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MINISTRY OF SKILL DEVELOPMENT & ENTREPRENEURSHIP
DIRECTORATE GENERAL OF TRAINING
NATIONAL SKILL TRAINING INSTITUTE

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PROGRESSIVE PROJECT REPORT

MODULE 5

“Unemployment In India”

For IBM Program – IT, Networking and Cloud (Technical Diploma)

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ABSTRACT

The title of our project is Unemployment in India. Unemployment is a major issue in India today. Even though the number of school and university graduates grows annually, there are still millions of youth without meaningful work. This casts a shadow on the individual, and on the economy — it reduces the economic contribution of the individual, as well as his/her perception of self-worth. This project examines unemployment in India and its current scenario. It also discusses the various government policy initiatives taken to curb unemployment and its impact. The paper also suggests policy recommendations to improve the current situation of unemployment prevailing in India.

1.INTRODUCTION

1.1 OBJECTIVE

The main objective of the project is to find the current scenario of unemployment in India, analyse the government initiatives for reducing unemployment in India and suggest ways to reduce unemployment.

1.2 INTRODUCTION ABOUT PROJECT

Unemployment in India has been a major social problem since 1960. Unemployment can be defined as a state where an individual who is fit and willing to work is not able to find a job. There are different types of employment.

- **Voluntary Unemployment**

The unemployment in which an individual attains the state of unemployment because of his desire of not willing to work.

- **Casual Unemployment**

The type of unemployment that is caused when an individual is offered temporary employment and they are terminated after their demand abates is called casual unemployment

- **Frictional unemployment**

Frictional unemployment is generated when an individual is transitioning between jobs or searching for a job that best suits his skills set.

- **Educated Unemployment**

Unemployment where individuals with high and advanced skills are unable to find a job that matches their training is called educated unemployment.

- **Seasonal unemployment**

Seasonal unemployment is caused when people are unemployed at certain times of the year.

1.3 PROJECT DESCRIPTION

Unemployment is a serious problem in India. It is becoming more and more serious day by day. Unemployment is a phenomenon that occurs when a person who is actively searching for employment is unable to find work. This project is going to help those who all want to know about the current situation in India and how the government is going to help them and a description about the government policies.

1.4 SCOPE OF WORK

This documentation examines unemployment in India and its current scenario. It also discusses the various government policy initiatives taken to curb unemployment and its impact. The paper also suggests policy recommendations to improve the current situation of unemployment prevailing in India.

1.5 TECHNOLOGY USED

Excel 2013 is a spreadsheet program that allows to store, organize, and analyze information. .Whether keeping a budget, organizing a training log, or creating an invoice, Excel makes it easy to work with different types of data.

1.6 ABOUT EXCEL

A software program created by Microsoft that uses spreadsheets to organize numbers and data with formulas and functions. Excel analysis is ubiquitous around the world and used by businesses of all sizes to perform financial analysis.

Excel is typically used to organize data and perform financial analysis. It is used across all business functions and at companies from small to large. The main uses of Excel include

- Data Entry
- Data Management
- Charting and graphing
- Accounting
- Financial Analysis
- Programming etc..

2.FEASIBILITY STUDY

Preliminary investigation examines project feasibility, the likelihood the system will be useful to the organization. The main objective of the feasibility study is to test the Technical Operational and Economical feasibility for adding new modules and debugging old running systems. All systems are feasible if they have unlimited resources and infinite time.

There are aspects in the feasibility study portion of the preliminary investigation:

- ☐ Technical Feasibility
- ☐ Operation Feasibility
- ☐ Economical Feasibility

2.1 Technical Feasibility

The technical issue usually raised during the feasibility stage of the investigation includes the following:

- Does the necessary technology exist to do what is suggested?
- Does the proposed equipment have the technical capacity to hold the data required to use the new system?

- Will the proposed system provide adequate response to inquiries, regardless of the number or location of users?
- Can the system be upgraded if developed?
- Are there technical guarantees of accuracy, reliability, ease of access and data security?

2.2 Operational Feasibility

Proposed projects are beneficial only if they can be turned out into information systems, which will meet the organization's operating requirements. Operational feasibility aspects of the project are to be taken as an important part of the project implementation. Some of the important issues raised are to test the operational feasibility of a project includes the following: -

- Is there sufficient support for the management from the users?
- Will the system be used and work properly if it is being developed and implemented?
- Will there be any resistance from the user that will undermine the possible application benefits?

