

The Study of The Problem of Unemployment in India and Its Consequences

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Abstract: Unemployment is a situation where a person is willing to work at the prevailing wage rate, but does not find work. In other words, if a person is able and willing to work but does not get work at the prevailing wage rate, he is considered unemployed. Unemployment is one of the major problems in India. Unemployment is not only a social stigma for an individual; It leads to a waste of human resources, poverty, inequality, and poor health. Unemployment is a situation where there is a gap between the labor force (labor capital) and opportunities (labor demand). Unemployment is the result of the supply of workers being more than the demand. Unemployment refers to a situation in which a person is ready to work at the current wage rate but does not get work. The state of unemployment in a country is that state in which there are many workable people in the country but they are not getting work due to various reasons. The nature of unemployment in India is different from that of developed countries. Unemployment in developing countries mainly exists due to a lack of capital. In this research paper, the problem of unemployment in India and its consequences have been studied.

Keywords: Unemployment, Employment, Indian Economy, Human Resource, Capital, Economic Growth

Research Methodology:

The research paper has depended on secondary data. Data collected by secondary sources.

Objective of Research:

- 1) To study the causes of unemployment in India
- 2) To study the consequences of unemployment in India
- 3) To study remedial measures for unemployment
- 4) To study policy measures for employment generation and labor reforms

Introduction:

Classical economists believed that there is permanently full employment in the economy. But this approach was proved wrong during the 'Great Depression of 1929-33. Famous economist JM Keynes explained the concept of depression and linked it to unemployment in his book "The General Theory of Employment Interest and Money", which was published in 1936. Remedial measures were also suggested. Therefore, the problem of unemployment gained importance only after the Great Depression. According to Prof. Pigoo, "A person can be called unemployed only when he does not have any resources of employment but he wants to get employment.

Cyclical unemployment is very prevalent in developed countries due to the presence of business cycles. According to Keynes, the main reason for this type of employment is low effective demand. But in India, as in many other less developed countries, chronic unemployment exists. Unemployment in India is of different types in rural and urban areas. Rural and urban unemployment scenario Unemployment is caused by many factors such as overpopulation, low skill level, failure of planning, faulty education system, slow economic growth development, and lack of capital. Agriculture is the main source of employment in the villages. As you know, agriculture is a seasonal business. Agricultural laborers and farmers are relatively free during the few months when farming is not in progress. There are no supplemental employment opportunities during this time. Disguised unemployment is widely prevalent in rural India. Disguised unemployment occurs due to no

training in rural labor for non-agricultural occupations. The growing rural population continues to depend on the same land area, as is often seen in agricultural joint families. It has been estimated that disguised unemployment in Indian agriculture ranges upto 22 percent. The workforce continues to grow but employment opportunities remain limited in rural areas. As a result, the number of unemployed is increasing continuously. There is chronic unemployment, especially among landless agricultural workers.

Apart from the residents of urban areas, many people migrate to urban areas in search of jobs. Thus, the unemployment situation in urban areas is serious. There are three main characteristics of urban unemployment. In which thousands of educated youths are unemployed. This may be due to the flaws in our education system. In many cases, the current education system does not provide the skills required for the industrial and service sectors. There is under-employment in society in the sense that people do not get work for the whole day. The jobs available in the industrial and service sectors are not regular. Moreover, the available jobs are not as per the qualification of the job seekers. Hence many individuals are underpaid.

The National Statistical Office (NSO) of India started the Periodic Labor Force Survey (PLFS) every quarter in April 2017. It considers the Current Weekly Status (CWS) for estimating the unemployment rate. PLFS gives data on the labor force participation rate, labor population ratio, and unemployment rate for different age groups. To date, data is available for the period January - March 2021.

