



An Analysis of India's Unemployment Problem and Solutions

Ravinder Kumar

Associate Professor, Department of Economics, RBS College, Agra, India

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Abstract - Over time, India's unemployment rate has been rising. The current paper's goal is to examine the causes of unemployment and how it affects to Indian economy. Our research focuses on the employment rate as a crucial element in the expansion of the economy as a whole. The study focuses on the current state of unemployment in both urban as well as rural areas & uses secondary data sources to support its findings. This essay looks at some of the things that can prevent an economy from growing, such as inflation, illiteracy, poverty, as well as a shortage of full employment. The article examines the economic problems due to a high rate of unemployment & offers suggestions for improving the country's current job situation.

Keywords : Population Increase, Unemployment, Development

Introduction

When someone is actively seeking employment but fails to find a job that fulfills them, unemployment occurs in the economy. Due to the rising unemployment rate, the Indian economy is currently experiencing a severe recession. Since India's economy is still in its early stages of development, its unemployment status is very different from developed countries'. In India, unemployment is a problem in both urban and rural areas. The absence of capital equipment is to blame for the high unemployment rate and slow rate of growth. Due to unemployment, labour & human resources are underutilised, which lowers economic production. As a result, the population has malnutrition, low per capita income & poverty. Due to this, some unemployment may occur & is unavoidable given the economy's unemployment rate

range of 2 to 3 percent. The country's unemployment rate is rising despite the steps the administration has taken to lower it.

Objectives

1. To examine the presently unemployed situation in both urban & rural locations
2. To determine the reasons behind India's unemployment
3. Make suggestions for how to strengthen the economy's employment position.

Literature review- According to research by Abraham Vinoj (2009), during times of crisis, income levels fall below the point of subsistence, forcing a percentage of the unemployed population to join the labour force in order to supplement household income. Agricultural sector crises typically result in decreased levels of productivity, reduced earnings, and stagnation. According to this study, unemployment, which has replaced agriculture as the primary driver of employment growth in rural areas, is the cause of the income issue.

According to research by Bairgya Indrajit (2018), unemployment rates are higher among educated people than among the uneducated, and they also rise as education levels rise. The causes of the economy's high unemployment rate are examined in this study. The article demonstrates that when education levels rise, individuals expect well-paying jobs and do not favour employment in the unorganised sector. The study supports the idea that more capital must be created in order to lower India's unemployment rate.

Indian scenario- There is a great demand for jobs in India because of its enormous population. Despite the fact that there are fewer vacancies present in comparison to job seekers nationwide, the population's lack of occupational training and education has made unemployment even higher. Government support for society is insufficient, and inadequate infrastructure has brought about an economic disaster. As was already noted, India is a developing nation where around 65% of the population lives in rural areas and is increasingly reliant on informal employment. Due to the lack of

regulations and numerous health risks, people are forced to perform difficult jobs for meagre pay. It is challenging for agricultural employees to shift from agriculture to the industrial or service sectors, in primary sector due to low productivity & lack of other employment alternatives. The manufacturing sector's slow growth and low investment also constrain its ability to create jobs. The issue of unemployment slows down the pace of economic growth and development. Owing to the population's poor or absent income, poverty and malnutrition rise, which also have an impact on people's health conditions.

Government action

The government has taken the following actions to enhance job possibilities in India:

- The 1980 establishment of the “Integrated Rural Development Program (IRDP)” with the goal of achieving full employment in rural areas.
- The “Training of Rural Youth for Self-Employment (TRYSEM)” programme, which was situated in 1979, intends providing self-employment skills to rural young in between ages of eighteen to thirty-five who are unemployed.
- The “Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)”, that was introduced in 2005, intends to offer social security by promising households with adult members who work in unskilled labor-intensive jobs a minimum of 100 days of paid work annually, choose the right choice for work.
- “Pradhan Mantri Kaushal Vikas Yojana (PMKVY)”: Introduced in 2015, this programme intends to make it possible for a significant portion of the country's youth to enrol in the type of skill development required by industry.
- **Startup India Scheme:** This programme, which was introduced in 2016, aimed to create an environment that would support entrepreneurs in the nation.

- **Stand Up India Initiative:** Initiated in 2016, the initiative seeks to provide at minimum one SC/ST borrower & one woman borrower in every bank branch with loans for the formation of a greenfield enterprise.

