

## UNEMPLOYMENT ISSUES IN INDIA

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### **Introduction**

The size of employment in any country depends to a great extent on the level of development.<sup>1</sup> Therefore when a country makes progress and its production expands the employment opportunities to grow. Unemployment has been one of the most persistent and unmanageable problems facing all industrial countries of the world. At the same time the goal of public policy has been to remove unemployment and to achieve full employment in such countries.

### **Definition of Unemployment**

Every man's Dictionary of economics defines 'Unemployment' as "involuntary idleness of a person willing to work at the current prevailing rate of pay, but unable to find it". It implies that only those persons are to be regarded as unemployed who are prepared to work at the prevailing rate of pay, but they do not find any job or work. Voluntarily unemployed persons who do not want to work like the idle rich are not considered unemployed.

### **Full Employment**

'Full Employment' means a situation in which everybody gets a job/work at the running rate of wages and also wishes to be employed.' Lord J K Keynes advocated it through his concept of effective demand which is the summation of aggregate demand and supply.

### **Under Employment**

Under Employment is a situation of an individual who is fully skilled and qualified but works at low rate of wages than his capacity and at inferior posts of job. For eg., M.B.B.S Dr. serves as a compounder and Ph.D Scholar works at junior colleges at least paid scales etc.,

### **Features of Unemployment**

Unemployment can be defined as a state of worklessness for a man fit and willing to work.

- The incidence of unemployment is much higher in urban than in rural areas.
- Unemployment rates for woman are higher than those for men.
- The incidence of unemployment among educated is more higher than overall unemployment.

- There is greater unemployment in agriculture sector than industrial and other major sectors.
- Underemployment in various segments and the labour force is quite high.

#### Sector wise absorption and labour force

Agriculture	62%
Manufacturing and Construction	16%
Services	10%
Sundry and Miscellaneous Jobs	12%
	100%

#### Nature of Unemployment in India

"Jobs rather than men, should wait" - *Sir William Beveridge*

"Jobless growth is joyless growth for those impacted by globalization. We have to provide meaningful employment in the agricultural sector to address these concerns.

- *M. S. Swaininathan*

India is an under developed through a developing economy. The nature of unemployment, therefore sharply differs from the one that prevails in industrially advanced countries. Lord Keynes diagnosed unemployment in advanced economies to be the result of a deficiency of effective demand, i.e., machines become idle and demand for labours falls because the demands for the products of industry is no longer there.

This type of unemployment caused by economic fluctuation did arise in India during the depression in 1930s which caused untold misery.

After the Second World War, when war time industries were being closed, there was a good deal frictional unemployment caused by retrenchment in the army, ordinance factories, etc., These workers were to be absorbed in peace time industries.

The process of rationalization which started in India since 1950 also caused displacement of labour. Unemployment in under developed countries like India is not the result of deficiency of effective demand in the Keynesian sense but a consequence of shortage of capital equipment or other complimentary resources.

#### Factors/Reasons-Causes of Unemployment

- Inflations
- Disability
- Undulating Business cycles
- Changes in tastes and preferences
- Willingness to work

- Perceptions of Employees
- Employee values
- Discriminating factors in the place of work on the basis of age, color, class, caste, religion etc.,

### **Structural Unemployment**

Everyday new products are being launched in the market as a result the demand for certain goods and ss also as. This leads to increase in unemployment rate in certain sectors of the economy and creates jobs in yet others.

- Population Increase
- Low qualification
- Political environment
- National policies
- Lack of creative minds
- Economic depression
- Lack of opportunities
- Natural rate of unemployment

Those people will be unemployed for a while, while they are searching for a job.

### **Structural unemployment**

If a person looks for a job, but discovers his skills don't match what employers are looking for (So he stops his job search to get retained)

### **Frictional Unemployment**

If at the end of the personal job search, he or she finds a job (It just took time to do so) we call the kind of employment frictional unemployment.

