



UNEMPLOYMENT IN INDIA: REASONS AND SUGGESTION FOR SOLUTION

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ABSTRACT:

The current study is conducted to generalize the problem of unemployment in India and develop common consensus amongst the people who study or who are responsible for the control of unemployment in the country. The aim of study is to suggest some measures to the authority to find out solution for such kind of serious issue. The study is based on secondary source of data issued by the government agencies like National Sample Survey Organization (NSSO), Periodic Labor Force Survey and some other reliable sources. Unemployment Rate in India increased to 8.50 percent in October from 7.20 percent in September of 2019. Unemployment Rate in India averaged 5.16 percent from 1983 until 2019, reaching an all time high of 8.50 percent in October of 2019 and a record low of 3.53 percent in December of 2011.

KEYWORDS:

UNEMPLOYMENT RATE LFPR, WPR, DGIT AND CMIE, G.D.P.

INTRODUCTION

Unemployment is a serious issue for every country of the world as it leads to various other problems like poverty, feeling of deprivation in the mind of unemployed, migration of people from one place to another place, creates gaps amongst the people of the society and increase the chances of immoral and anti-national activity. This problem has become havoc for developing nation like India, and because of this many times people got disturbed and engaged in anti-national activities and some time unemployed people doesn't bear the pressure of society and commit suicide. There are various reasons of unemployment's may be broadly categorized as Rural and Urban unemployment. Approximately 60% population of the country resides in rural areas out of which 80 to 90% population depend on agriculture and its ancillary industries. Agriculture is the main source of livelihood of the people belonging to the rural areas.

India has facing problem of unemployment for hundreds of years ago. Here the very common unemployment is disguised unemployment i.e. more people are engaged in a specific work than they required. Structural unemployment is also seen in the country. As per the official data released by the National Sample Survey Organization the unemployment rate for the financial 2018 was 6.1% comprising 5.3% in rural and 7.8% in urban areas. As per the data released by the Periodic Labor Force Survey the rate of unemployment in the country reach 8.5% till October

2019 which was 1.3% greater than September, 2019 (7.2%) and almost 3.5% higher than 2016. Indian unemployment is due to numerous reasons. Prosperity and employment is directly correlated to each other. If the employment increases the prosperity increases in the country. As per data released by Centre for Monitoring India Economy and Trend Economic dot.com, during last 12 month unemployment had been continue increased from November, 2018 to October, 2019.

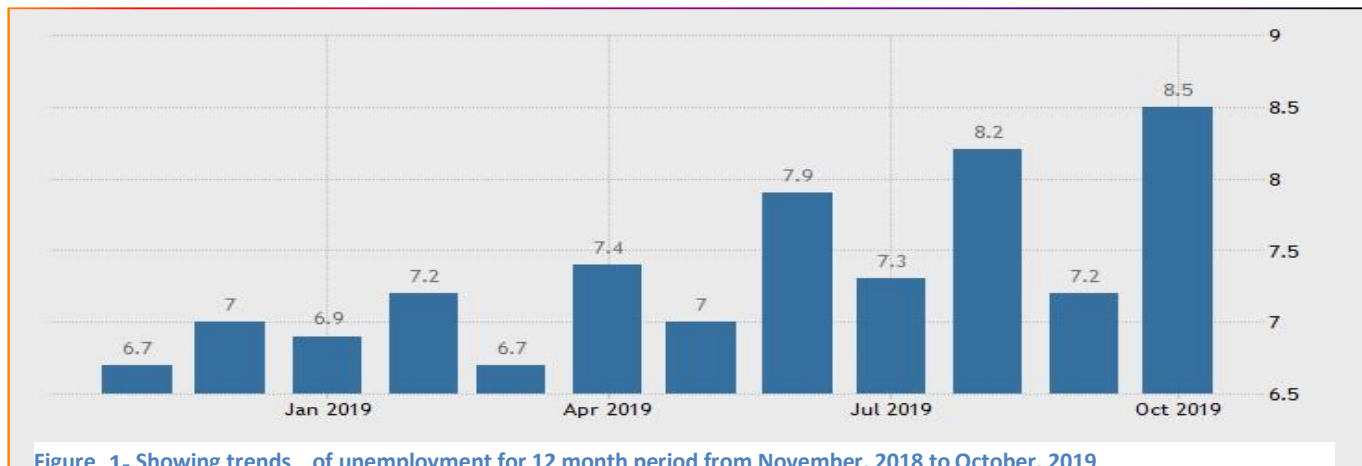


Figure 1- Showing trends of unemployment for 12 month period from November, 2018 to October, 2019