This system is targeted to be in accordance with the above-mentioned issues. Beforehand, the management issues and user requirements have been taken into consideration. So there is no question of resistance from the users that can undermine the possible application benefits. The well-planned design would ensure the optimal utilization of the computer resources and would help in the improvement of performance status.

2.3 Economic feasibility

A system can be developed technically and that will be used if installed must still be a good investment for the organization. In the economical feasibility, the development cost in creating the system is evaluated against the ultimate benefit derived from the new systems.

Financial benefits must be equal or more than the costs. The system is economically feasible. It does not require any additional hardware or software.

3.REPORTS ABOUT PROJECT

3.1 CURRENT SCENARIO OF UNEMPLOYMENT IN INDIA

Among the states and Union Territories of India, Gujarat had the lowest unemployment rate of 1.2% followed closely by Karnataka at 1.8%, Maharashtra and Chandigarh at 2.8%, Madhya Pradesh at 2.9% and Telangana at 3.3% while Sikkim had the highest at 15.8%¹. In the northern India, the unemployment rate is quite high, Jammu and Kashmir at 10.5%, followed by Himachal Pradesh at 7.5%, Rajasthan at 6.5%, Punjab at 5.8%, Delhi at 5.2% and Haryana at 4.8%. According to the survey², 49.5% persons were estimated to be self-employed under the Usual Principal Status (UPS) Approach followed by 30.9% as casual labour. Only 16.5% were wage/salary earners and the rest 3% covered contract workers. Under the Agriculture, Forestry and Fishing sector, 46.9 percent persons are estimated to be employed. It shows that the majority of the workforce are employed in the primary sector. Studies also show that 41.9% employed persons are self-employed followed by 34.9% as casual workers, remaining 23.1% as wage/salaried employees and contract category workers for the age group 18-29 years. Unemployment Rate in India decreased to 4.9% in 2013 from 5.2% in 2012. It averaged 7.32% from 1983 until 2013, reaching an all time high of 9.4% in 2009 during recession and a record low of 4.9% in 2013 (Ministry of Labour and Employment, India). Youth Unemployment Rate in India decreased to 12.9% in 2013 from 18.1% in 2012. It averaged 15.5% from 2012 until 2013, reaching an all time high

of 18.1% in 2012 and a record low of 12.9% in 2013 (Labour Bureau of Government of India).

Fig 1:- Unemployment Situation In india (Urban & Rural Area)

