



THE UNEMPLOYMENT SITUATION IN INDIA

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Abstract

Unemployment and under-employment have been a long-standing problem in the Indian economy. According to a 2013 report by Pravin Sinha, the Indian labour force has been officially classified by the Indian government into three categories:¹Rural sector, which includes the farm labour, urban formal sector, which includes factory and service industry labour with periodic salaries and coverage per Indian labour laws and urban informal sector, which includes self-employment and casual wage workers. The rural and informal sectors of the Indian labour market accounted for 93% of the employment in 2011, and these jobs were not covered by the then existing Indian labour laws. Covid19 has further worsened the employment situation in India. This paper focuses on the types of unemployment, the unemployment situation in the pre-pandemic era and it considers the trend over last twenty years. It also focuses on different measures taken by the government to reduce unemployment,

Key Words: *Unemployment Rate, Types of Unemployment, Policies, NSSO, CMIE, ILO.*

1. Introduction

Unemployment is a major social issue in India. Unemployment occurs when a person who is actively searching for employment is unable to find any work. Unemployment is often used as a measure of the health of the economy. The most frequent measure of unemployment is the unemployment rate.

National Sample Survey Organization (NSSO) defines employment and unemployment on the following activity statuses of an individual:

- Working (engaged in an economic activity), that is, 'Employed'.
- Seeking or available for work, that is, 'Unemployed'.
- Neither seeking nor available for work.

The first two constitutes labour force and unemployment rate is the percent of the labour force that is without work.

Unemployment rate = (Unemployed Workers / Total labour force) × 100

2.Data source

This paper is based entirely on secondary data. The National Sample Survey Office (NSSO) has been the key governmental agency in India at the national and state levels to study employment, unemployment and unemployment rates through sample surveys. It does not report employment or unemployment results every quarter nor every year, but generally only once every 5 years. The Indian Labour Bureau, in addition to the NSSO surveys, has published indirect annual compilations of unemployment data by each state government's labour department reports, those derived from the Annual Survey of Industries (ASI), Occupational Wage Surveys, and Working Class. Family Income and Expenditure Surveys and other regular and ad-hoc field surveys and studies on India published by third parties. The Centre for Monitoring Indian Economy, a non-government private entity, started to survey and publish monthly unemployment data for the first time in Indian history in 2016. Its data collection methodology and reports differ from those published by the NSSO. The United



Nations International Labour Organization has published its statistics for unemployment in India, along with other nations, based on the international standards it has adopted.

3. Types of Unemployment in India

There are different types of unemployment in India.

3.1 Disguised Unemployment:

It is a phenomenon wherein more people are employed than actually needed. It is primarily traced in the agricultural and the unorganised sectors of India.

3.2 Seasonal Unemployment:

It is an unemployment that occurs during certain seasons of the year. Agricultural labourers in India rarely have work throughout the year.

3.3 Structural Unemployment:

It is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market. Many people in India do not get job due to lack of requisite skills and due to poor education level, it becomes difficult to train them.

3.4 Cyclical Unemployment:

It is result of the business cycle, where unemployment rises during recessions and declines with economic growth. Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.

3.5 Technological Unemployment:

It is loss of jobs due to changes in technology. In 2016, World Bank data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.

3.6 Frictional Unemployment:

The Frictional Unemployment also called as Search Unemployment, refers to the time lag between the jobs when an individual is searching for a new job or is switching between the jobs. In other words, an employee requires time for searching a new job or shifting from the existing to a new job, this inevitable time delay causes the frictional unemployment. It is often considered as a voluntary unemployment because it is not caused due to the shortage of job, but in fact, the workers themselves quit their jobs in search of better opportunities.

3.7 Vulnerable Employment:

This means, people working informally, without proper job contracts and thus sans any legal protection. These persons are deemed 'unemployed' since records of their work are never maintained. It is one of the main types of unemployment in India. This indicator is measured in numbers of unemployed people as a percentage of the labour force and it is seasonally adjusted.

4. Trend of unemployment in last twenty years

Table:1 shows how the rate of unemployment has changed in India during last twenty years. The unemployment rate was highest in 2003 and the lowest in 2007. During the entire period the unemployment rate in India has declined marginally from 5.66% to 5.36% which is very negligible.



Table: 1 Unemployment rate between 2000 and 2019

Year	Unemployment rate (%)	Annual rate (%)
2000	5.66	-0.02
2001	5.66	0.00
2002	5.72	0.06
2003	5.73	0.01
2004	5.67	-0.06
2005	5.60	-0.07
2006	5.45	-0.15
2007	5.32	-0.13
2008	5.28	-0.04
2009	5.57	0.29
2010	5.64	0.07
2011	5.64	0.00
2012	5.65	0.01
2013	5.67	0.02
2014	5.61	-0.06
2015	5.57	-0.04
2016	5.51	-0.05
2017	5.42	-0.09
2018	5.33	-0.09
2019	5.36	0.03

Source: World Bank

5. Some important Government policies

5.1 Mahatma Gandhi National Rural Employment Guarantee Act 2005

The Government of India has taken several steps to decrease the unemployment rates like launching the Mahatma Gandhi National Rural Employment Guarantee Scheme which guarantees a 100-day employment to an unemployed person in a year. It has implemented it in 200 of the districts and further will be expanded to 600 districts. In exchange for working under this scheme the person is paid 150 per day.

5.2 Steps taken on Disguised Unemployment

Some of the surplus labour in agriculture has moved to either secondary or the tertiary sector. In the secondary sector, small scale manufacturing is the most labour absorbing. In case of the tertiary sector, various new services are now appearing like biotechnology, information technology and so on. The government has taken steps in these sectors for the disguised unemployed people in these methods.

5.3 National Career Service Scheme

The Government of India has initiated National Career Service Scheme whereby a web portal named National Career Service Portal (www.ncs.gov.in) has been launched by the Ministry of Labour and Employment (India). Through this portal, job-seekers and employers can avail the facility of a common platform for seeking and updating job information.



5.4 National Rural Employment Programme

The National Rural Employment Programme offers people from the rural areas an equal shot at job opportunities across the nation. The growing disparity in terms of personal finance between those in the rural and urban areas has increasingly led to people from the rural areas to move to the urban areas, making urban management difficult. The NREP aims to provide employment opportunities in the rural areas, especially in times of drought and other such scarcities.

5.5 Deen Dayal Antyodaya Yojana

The DeenDayalAntyodaya Yojana is a scheme that aims to help the poor by providing them industrially recognised skills. The scheme is implemented by the Ministry of Rural development. The purpose of the scheme is to eradicate both urban and rural poverty from the country by providing necessary skills to individuals that help them find well-paying job opportunities.

5.6 Integrated Rural Development Programme (IRDP)

It was launched in 1980 to create full employment opportunities in rural areas.

5.7 Training of Rural Youth for Self-Employment (TRYSEM):

This scheme was started in 1979 with objective to help unemployed rural youth between the age of 18 and 35 years to acquire skills for self-employment. Priority was given to SC/ST Youth and Women.

5.8 Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

It launched in 2015 has an objective of enabling a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.

6. Conclusion

The situation of unemployment has been one of the major problems faced by the Government since independence in India. Government has taken different measures to improve the employment situation of the country. The result has not been satisfactory. Recently the Covid19 pandemic has adversely affected the situation, specifically in the unorganised sector. The need of the hour is to take effective measures and ensure their proper implementation to reduce the unemployment and ensure growth in India.

7. References

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