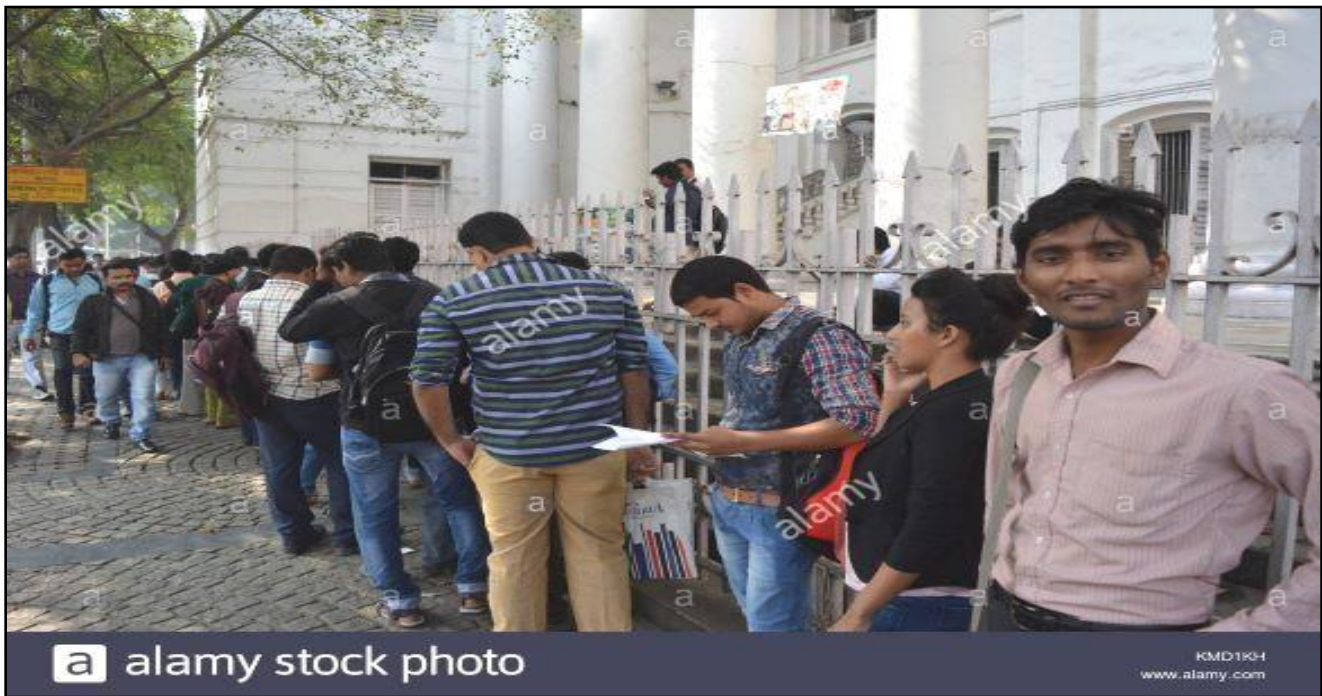


FIGURE 2- SHOWING UNEMPLOYED PEOPLE IN QUI FOR SEARCHING JOBS.

INDIA UNEMPLOYMENT RATE

In India, the unemployment rate measures the number of people aged 15 and over actively looking for a job as a percentage of the labor force. Unemployment in India is measured by National Sample Survey Organization (NSSO) broadly in three ways- 1. Usual status of unemployment or open unemployment measure which estimate the number of persons who are remained unemployed for a major part of the year. This measure gives lowest estimate of unemployment. This concept is used to determine usual activity status of person as employed or unemployed or outside of the labor force. Person covered under this may

be classified in to those who are working or available for work in their principal activity sector and subsidiary sector. 2. Another measure adopted by NSSO is weekly status unemployment which measures unemployment of week. Under this measure no. of unemployed counted on weekly basis. 3. Last one measure is current daily status of unemployment which estimates daily unemployed persons. This page provides - India Unemployment Rate - actual values, historical data, forecast, chart, statistics, economic calendar and news. India Unemployment Rate - actual data, historical chart and calendar of releases - was last updated on November of 2019.