The Problem of Unemployment in India and its Consequences:

Despite India achieving rapid economic growth, the number of unemployed persons in India has increased over the years. This indicates a state of unemployed growth, where production technology is becoming more and more capital-intensive. During the first five-year plan the number of unemployed was 3.3 million. The number of new job seekers was 9 million, bringing the total to 12.3 million. During the plan, 7 million new jobs were created. As a result, the number of unemployed rose to 5.3 million by the end of the First Five Year Plan. The number of unemployed continued to increase in the subsequent five-year plans. It was estimated that 9.2 million people were unemployed at the beginning of the Seventh Plan. It was expected that this number would come down to 8.22 million by the end of the Seventh Plan, but the decline did not materialize. A similar process continued in subsequent five-year plans as well. Another set of data available from employment exchange records also indicates a similar trend. The number of unemployed in India has increased in the last few years. The estimated number of unemployed persons available from employment office records is presented in Table 82. We see that 17.84 million persons were registered as unemployed in 1981, which increased to about 43.50 million in 2016-17. This number is increasing very rapidly due to the jobless growth of the Indian economy. Its estimate for 2017-18 was 17.80 million.

Another source of data on unemployment among educated youth is employment exchange records. According to these records, the number of unemployed has increased in the last few years in India. We see from Table 8.2 that 17.84 million persons were registered as unemployed in 1981, which increased to about 43.50 million in 2016-17. The number of unemployed in India has increased very rapidly in the last few years. Table 8.2 shows the unemployment figures for different years. PLFS started in 2017-18 and since then quarterly data on the unemployment rate is available on regular basis. According to PLFS data, the unemployment rate in India in the age group of 15 years and above was 8.8 percent as per the current weekly status (CWS) and 4.8 percent as per the usual status in 2019-20.

The population of India has been increasing rapidly since 1951. Due to the availability of medicines and health care, the death rate declined but the birth rate did not. Thus, after 1950 the rate of population growth accelerated. Population growth during 1960–1990 was more than 2 percent per year. While there has been some decline in the population growth rate in recent years, it remains very high in some states of India. Accordingly, the size of the labor force is increasing while employment opportunities are not increasing at the same pace. That's why unemployment is increasing over the years. Low Economic Growth Till the Fourth Five-Year Plan, the growth rate of the Indian economy was very low. The low economic growth rate is mainly responsible for unemployment in India as the employment opportunities have not expanded sufficiently. In recent years, since 2015-16, the economic growth rate has slowed down.

The scheme started in 1951. There is no doubt that India has made progress during the plan period, yet

all sections of the society have not been able to get the benefits. The rich became richer while the poor became poorer. In this way, economic development also took place with increasing inequality in the country. This was a major weakness of our plan. At the same time, not much attention was paid to the problem of unemployment in the beginning. Planning could not generate as many jobs as the number of job seekers. Most of the population of India is dependent on agriculture. But agriculture was not given much attention during the various five-year plans. Comparatively less expenditure was made on this sector, as a result of which agriculture could not be fully developed. Neglect of agriculture is also a reason for rural unemployment in India.

The share of agriculture in the Plan outlay varies from 18 percent to 25 percent (except in the First Plan). This share is much less than the share of the agriculture sector in national income and employment. Small and cottage industries are labor intensive. But these industries could not develop sufficiently in India. Technological upgradation and marketing became major problems for these industries. More emphasis was given to capital-intensive industries in the five-year plans. Hence neglect of small-scale industries is another reason for unemployment in India. The industrial growth rate in India has been very slow due to many problems like industrial disputes, strikes, lockouts, industrial sickness, etc. These problems have increased urban unemployment. There has been a shortage of capital in India till recent times. We know that the rate of capital formation depends on the rate of savings. If the savings rate is high, the rate of capital formation will also be high. Without adequate capital formation, the overall expansion of the economy cannot take place. Thus insufficiency of capital leads to slow growth of jobs.

The education system in India is not based on employment. Every year lakhs of boys and girls come out of colleges and universities but they are not placed in any suitable job. The emphasis is on 'general' education rather than 'vocational'. Our education system has led to a rapid increase in white-collar unemployment. Even today many Indians are superstitious. Marginal farmers and laborers are so attached to their land and place of birth that they do not want to leave it even when there is no work. Similarly, many skilled workers and educated youth do not want to migrate to other regions. There are of course differences in language and culture across states, which discourage mobility. As a result, there is a shortage of labor in some sectors while there is a surplus in other sectors. The shortage of agricultural laborers in Punjab is a living example of this. Thus, lack of mobility, cultural differences, customs, and traditions are also responsible for unemployment. In many industries, our productive capacity is not fully utilized, hence limited employment opportunities exist. Various factors such as shortage of working capital, skilled labor, raw material, and infrastructural facilities prevent full utilization of capacity. In modern times, many industries have adopted capital-intensive modern techniques. Due to this unemployment has increased as machines have replaced laborers. Apart from the factors mentioned above, many others worsen the unemployment situation in India. Non-availability of good quality infrastructure, lack of essential inputs like power, raw material, and credit, non-availability of skilled labor and modern technology; etc.