### **Actual Unemployment**

It includes both some natural & some cyclical Unemployment.  
= Unemployment = Natural + cyclical Labour force

### **Disguised Unemployment**

Disguised Unemployment refers to a position where people may be working yet their contribution to output may be zero because their marginal productivity is zero. In short , overcrowding in an occupation leads to disguised unemployment.

### **Estimates of unemployment in India**

We do not possess a precise estimate of the size of unemployment problems. A large number of workers are forced to remain jobless both in rural and urban areas in true

beyond dispute. A person working eight hours a day for 273 days of the year is regarded as employed on a standard person year basis.

National sample survey employment - Unemployment surveys (EUS) based on the analysis and recommendations in the report of expert groups on unemployment estimates - better known as the Dantawala Committee report (GOI 1970). It also examines critically the employment - unemployment estimates derived/derivable from EUS and the use of such estimates for planning the policy.

Work is defined as engagement in economic activity i.e., any activity resulting in production of goods and services that add value to the national product.

The unemployment rate is expressed as a percentage, and is calculated as follows;  
Unemployment rate =  $\frac{\text{unemployment workers}}{\text{total labour force}} \times 100$

### **Total labour force**

Unemployed workers are those who are currently not working but are willing and able to work for pay, currently available individuals who are actively seeking job placement must make effort to be in contact with an employee have job interviews, contact job placement agencies, send out resumes, submit application, respond to advertisement etc.,

### **Sources of data on employment and unemployment**

The statistics of employment and unemployment can be collected either through population census, national sample survey organization (NSSO), Employment market information programme, employment exchange statistics economic census, etc.,

#### **1.Population census**

The census data provides an inventory of human resources of the country showing their numbers, characteristics, occupation and distribution among various branches of economy. It has been the tradition in the population census of India to collect information on the economic activity of the people

#### **2.NSSO**

The NSSO collects data through sample surveys based on scientific techniques and random sampling through household enquiry both in rural and urban areas. The NSSO has experimented with various concepts and methodologies in trying out and standardizing proper frame work to estimate, in quantitative terms, the characteristics of labour force, employment, unemployment and under employment.

#### **3.Employment Market Information Programme**

The EMI is one of the importance sources of information on employment in the organized sector of the economy. It also provides information about the structure of employment, occupational compositions and educational profile of employees, assessment of man power shortages in the organized sector etc.

The Directorate General of employment and Training (DGET) has been implementing the EMI scheme over the last 30 years through a network of employment exchanges spread over the country.

#### 4. Employment Exchange Statistics

The day today registration at employment exchanges and notification of vacancies by the employers generate comprehensive information which facilitates the appraisal of organized labour market. The statistical returns from EES relating to job seekers fresh or otherwise and the demand pattern of employment in industries and service sector provide only a broad indication of the unemployment situation in the organized labour market.

#### 5. Economic census

The economic census gives employment by type of enterprise, distribution of employment by major activity group, distribution of persons usually working in non agricultural own account enterprises by states, and rural - urban break up, percentage distribution of hired workers and females employed to persons usually working in non agricultural establishments etc.

#### Measures to reduce Unemployment

- Controlling population
- Reform in the educational system
- Self employment schemes
- Policy towards seasonal Unemployment
- Rapid industrialization

#### Programmes to solve Unemployment in India

TRYSEM, IRDP, NABARD, JRY, NRY, PMRJ, Food for work programme, 20 Point programme Employment assurance scheme, 100 days work programme, RLEGP, NREP, NGOs, PDSs, DDP (Desert Development Programme), SSP (Social Security Programme), Swarnaj ayanthi Gram Swarozgar Yojana, Sampoorna Grameena Rozgar Yojana, Pradhana Manthri Gramodaya Yojana.

#### Conclusion

By creation of opportunities for making the general public to involve actively in self employment activities by proper policies and guide lines from the lower classes onwards. The skilled, eminent, intellectual, clever, experts etc. may be identified, selected, screened and trained according to their capacity and should be placed the right person in a right place on right time with the due co-operation with the public-private partnership and participations.

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