India Labor	Last	Previous	Highest	Lowest	Unit	
Unemployment Rate	8.50	7.20	8.50	6.70	percent	[+]
Labor Force Participation Rate	49.80	50.40	63.70	49.80	percent	[+]
Population	1298.04	1283.60	1298.04	359.00	Million	[+]
Retirement Age Women	60.00	60.00	60.00	60.00		[+]
Retirement Age Men	60.00	60.00	60.00	60.00		[+]
Wages	272.19	255.65	272.19	3.87	INR/Day	[+]
Wages High Skilled	43200.00	46200.00	47300.00	43200.00	INR/Month	[+]
Wages In Manufacturing	347.30	322.07	347.30	4.86	INR/Day	[+]
Wages Low Skilled	10900.00	11300.00	13500.00	10900.00	INR/Month	[+]

Youth Unemployment Rate	23.70	23.10	23.70	22.90	percent	[+]
India Labor	Last	Previous	Highest	Lowest	Unit	
Living Wage Family	19400.00	19200.00	19400.00	19200.00	INR/Month	[+]
Living Wage Individual	10300.00	10100.00	10300.00	10100.00	INR/Month	[+]
Minimum Wages	176.00	176.00	176.00	137.00	INR/Day	[+]
Employment Rate	46.80	47.80	50.80	46.80	percent	[+]

The nature of unemployment vary country to country in the world and region to region in a country also i.e. from urban to rural, north to south, east to west and also hill to maiden. Unemployment may be a situation when the employable workforce i.e. well capable of doing work with mental as well as physical ability, is unable to get work to do or to earn livelihood. In this situation a person is actively seeking a job according to his ability of doing work. The rate of unemployment may be determined by

dividing the whole employable population to the number of unemployed at a particular period of time. Unemployment leads people to the poverty and it leads various social and moral ills in the country. India is witnessing fall in the creation of job since, 8 November, 2016 i.e. from the date of demonetization. Since then millions of people have lost their job due to stoppage industrial output which also leads the rise in unemployment in the country.

$$\text{Rate of unemployment} = \frac{\text{No. of person unemployed}}{\text{Total employable population of the nation on a particular period of time}} \times 100$$

Marginal growth in the private sector job has been seen during 2011-12 to 2017-18 but job in the agriculture and government falling continuously. Data shows that the rise in employment witnessed in service sector but in the agriculture sector rate employment declined by 4.7% continuously from 2011-12 to 2017-18 around 27 millions. The contribution of agriculture sector also fallen and during 2018-19 it was approximately 16% which was earlier 60% of Gross Domestic (GDP). Besides this employment share of agriculture sector has also declined from 49% to 46%.

