



Unemployment in India

Relevance for Prelims: Types of Unemployment in India, Support for Marginalised Individuals for Livelihood and Enterprise (SMILE), PM-DAKSH (Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Start Up India Scheme

Relevance for Mains: Types of Unemployment in India, Causes and solutions of unemployment in India.

Why in News

According to data from the **Centre for Monitoring Indian Economy (CMIE)**, India's unemployment rate touched a four-month high of **7.9% in December 2021**.

- With **Covid-19** cases on the rise amid the threat posed by the **Omicron variant** and many states imposing fresh curbs, economic activity and consumption levels have been affected.
- This could adversely affect **economic recovery further going ahead**.

Key Points

- **About Unemployment:**
 - Unemployment occurs when a person who is **actively searching for employment is unable to find work**.
 - Unemployment is often **used as a measure of the health of the economy**.
 - The most frequent measure of unemployment is the **unemployment rate**, which is the number of unemployed people divided by the number of people in the labour force.
 - **National Sample Survey Organisation (NSSO)** defines employment and unemployment on the following activity statuses of an individual:
 - Working (engaged in an economic activity) i.e. 'Employed'.
 - Seeking or available for work i.e. 'Unemployed'.
 - Neither seeking nor available for work.
 - The first two constitute the labour force and unemployment rate is the percent of the labour force that is without work.
 - **Unemployment rate = (Unemployed Workers / Total labour force) × 100**
- **Types of Unemployment in India:**
 - **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**.
 - **Seasonal Unemployment:** It is an unemployment that occurs during **certain seasons of the year**.
 - **Agricultural labourers in India** rarely have work throughout the year.
 - **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 jobs due to lack of requisite skills and due to poor

education level, it becomes difficult to train them.

- **Cyclical Unemployment:** It is a 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.
- **Technological Unemployment:** It is the 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.
- **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 frictional unemployment.
 - It is often considered as **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.
- **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.
- **Causes of Unemployment in India:**
 - **Social Factors:** In India the caste system is prevalent. The work is **prohibited for specific castes** in some areas.
 - In **big joint families** having big business, many such persons will be available who do not do any work and depend on the joint income of the family.
 - **Rapid Growth of Population:** Constant increase in population has been a big problem in India.
 - It is one of the **main causes of unemployment.**
 - **Dominance of Agriculture:** Still in India nearly half of the workforce is dependent on Agriculture.
 - However, Agriculture is underdeveloped in India.
 - Also, it provides seasonal employment.
 - **Fall of Cottage and Small industries:** The industrial development had adverse effects on cottage and small industries.
 - The production of cottage industries began to fall and many artisans became unemployed.
 - **Immobility of Labour:** Mobility of labour in India is low. Due to attachment to the family, people do not go to far off areas for jobs.
 - Factors like language, religion, and climate are also responsible for low mobility.
 - **Defects in Education System:** Jobs in the capitalist world have become highly specialised but India's education system does not provide the right training and specialisation needed for these jobs.
 - Thus many people who are willing to work become unemployed due to lack of skills.

Recent Initiatives by Government

- [Support for Marginalized Individuals for Livelihood and Enterprise \(SMILE\)](#)
- [PM-DAKSH \(Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi\)](#)
- [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#)
- [Pradhan Mantri Kaushal Vikas Yojana \(PMKVY\)](#)
- [Start Up India Scheme](#)

Way Forward

- **Promoting Labour Intensive Industries:** There are a number of labour intensive manufacturing sectors in India such as **food processing, leather and footwear, wood manufacturers and furniture, textiles and apparel** and garments.
 - Special packages, individually designed for each industry are needed to create jobs.
- **Decentralisation of Industries:** Decentralisation of Industrial activities is necessary so that people of **every region get employment.**
 - Development of the **rural areas will help mitigate the migration** of the rural people to the urban areas thus decreasing the pressure on the urban area jobs.
- **Drafting National Employment Policy:** There is a need for a **National Employment Policy (NEP)** that would encompass a set of **multidimensional interventions covering a whole range of social and economic issues** affecting many policy spheres and not just the areas of labour and employment.
 - The underlying principles for the National Employment Policy may include:
 - Enhancing **human capital through skill development.**
 - Creating **sufficient number of decent quality jobs for all citizens in the formal and informal sectors** to absorb those who are available and willing to work.
 - Strengthening **social cohesion and equity** in the labour market.
 - **Coherence and convergence** in various initiatives taken by the government.
 - Supporting the **private sector to become the major investor** in productive enterprises.
 - Supporting **self-employed persons** by strengthening their capabilities to improve their earnings.

[Source: IE](#)

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