

Unemployment main problem of Indian society

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Abstract

The state of being without any work both for educated & uneducated person for earning one's livelihood is meant by unemployment. Economists distinguish between various overlapping types of and theories of unemployment, including cyclical or Keynesian unemployment, frictional unemployment, structural unemployment and classical unemployment. Some additional types of unemployment that are occasionally mentioned are seasonal unemployment, hardcore unemployment, and hidden unemployment.

Though there have been several definitions of "voluntary" and "involuntary unemployment" in the economics literature, a simple distinction is often applied. Voluntary unemployment is attributed to the individual's decisions, whereas involuntary unemployment exists because of the socio-economic environment (including the market structure, government Intervention, and the level of aggregate demand) in which individuals operate. In these terms, much or most of frictional unemployment is voluntary, since it reflects individual search behavior. Voluntary unemployment includes workers who reject low wage jobs whereas involuntary unemployment includes workers fired due to an economic crisis, industrial decline, company bankruptcy, or organizational restructuring.

Keywords: unemployment, labours, workers

Introduction

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 the labor force. During periods of recession, an economy usually experiences a relatively high unemployment rate. According to International Labour Organization report, more than 200 million people globally or 6% of the world's workforce were without a job in 2012.

There remains considerable theoretical debate regarding the causes, consequences and solutions for unemployment. Classical economics, new classical economics, and the Austrian School of economics argue that market mechanisms are reliable means of resolving unemployment. These theories argue against interventions imposed on the labor market from the outside, such as unionization, bureaucratic work rules, minimum wage laws, taxes, and other regulations that they claim discourage the hiring of workers.

Keynesian economics emphasizes the cyclical nature of unemployment and recommends government interventions in the economy that it claims will reduce unemployment during recessions. This theory focuses on recurrent shocks that suddenly reduce aggregate demand for goods and services and thus reduce demand for workers. Keynesian models recommend government interventions designed to increase demand for workers; these can include financial stimuli, publicly funded job creation, and expansionist monetary policies. Its namesake, economist John Maynard Keynes, believed that the root cause of unemployment is the desire of investors to receive more money rather than produce more products, which is not possible without public bodies producing new money.

Objective of the research paper

- To indicate of unemployment in India

- To analyze the Types of Unemployment in India
- To study Reasons: of Unemployment in India

Methodology of research paper

The proposed study is concerned Unemployment cases. These papers are only secondary data basis. Every country is trying to solve the unemployment problem in her own way.

Marxian Theory of Unemployment

Marxists also share the Keynesian viewpoint of the relationship between economic demand and employment, but with the caveat that the market system's propensity to slash wages and reduce labor participation on an enterprise level causes a requisite decrease in aggregate demand in the economy as a whole, causing crises of unemployment and periods of low economic activity before the capital accumulation (investment) phase of economic growth can continue.

According to Karl Marx, unemployment is inherent within the unstable capitalist system and periodic crises of mass unemployment are to be expected. The function of the proletariat within the capitalist system is to provide a "reserve army of labour" that creates downward pressure on wages. This is accomplished by dividing the proletariat into surplus labour (employees) and under-employment (unemployed). This reserve army of labour fight among themselves for scarce jobs at lower and lower wages.

Structural Unemployment

Structural unemployment occurs when a labour market is unable to provide jobs for everyone who wants one because there is a mismatch between the skills of the unemployed workers and the skills needed for the available jobs. Structural unemployment is hard to separate empirically from frictional unemployment, except to say that it lasts longer. As with

frictional unemployment, simple demand-side stimulus will not work to easily abolish this type of unemployment.

Structural unemployment may also be encouraged to rise by persistent cyclical unemployment: if an economy suffers from long-lasting low aggregate demand, it means that many of the unemployed become disheartened, while their skills (including job-searching skills) become “rusty” and obsolete. Problems with debt may lead to homelessness and a fall into the vicious circle of poverty.

This means that they may not fit the job vacancies that are created when the economy recovers. The implication is that sustained high demand may lower structural unemployment. This theory of persistence in structural unemployment has been referred to as an example of path dependence or “hysteresis”.

Unemployment in India

Unemployment in India is a serious social issue. Unemployment records in India are kept by the Ministry of Labour and Employment of India. From 1983 till 2011, Unemployment rates in India averaged 9 percent reaching an all-time high of 9.4 percent in December 2010 and a record low of 3.8 Percent in December 2011. In India, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. The number of unemployed persons in India decreased to 39963 thousand in 2009 from 39974 thousand in 2007. Unemployed persons in India and Kenya averaged 36933 thousand from 1985 until 2012, reaching an all time high of 41750 thousand in 2001 and a record low of 24861 thousand in 1985. In India, unemployed persons are individuals who are without a job and actively seeking to work.