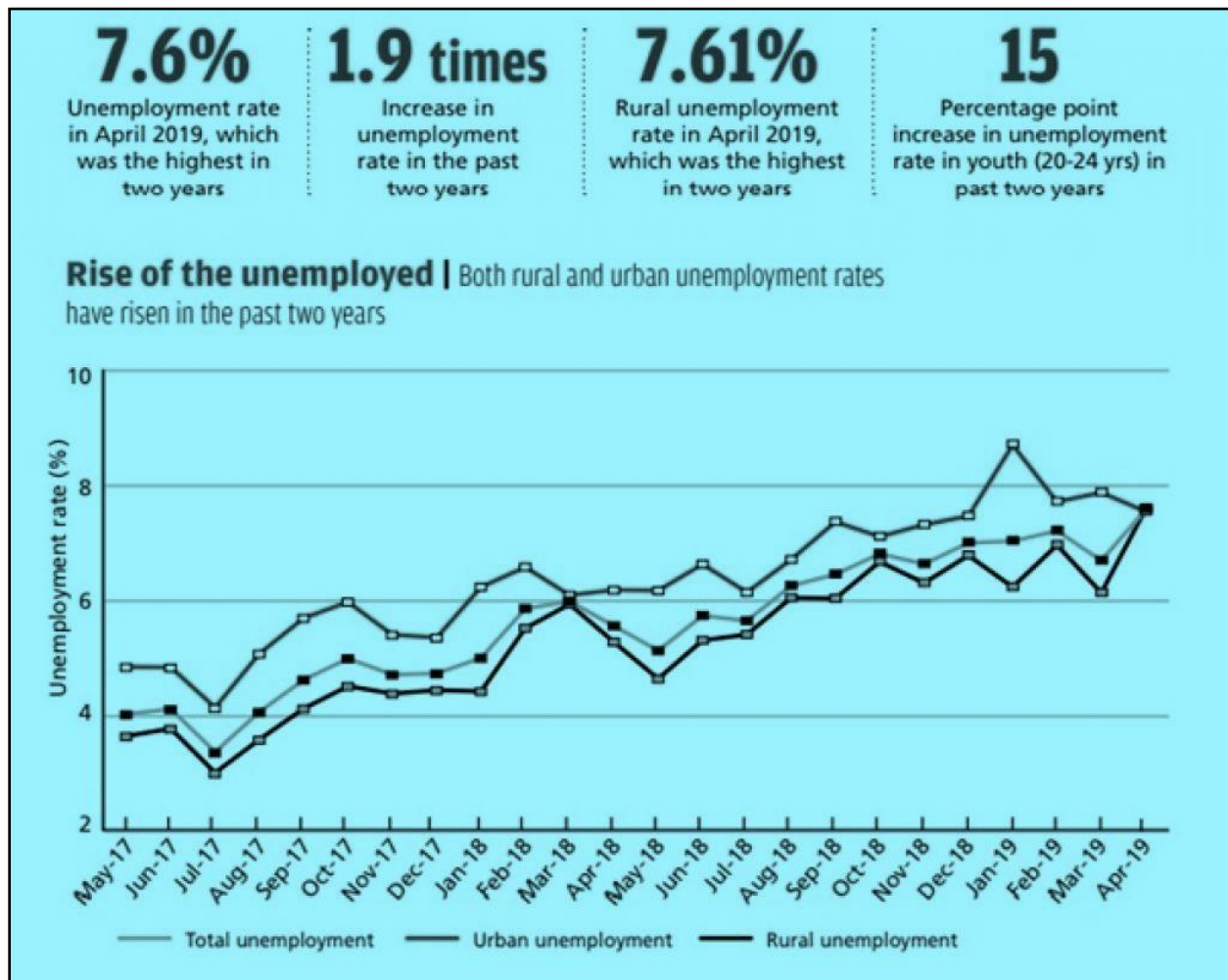
The report released by Labor Force Employment Department, Delhi and Centre for Monitoring Indian Economy show that the labor force (those looking for work) increased by about 10 million to reach 495 million during 2017-18. Because of this both the Labor Force Participation Rate (LFPR) i.e. the rate people working looking for work and Work Participation Rate (WPR) i.e. share of people looking for actually working has declined from 39.5% to 30% and 38.6% to 34.7% respectively

between 2011-12 and 2107-18. For youth i.e. new entered people in the job market both the LFPR and WPR fell from 44.6% to 38.3% and 42% to 31% respectively during the same period. It shows that the problem of unemployment becoming havoc for Indian economy.

India's rate of unemployment doubled in the past two years, according to the State of India's Environment (SoE) In Figures, 2019. This has particularly affected young graduates.

According to the report, the unemployment rate has gone up from four per cent to 7.6 in the last two years (May 2017-April 2019). The unemployment rate in April 2019 was the highest in two years. The rate for rural areas in this month was also the highest in this period.

SoE in figures was released by Delhi-based non-profit Centre for Science and Environment (CSE) on World Environment Day. The data for it has been provided by the Centre for Monitoring Indian Economy (CMIE), New Delhi.

