output. Hence, more employment opportunities are created leading to a sustained income growth in the economy.
- **Rapid industrialisation:** Since the Second Five Year Plan, the government has emphasised the need for rapid industrialisation for strengthening the industrial base of the Indian economy and to increase the gross domestic product.
- **Decentralised planning:** The government has emphasised fundamental changes in the planning process. Rather than following the process of planning from above, decisions should be taken at the grassroot levels such as planning from village, block and district levels. Hence, the unemployment problem can be solved in a better way through this process of decentralised planning.
- **Population control measures:** The government can also put greater stress on population control measures to solve the problem of unemployment in the long run.

Short-term Measures

Short-term measures taken to solve the problem of unemployment in India:

- Along with long-term measures, there are certain short-term measures for sustained development in employment opportunities. Some of these short-term measures:
- Special employment generation programmes are National Rural Employment Guarantee Scheme (NREGS), Swarna Jayanti Gram Swarozgar Yojana (SJGSY) and National Food for Work Programme (NFWP).
- Surplus land obtained from the operation of ceilings laws has been distributed among the poor.
- Improved specialised training provided to labour force to improve their productivity, and hence, there will be demand for skilled labour.
- Entrepreneur development has been initiated for generating self-employment opportunities through certain schemes. Those schemes have aimed to develop entrepreneurial ability among the people and to guide them in making project reports for running their business.
- The government has made efforts to develop small industries which have potential to generate huge employment opportunities. Small and Medium Enterprise Development Act, 2006, was passed to reduce unemployment.