There have been many adverse consequences of unemployment in India. Unemployment has reduced the income of the family, which in turn is driving the family toward poverty. The number of unemployed in India is huge. The problem of poverty has become a serious problem due to unemployment. Due to a lack of employment opportunities, it has not been possible to fully utilize the available human resources. Man is not in a position to contribute to the national income. When human resources are not used properly, it leads to a loss of national production. The problem of unemployment has the potential to create political instability in the country. Unemployed youth may indulge in such activities which are harmful to the development of the country. Unemployment is giving rise to anti-social activities. It is giving rise to social evils like drugs, theft, gambling, etc. The government needs to be very vigilant to stop these social evils. Due to large-scale unemployment, employers try to exploit people by giving them low wages. workers have to work longer hours; They are not paid according to their ability and the amount of work done. Keeping in mind the adverse effects of unemployment, the government should take steps towards employment generation.

Several policy measures have been taken by the government to reduce the problem of unemployment in India. To reduce the problem of unemployment, emphasis has been laid on the development of small-scale and village industries. Cottage and small-scale industries are labor intensive, which means they employ a large number of workers. The government has given various incentives to set up these industries during the five-year

plans. The government has made efforts to stop population growth. To achieve this objective, the government has emphasized the education of the girl child, the provision of health facilities, and the creation of awareness among the people. The government has set up employment exchanges for the registration of job seekers and the dissemination of information regarding available vacancies. These days, the internet has played an important role in the recruitment process. Each employment exchange has its online portal. In addition, to inform the general public about the vacancies, Employment News, a weekly paper, is published in different languages. National Education Policy 2020 has been prepared to deal with the problem of unemployment. Among other issues, it emphasizes vocational education.

Economic development in various sectors creates new employment opportunities. The government is trying to speed up the pace of development by developing various sectors so that new employment opportunities can be created. The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) was launched in 2005. The objective of the Act is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household, with a condition of Third participation of women. In the process, MNREGA creates community assets to address problems such as chronic poverty, drought, deforestation, soil erosion, etc. In the budget 2019-20 Rs. Rs 6000 crore has been allocated for MNREGA. In 2019, the number of beneficiaries under this program was 7.8 crore. NRLM is also called Aajeevika. It was launched in 2013-14 with the objective of organizing all rural poor families and nurturing them till they come out of poverty. Now, the name of NRLM has been changed to Deendayal Antyodaya Yojana. It provides gainful self-employment and skilled-wage employment opportunities to poor families. Self Help Groups (SHGs) formed by women have in many cases been successful in providing livelihood to households and increasing their income. The government has established Mudra Bank in April 2015. It caters to the credit needs of micro-enterprises and self-employed individuals. To increase production and employment, entrepreneurs can take loans up to Rs 10 lakh at low-interest rates.

Conclusion:

Unemployment is a serious problem for the Indian economy. Unemployment in India is seasonal, chronic, disguised, or structural. Unemployment is observed in both rural and urban areas. Unemployment has serious consequences for families and the economy. Apart from poverty and psychological stress to the person concerned, unemployment results in the wastage of valuable resources in the country. Unemployment can be removed by investing capital on a large scale in public sectors. Encouragement should be given to large industries in the private sector, which are labor-intensive. There is a need for change in the education system of the country. We have to make education employment oriented. After passing high school, emphasis should be given to choosing vocational education according to the interest of the students. With this, they will be able to join the business after getting an education and the problem of unemployment in the country will be solved. The government has initiated several policy measures to reduce unemployment in India. For this purpose, many developmental schemes are being implemented.

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