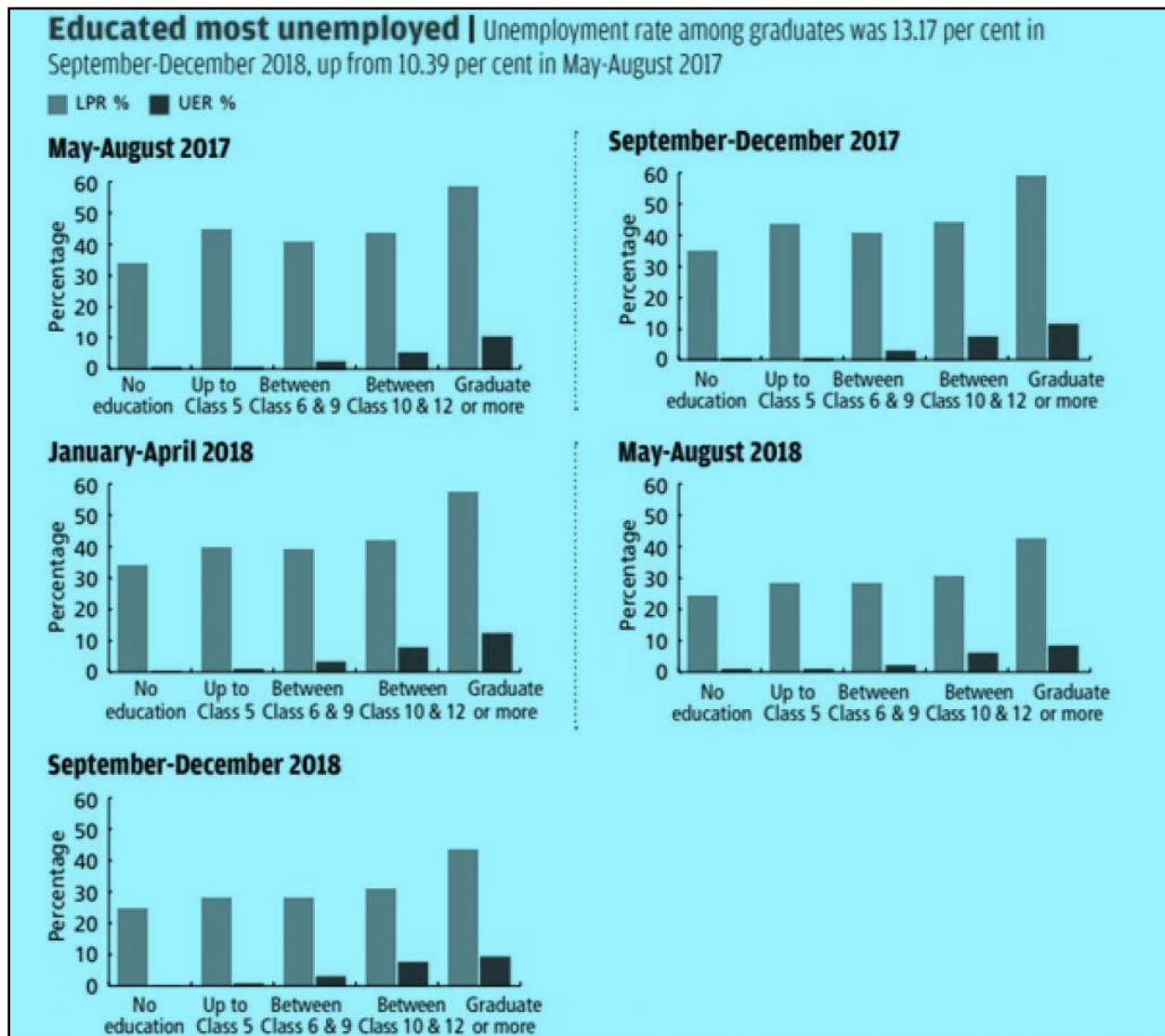


Young Indians (aged 15-24 years) constitute nearly a fifth of India's total population, according to the country's 2011 Census. By 2020, they are predicted to make up a third of the country's population.

The report notes that the youth (between 20-24 years), who constitute around 40 per cent of India's

labour force, have an unemployment rate of 32 per cent.

The unemployment rate among the educated is even worse. The rate among people with at least a graduate degree was 13.17 per cent in September-December 2018, up from 10.39 per cent in May-August 2017.



The Periodic Labor Force Survey for 2017-18 released by National Sample Survey Office too shows that unemployment rate increased with education level.

According to Survey of employment in Figures, 2017, a major cause for high unemployment rates in India is the lack of skills required for jobs that are available. This is worrying because India is a young country home to 20 per cent of the world's young population and a major portion of this young workforce, though educated, is unskilled.

Official figures validate this. The Union Ministry of Skill Development and Entrepreneurship says 4.69 per cent of India's total workforce is formally skilled, as against 52 per cent in the United States, 68 per cent in the United Kingdom, 75 per cent in Germany, 80 per cent in Japan and 96 per cent in South Korea. So why do young, educated Indians have poor job skills? One reason is that India has a limited number of quality institutes in spite of growth in the number of higher education providers.

The World Bank recently estimated that India needs to create 8.1 million jobs a year to maintain its employment rate, which has been declining. Given India's demographic dividend and urgency to create jobs, the manufacturing

sector could prove to be a large employer that provides decent income opportunities.

For example, rapid modernization of the food processing sector could be one way of increasing its export potential as well as improving employment elasticity-to-growth and investment in it.

With a rise in per capita income, domestic demand for processed food would also rise, making the sector a viable option for pushing manufacturing growth and employment.