According to India Skills Report launched in the 3rd CII National Conference on Skill Development 34% were found employable Out of about 1, 00,000 candidates. The Report not Only captured the skill levels of talent pool but also brought out the hiring estimates across major Industry sectors in the country. As per the report’s findings, the coming year would not see bullish hiring in any of the sectors. Out of about 10 sectors surveyed, majority of the sectors (like BFSI, BPO/ITES, Manufacturing etc.), are not expecting a major change in their hiring numbers. Engineering & Core, Hospitality and travel, came out as the only sectors where there will be a significant increase in the hiring numbers. The report also brings out a general trend amongst the employers to look for skills rather than qualifications in candidates. Apart from this, the report has in-depth analysis of the skill pool based on the gender, age group, and domain along with the states where the most employable pool can be found. It also shows the domain wise hiring trends for the coming year.

Based on the gender, it was found that the quality of female candidates is better than the males. This and many more such insights are part of the first India Skills Report, which is an effort to capture the skill levels of the supply side and needs of the demand side of Talent and perform matchmaking between the two ends. Reaching out to over 1,00,000 students spread across the length and breadth of country parallel to almost 100 employers spread across 10 Industry sectors, the India Skills Report has helped to create an agenda that can function to solve the talent supply-demand challenge the country is facing. The Report was released by Mr Shikhar Agrawal, Director General of Employment & Training Ministry of

Labour and Employment (India) in presence of Mr. S Ramadorai, National Skill Development Corporation & Indian National Skill Development Agency & Advisor to the PM on Skills, Mr Chandrajit Banerjee, Director General, CII, Mr. S Mahalingam, Chairman CII National Committee on Skill Development and Mr Rajeew Dubey, Co-Chairman, CII National Committee on Skill & President (Group HR Corporate Services & After- Market) & Member of the Group Executive Board, Mahindra & Mahindra Ltd.

According to NSS(66th round) Report from Ministry of Statistics and Programme Implementation, Government of India published on 2013 Kerala has the highest unemployment rates, while Rajasthan and Gujarat has the least unemployment rate among major States of India. National average for unemployment rate stands at 50.

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

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.

Reasons of Unemployment

- **Theoretical education:** This chronic unemployment is in some quarters 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. However, this attempt, good as it is, will not solve the problem of unemployment. Already there are more technically trained men than there is employment for them.
- **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.
- **Lack of alternative opportunities for agricultural workers:** In the rural India, the picture 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 agriculturist remain idle and lives miserably.

- **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.
- **Other factors:** The other factors that are responsible for unemployment in India are:
 - Excessive burden of population on cultivation;
 - Rapidly increasing population;
 - Low productivity in agriculture sector;
 - Defective economic planning, and
 - Large-scale production and mechanization.

Solution of Unemployment

- Every country is trying to solve the unemployment problem in her own way. Establishment of Vocational and Technical training institutes: The government should open Technical and Vocational colleges and manual labor should be made compulsory. Big factories should be attached to these colleges. More stress is to be given to practical side.
- Increased investment in heavy industries: Investment in heavy and basic industries and consumer goods industries should be increased to provide more employment with more production.
- 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.
- Modernization of agriculture: Modernization and mechanization of agriculture should be done. Wastelands should be utilized.
- Improved transport and communication: Rural works programs should be increased means of transport and communication should be developed.
- Self-employment should be encouraged: Government should take initiatives to encourage self-employment. Young entrepreneurs should be assisted with hassle free loans. The unemployed are a great worry to the Government.
- Government tried to give some relief to unemployed people, especially to ex-Service men, by opening Employment Exchanges, which are machinery for finding suitable employment for young men and women. Some Universities, too, have employment boards to help their graduates (and under graduates) to secure employment.
- Increase in national wealth through industrialization: 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, particularly for men and women with professional and technological training. Already the River valley projects and power-plant projects are finding employment for a large number of men.
- Nevertheless, these are no complete remedy. They may have found Employment for some meritorious people.

Conclusion

One of the most disturbing problems in India has been the mounting rate of unemployment, both in the rural and urban

sectors. In case of rural sector, there has been both unemployment and under employment. In urban sector, there has been both educated and industrial unemployment. Unless unemployment problem is solved, the future of India cannot be bright. There will be no peace and prosperity in the country if jobless people do not get a proper channel. More attention should be given otherwise this problem can make jobless youths go to wrong direction.

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