

Unemployment

Unemployment is a situation when a person actively searches for a job and is unable to find work.

Unemployment indicates the health of the economy.

The unemployment rate is the most frequent measure of unemployment. The unemployment rate is the number of people unemployed divided by the working population or people working under labour force.

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

National Sample Survey Organization (NSSO) defines employment and unemployment on the following activity statuses of an individual. NSSO, an organization under MoSPI – Ministry of Statistics and Programme Implementation measures India's unemployment on three approaches:

- 1. Daily Status Approach:** Under this approach, a person having no gainful work even for one hour in a day is described as unemployed for that day.
- 2. Weekly Status Approach:** This approach highlights the record of those persons who did not have gainful work or were unemployed even for an hour on any day of the week preceding the date of the survey.
- 3. Usual Status Approach:** This gives the estimates of those persons who were unemployed or had no gainful work for a major time during the 365 days.

Types of Unemployment in India

- 1. Disguised Unemployment:** This is a type of unemployment where people employed are more than actually needed. Disguised unemployment is generally traced in unorganised sectors or the agricultural sectors.
- 2. Structural Unemployment:** This unemployment arises when there is a mismatch between the worker's skills and availability of jobs in the market. Many people in India do not get job matching to their skills or due to lack of required skills they do not get jobs and because of poor education level, it becomes important to provide them related training.
- 3. Seasonal Unemployment:** That situation of unemployment when people do not have work during certain seasons of the year such as labourers in India rarely have occupation throughout the year.
- 4. Vulnerable Unemployment:** People are deemed unemployed under this unemployment. People are employed but informally i.e., without proper job contracts and thus records of their work are never maintained. It is one of the main types of unemployment in India.
- 5. Technological Unemployment:** the situation when people lose their jobs due to advancement in technologies. In 2016, the data of the World Bank predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.
- 6. Cyclical Unemployment:** unemployment caused due to the business cycle, where the number of unemployed heads rises during recessions and declines with the growth of the economy. Cyclical unemployment figures in India are negligible.
- 7. Frictional Unemployment:** this is a situation when people are unemployed for a short span of time while searching for a new job or switching between jobs. Frictional Unemployment also called Search Unemployment, is the time lag between the jobs. Frictional unemployment is considered as voluntary unemployment because the reason for unemployment is not a shortage of jobs, but in fact, the workers themselves quit their jobs in search of better opportunities.

Causes of Unemployment

- Large population.
- Lack of vocational skills or low educational levels of the working population.
- Labour-intensive sectors suffering from the slowdown in private investment particularly after demonetisation
- The low productivity in the agriculture sector plus the lack of alternative opportunities for agricultural workers that makes transition among the three sectors difficult.
- Legal complexities, Inadequate state support, low infrastructural, financial and market linkages to small businesses making such enterprises unviable with cost and compliance overruns.
- Inadequate growth of infrastructure and low investments in the manufacturing sector, hence restricting the employment potential of the secondary sector.

- The huge workforce of the country is associated with the informal sector because of a lack of required education or skills, and this data is not captured in employment statistics.
- The main cause of structural unemployment is the education provided in schools and colleges are not as per the current requirements of the industries.
- Regressive social norms that deter women from taking/continuing employment.

Impact Of Unemployment

- The problem of unemployment gives rise to the problem of poverty.
- The government suffers extra borrowing burden because unemployment causes a decrease in the production and less consumption of goods and services by the people.
- Unemployed persons can easily be enticed by antisocial elements. This makes them lose faith in the democratic values of the country.
- People unemployed for a long time may indulge in illegal and wrong activities for earning money which increases crime in the country.
- Unemployment affects the economy of the country as the workforce that could have been gainfully employed to generate resources actually gets dependent on the remaining working population, thus escalating socio-economic costs for the state. For instance, a 1 % increase in unemployment reduces the GDP by 2 %.
- It is often seen that unemployed people end up getting addicted to drugs and alcohol or attempts suicide, leading to losses to the human resources of the country.

Government Initiative to Control Unemployment

- In 1979 the government launched TRYSEM – Training of Rural Youth for Self-Employment. The objective of this scheme was to help unemployed youth of rural areas aged between 18 and 35 years to acquire skills for self-employment. The priority under this scheme was given to women and youth belonging to SC/ST category.
- The Government launched the IRDP – Integrated Rural Development Programme (IRDP) in the year 1980 to create full employment opportunities in rural areas.
- A new initiative was tried namely RSETI/RUDSETI in 1982 jointly by Sri Dharmasthala Manjunatheshwara Educational Trust, Canara Bank and Syndicate Bank. The aim of RUDSETI, the acronym of Rural Development and Self Employment Training Institute was to mitigate the unemployment problem among the youth. Rural Self Employment Training Institutes/ RSETIs are now managed by Banks with active cooperation from the state and central Government.
- The Jawahar Rozgar Yojana (JRY) was started in April 1989 by merging the two existing wage employment programme i.e., RLEGP – Rural Landless Employment Guarantee Programme and NREP – National Rural Employment Programme on an 80:20 cost-sharing basis between the state and centre.
- MNREGA – Mahatma Gandhi National Rural Employment Guarantee Act launched in 2005 providing the right to work to people. An employment scheme of MGNREGA aimed to provide social security by guaranteeing a minimum of 100 days paid work per year to all the families whose adult members opt for unskilled labour-intensive work.
- PMKVY – Pradhan Mantri Kaushal Vikas Yojana was launched in 2015. The objective of PMKVY was to enable the youth of the country to take up industry-relevant skill training in order to acquire a secured better livelihood.
- The government launched the Start-Up India Scheme in 2016. The aim of Startup India programmes was to develop an ecosystem that nurtures and promotes entrepreneurship across the nation.
- Stand Up India Scheme also launched in 2016 aimed to facilitate bank loans to women and SC/ST borrowers between Rs 10 lakh and Rs. 1 crore for setting up a greenfield enterprise.
- National Skill Development Mission was set up in November 2014 to drive the ‘Skill India’ agenda in a ‘Mission Mode’ in order to converge the existing skill training initiatives and combine scale and quality of skilling efforts, with speed.