Removing structural bottlenecks to the manufacturing sector is a key to promoting job creation in more productive and better-paid activities, according to an OECD report on economic outlook released in May 2019. The International Labor Organization predicts India will have 18.9 million jobless people in 2019. Even as India's economy is projected to grow 7.5 per cent by 2020, will this growth translate into jobs?

Santosh Kumar Gangwar, who took charge as the Minister of State (Independent Charge) for Labour and Employment in the newly elected government, has a tough job ahead.

Comparative unemployment rate during 2019 in India with G-20 nation and also with some other nation of world is shown in the below table.

Country	Last		Previous	Range	
South Africa	29.10	Sep/19	29	30.4 : 21.5	%
Turkey	14.00	Aug/19	13.9	14.8 : 7.3	%
Spain	13.92	Sep/19	14.02	26.94 : 4.41	%
Brazil	11.80	Sep/19	11.8	13.7 : 6.2	%
Argentina	10.60	Jun/19	10.1	20.8 : 5.9	%
Italy	9.90	Sep/19	9.6	13.1 : 5.8	%
France	8.60	Sep/19	8.5	10.7 : 7.2	%
India	8.50	Oct/19	7.2	8.5 : 6.7	%
Euro Area	7.50	Sep/19	7.5	12.1 : 7.3	%
Country	Last		Previous	Range	
Saudi Arabia	5.60	Jun/19	5.7	6.3 : 4.35	%
Canada	5.50	Oct/19	5.5	13.1 : 2.9	%
Australia	5.30	Oct/19	5.2	11.2 : 4	%
Indonesia	5.28	Sep/19	5.01	11.24 : 2	%
Russia	4.60	Oct/19	4.5	14.1 : 4.3	%
Mexico	3.80	Sep/19	3.7	6.42 : 2.22	%
United Kingdom	3.80	Sep/19	3.9	12 : 3.4	%
China	3.61	Sep/19	3.61	4.3 : 3.61	%
United States	3.60	Oct/19	3.5	10.8 : 2.5	%
Netherlands	3.50	Oct/19	3.5	7.9 : 3.3	%
South Korea	3.50	Oct/19	3.4	7.1 : 3	%
Germany	3.10	Sep/19	3.1	11.5 : 0.4	%
Japan	2.40	Sep/19	2.2	5.5 : 1	%
Singapore	2.30	Sep/19	2.2	6 : 1.4	%
Switzerland	2.20	Oct/19	2.1	5.7 : 1.5	%

Reasons behind unemployment in India- the problem of unemployment is increasing year on year in the country. It is becoming challenge for the government to cut down it and enhance the growth rate of the country. The problem led various other serious issues like poverty, social and national illness amongst the citizen of the country. They are easily exposed to work against the welfare of the society as well the nation also. There are numerous reasons behind this problem in the country some of them are-

Indian caste system- In India caste system is one serious cause behind the problem of unemployment in the country. Due to caste system some works are prohibited to

person belonging to specific caste in some areas. Many of cases witnessed in the country that the deserving candidate was unable to get work due to his caste but the person belonging to specific group of caste get that work easily. It gives rise unemployment in specific caste and society. Besides this in many cases peoples belonging to specific caste or religion would have to leave their job as the subordinates belonging to other caste or region do not support him in delivering his specialized services. Besides this, the people of the working are also misbehaving with him which also leads to leave the job. Sometime candidate goes in depression and commit suicide. Because of social and religious status deserving candidates either unable to

get a specific work or leave it which leads to unemployment in the society. A few days ago news was published newspaper that in Uttar Pradesh a lekh pal committed suicide because of the people belonging to other caste who did not support him to work there.

Slow and declining Growth rate in the country- Indian economy is growing slow as compare to other developed and developing country like USA, China, Japan, Rusiya and South Korea and Australia etc. During last few years, the Gross Domestic Product (GDP) has been 5% to 6% in compare to global GDP 10 % 11%. Besides this during last few quarters it shows declining trend. Many international as well as national reports estimates declining growth rate. It effects to employment opportunity of the country. Many of the industry going to shut the door of their business. The government is also trying to put some sick industries in the private hands. In Uttar Pradesh the Government also proposed to run government educational institution in PPP model.

Besides other, agricultural sector of the country which provides more than 80% employment in rural areas is facing problem of slow growth rate. Earlier this sector contributed 40% in the economic growth of the country now its contribution decreases to approx. 17% of GDP. It has become the challenge for the government to review the growth of this sector.