According to Table 1, the unemployment rate has been rising over time, ranging from 2.2 percent in 2011 to 5.8 percent in 2018.

Table 1: India's unemployment rate (in per cent)

Year	Rate of Unemployment (in %)
2011-12	2.2
2012-13	4.0
2013-14	4.6
2014-15	4.9
2015-16	5.0
2016-17	5.7
2017-18	6.1
2018-19	5.8

2019 National Sample Survey Office as the source

Table 2: Shows the youth unemployment rate in rural areas (in %)

Year	Male	Female
2018-19	5.6	3.5
2017-18	5.8	3.8
2016-17	9.6	6.7
2015-16	7.9	5.8
2014-15	5.0	4.8
2013-14	4.7	4.6
2012-13	3.9	4.2

2019 National Sample Survey Office as the source

The rate of youth unemployment in rural areas is displayed in Table 2. In contrast to 3.9 percent of the male population and 4.2 percent of the female population in 2012,

the rural sector had an unemployment rate of 5.6 percent for men and 3.5 percent for women in 2018-19.

Table 3 shows the youth unemployment rate in urban areas (in per cent)

Year	Male	Female
2018-19	7.1	9.9
2017-18	7.1	10.8
2016-17	9.6	6.7
2015-16	7.9	5.8
2014-15	8.1	13.1
2013-14	7.5	14.3
2012-13	8.8	14.9

2019 National Sample Survey Office as the source

The rate of youth unemployment in urban regions is displayed in Table 3. Compared to 8.8% of the male population and 14.9% of the female population in 2012, urban regions had an unemployment rate of 7.1% for men and 9.9% for women in 2018.

Indian unemployment reasons

Both in rural and urban parts of India, the unemployment rate has been rising over time. This has slowed down the economy's rate of expansion and impeded economic advancement. The main reasons for unemployment in India are as follows:

- **Overpopulation:** Since the last few decades, the rate of population increase has been steadily rising. In comparison to the quantity of employment available, the country has a fairly big population, particularly among young people which cause unemployment in Indian economy.
- **Illiteracy & Poverty:** The lack of educated and literate people is one of the major causes of unemployment. Due to their low levels of income & way of life,

individuals typically fail to find jobs in the formal sector since they lack the necessary skills.

- **Inflation:** When prices consistently grow without corresponding increases in the quantity of goods and services produced, real income held by the general population declines. Because there is more labour available than there is demand for as a result of population growth, wages are negatively impacted. Because they are dissatisfied with their current earnings, more people find themselves unemployed.
- **Agriculture Workers:** The agricultural industry only employs workers for a brief period of time, and they are still unable seek employment during other times of the year.
- **Casual and Informal Workers:** Individuals thou work in informal sector, which provide poor & inconsistent earnings, because there are many fewer jobs available than there are people looking for work.
- **Inability to reach permanent employment:** Mostly industrial sector are unable to operate at its utmost potential as a result of a inadequate equipment & raw supplies; due to this, they are not capable to employ the greatest possible number of workers in the factories.

Suggestions and recommendations

To lower India's unemployment & to enhance the conditions of the workforce, the following recommendations have been made:

- Unemployed youngsters who receive enough vocational training & skill-based, can be find jobs in industrial & service sectors.
- Diversifying the agricultural industry and increasing government investment will not only boost productivity but also aid in lowering unemployment.

- The official and informal sectors' adoption of labor-intensive technology to boost employment prospects in both rural and urban locations.
- The expansion and sustained expansion of the service sector can increase the number of jobs available to highly qualified employees and raise societal standards of living.
- The general public benefits from improved education and healthcare services in terms of enhanced human capital formation & employment prospects.
- To improve their current abilities, boost job satisfaction, and lower attrition, existing employees can receive on-the-job employment & training subsidies.

Conclusions- Thus we saw that the rate of unemployment is increasing in both rural and urban areas in India, due to which the pace of economic development has also decreased. The main reason for unemployment in India is the growing population, and the lack of proper skills in that population. To remove unemployment, we have to equip our population with skills, due to which every citizen will be employed, and due to which the economic condition of the country will also be strengthened. Therefore, the most important thing is to develop skill plans in India and put the Indian labor force to proper use.

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