Rapid increase in the population and low rate of employment creation- Indian population growth had been notable over the half century and due to rise in the population, the country is facing many problems. Recent survey shows approximate 1.3 billion populations and become the 2nd largest population of the world. Moreover it is predicted that if the population rises with the same rate, it will become 1st in the world in terms of population by 2024. The economic growth couldn't enhance as compare to rise in the population. Hence it bridged the gap that created the problem of unemployment. The Labor Force Employment and Training board estimated about 10 million employable people (i.e. the age 18 to 45years) added every year in the job market. Employment creation in the country is also slow due to low industrial growth.

Defective education system and immovability labor of the country- the education system is also one of the important forces of unemployment. Our employment system is still traditional which doesn't crate job provider but creates job seeker. That is why more people added in the job market who seek job every year. Most of Indian labor forces are also search job nearby him or her because many social and other issues like proper technical development of transportation and availability at cheaper rate the common people remotest area.

Implementation of policy mechanism of government- in India a lot policies have been framed by the government in this respect like skill India program, MNREGA, start-up India, Mudra loan etc. These are some common policies framed by the government. But all these policies couldn't achieve desired goals because implementation of policies

by the government officials. Most of cases especially in training programs we observe that only formality is taken by the institutions and they offers certificate to the candidates without attending the program also.

Corruption amongst policy implementer- corruption is also an important phenomenon in the rising of such kind of serious issues. There is lot of corruption seen in the country at every stage. The government makes policies for the benefit of the people but some corrupt officials do not implement them actually for their own interest. Even in the selection process of government or non government sector officials responsible don't perform their duties fairly. In most of cases they often select a candidate who is either their relatives or providing some monetary benefit to them. This demoralizes to the deserving candidates which results unemployment amongst sincere citizens.

Global impact- besides domestic factors no doubt global impact is also seen on Indian economy which influences the problem of unemployment amongst well educated and technical candidates of the country. At present world economy is economy is facing problem of recession which indirectly effects the unemployment in the country. China and American trade war is also affecting this issue.

Political influence- unemployment is also arises due to political influence. Every political party wants make development program according to its own methodology. That is why development of one region has stopped and new projects begin. Besides this politicians overlook the policies of previous government and for this the whole investment made by one government will destroyed and new burden has to bear by the citizens.

Types of unemployment in India- composition of population in is vast and has different social, religious, demographic, educational and physique variation. In some part people of the country people have different characteristics as compare to other part of the country hence that why unemployment in the country vary region to region i.e. urban and rural, people to people i.e. educated and non educated and technical to non technical and skilled to unskilled unemployment. Some of them are as follow-

1. Open unemployment- this type of employment is a kind unemployment where the people actually seek the work but unable to achieve it and it arises due to increase new force in the market. This type of unemployment is very common and may be counted. Official data released by the government agencies shows about 10 million labors force added every year while only 3 million new jobs created in formal and informal sector. Labor force is growing faster than economic growth hence the country has to face such type of problem.

2. Disguised unemployment- in this type of situation more people are engaged in a specific work than they required. Even if some person or withdrawn from job the productivity shall remain constant or decreases very less i.e. the situation of surplus manpower having zero productivity. Being the agriculture based economy it is

very common in the country due to lack of alternative job for them.

3. Seasonal unemployment- this type unemployment occurs in such type of industries which are working in a particular season in a year e.g. sugar factory, ice cream factory, holiday resort, brick making and some agriculture also. Production in these factories is done only in some specific season so they offer jobs to their employees in that seasons only. Rest of times they are jobless because alternative job in their vacation.

4. Cyclical unemployment- this unemployment occurs due to cyclical changes in the economy. It is also common in every capital economy. During last few years the problem arises in the country due down fall in the economy. The economic growth of the country is estimated for current financial year is 5.1% which was approximately 7% in the previous year and 7.5% in financial year 2018. This problem also arises due to global crises.

5. Educated unemployment- apart from open, disguised and seasonal unemployment, unemployment is seen amongst educated people. In developing country like India it is serious because the education system creates job seekers not job providers. Hence this unemployment is become havoc amongst educated youngsters in the country. Millions of graduate peoples are added in unemployment.

6. Technical unemployment- this is because technological changes in the field of specific and the people engaged in such sector are not prepare themselves for such changes. This unemployment also seen in India in recent years.

7. Structural unemployment- this employment arises due to drastic changes in the economy of country. India also witnessed for drastic economic changes that creates more jobless people e.g. changes in the pattern business, production and handling of services.

8. Under and casual unemployment- under employment is a situation when a person is employed with a job below his qualification or unable to get desired salary e.g. a post graduate is employed on clerical or peon post. Casual unemployment occurs due to shortage of materials, technical advancement and fall in demand and change in ownership. This type unemployment also seen in the country for few years ago.

Suggestion to eliminate the problem of unemployment- no doubt it is a serious matter for every country. The problem of unemployment is also not new. In development country like India the problems is becoming a dangerous issue and the government which is unable to cut down the problem is criticized by other politicians and public also. There are number of factors responsible for the unemployment and we can't blame only on government. Some issues are due to cause of society, some due to technological awareness, some of due to complete dependency over the government and many other reasons. By this study some suggestions are given below to minimize the problem-

- The government should develop a mechanism that monitor and control the activity responsible person. For effective control we suggest that artificial intelligence should apply in place of human because they can be bias due to relation, caste and corruption.
- The reservation policy should also implement effectively in both the private and government sector. The government should assure itself that the body applying policy should be honest and no discrepancy would use in the selection process.
- Vacant posts should be filled by the bodies responsible. It is insured that the governing body filling the vacancy would be honest at every level.
- Production technology should be framed as per needs and means of the country. It should be insured that intensive labor technology should be encouraged in place of capital intensive technology.
- Seasonal unemployment is found in agriculture sector and agro based industries. The multi cropping agriculture should be promoted amongst small and medium size farmers. For this instance, plantation horticulture, dairying and animal husbandry and also cottage industry should be encouraged,
- Traditional pattern of education is required to be modified as per the needs and means of the country. Along with traditional approach vocational training should be provided to the candidates from inter mediate and their after. Teaching and learning should be job friendly.
- Employment exchange of the country should have to expand to rural areas also so it might be in reach of the people residing there. Employment exchanges should have also insure that the employment opportunities should be in reach of common people,
- Encourage the people to be self reliant. Small scale and cottage industries should be encourages especially in rural areas so that the migration of rural population to urban may in control. Youngster should also be helped with financial support, supply of materials and vocational training program that make them self reliant.
- Employment policy of the government should be framed by keeping in view it insures job opportunities both in urban and rural areas and employed person enhances the productivity of the country. The government should also frame policies that are friendly to doing business in the country. Protectionism along with liberal policy should be adopted in respect of both the domestic and foreign industries.

- Employment program of the government should include private sector also. The government should encourage the private sector to expand their industries in rural areas by providing them special incentives in tax and relief in the various documentary procedures.
- Infrastructural development in the rural areas should be promoted so the rural migration may control and the people would be able to get job there. The capital formation in rural area may also assist to rural population.
- India's population growing by increasing rate and need to be controlled. During last 40 years the population is doubled and reached about 131 million. Every year more than 10 million people added in employable labor force. The government should adopt some preventive measures to control the population.

Non government organization should also run awareness program amongst the people.

Conclusion- unemployment in India is growing increasing rate every year and reach at 8.5% in October, 2019 and on the other hand the Gross Domestic Product of the country decreasing continuously and estimated at 5.1% for 3rd

Hence we can put an equation of employment is-

Unemployment (U) = I+D+C+Ed+Tc+G+En

Where, U stands for total unemployment

I stands for inequality i.e. biasness in the recruit in both private and government sector

D stands for deficiency or decrease in job in the economy due to various reasons. ED stands for education system which does not fulfill the needs and means of the day.

TC stands for technological backwardness of the country.

G stands for government role in making policy for creating and sustaining jobs. EN stands for environment of the country that includes political, business and social and religious culture.

quarter of 2019. Data released by the government agencies shows the decreasing trends in the employment during last few years. There are lots of reasons behind all these problems. The society, industry, business environment and the government are also responsible for all these. To eliminate the problem from the country all the stake holders of the country should contribute to overcome the problem of unemployment and development of the country. The government should create healthy environment for industry, commerce, trade and business. The government should initiate some measures that promote the employment opportunities in the country. The person responsible for providing opportunities, are expected to play independent role and never be bias while acting as appointing authority. The desirable and potential candidates may get the job.

Its' my opinion that the unemployment as an whole of country should be measured on the basis of employable capacity, educational and technical ability, political interference, economic imbalances of various regions of the country, composition of population, rural and urban variances, role of government and private entrepreneur and corruption in the government and private recruitment also. This is why because unemployment of a country is due to all these reasons.

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