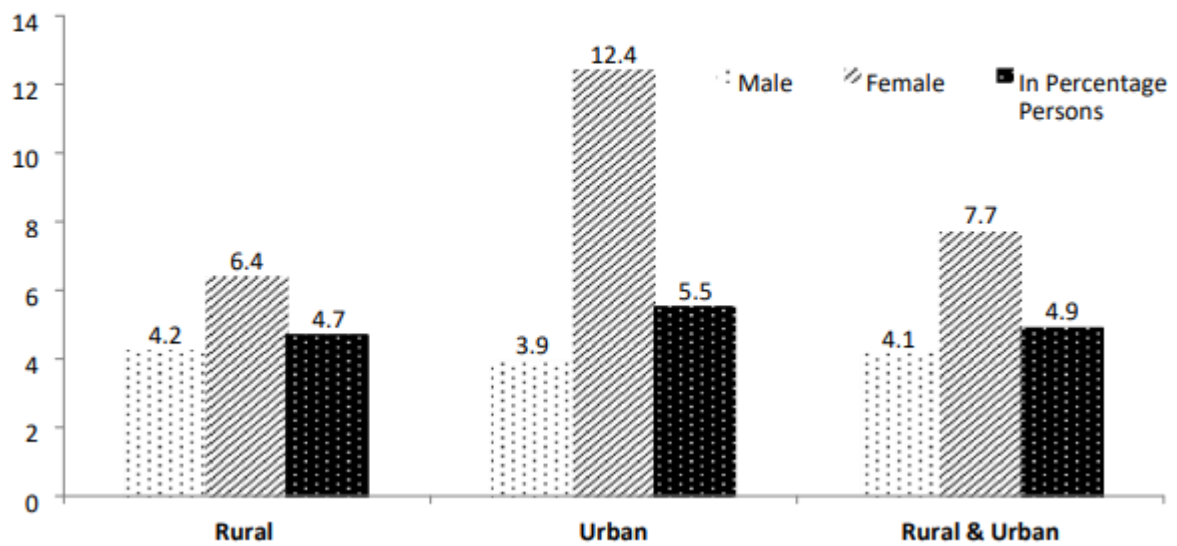
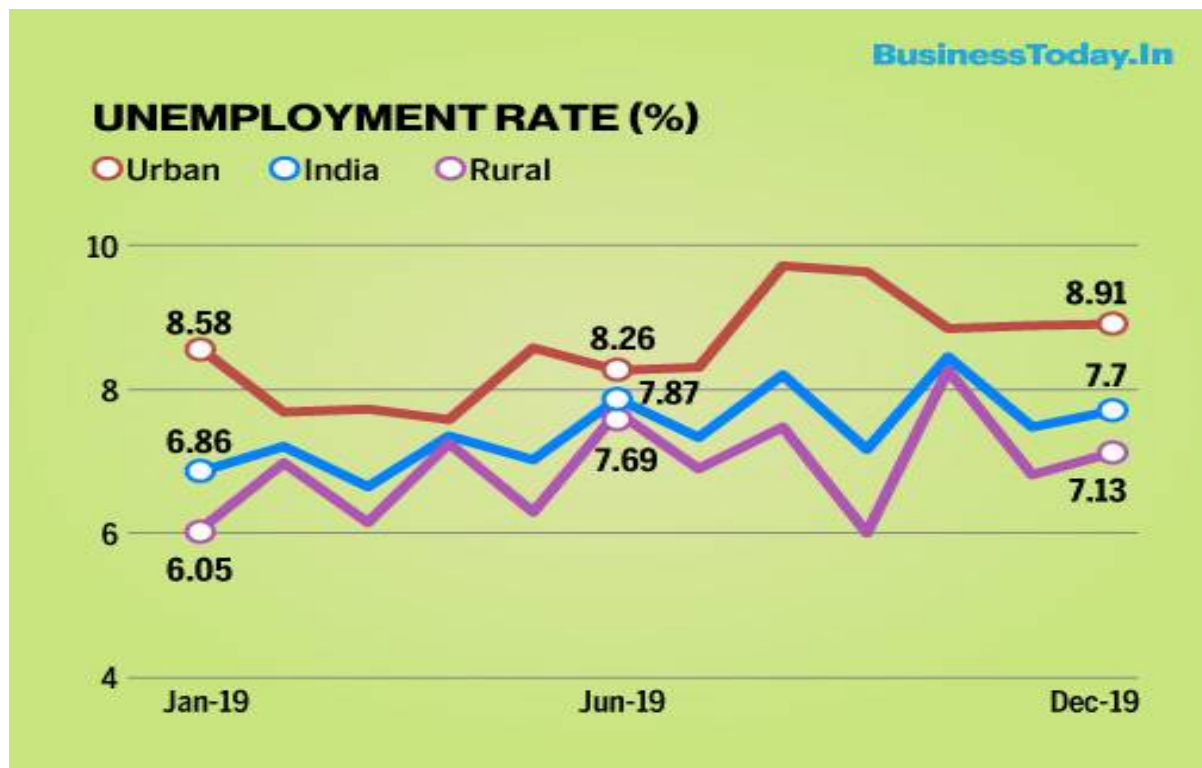


Fig2 :-Unemployment Situation In india (Urban & Rural Area)



3.2 REASONS FOR UNEMPLOYMENT IN INDIA

The economic survey in 2012 stresses that in order to achieve inclusive growth, India must create adequate employment opportunities: the number of unemployed is large and there are more youth entering the job market. In the absence of detailed data on youth and employment, it is very difficult to pinpoint factors that impede the availability of employment opportunities for them. However, as in other countries, unemployment among young people in India is the highest compared to other age groups.

The reasons include

- **Shortage Of Jobs**

Agriculture has been the dominant sector of labour concentration. Since 1991, the shares of the manufacturing and service sectors have grown faster with regard to GDP and much slower with regard to employment, as working methods became more capital-intensive. According to various estimates, productivity during the period from 2004 to 2010 grew 34 per cent. India's economic growth was thus more due to productivity than employment. In the wake of the limited creation of additional jobs, workers – especially youth – found themselves without jobs. The prevailing situation forced them either to opt for unskilled or casual work in the informal sector or to enrol for further studies. Many who could not afford to go for further education opted for self employment with extremely low returns. The large number of self-employed or, for that matter, casual workers is an instance of self-exploitation since such workers are without any effective protection.

- **Employability**

In order to take full advantage of the »demographic dividend«, it is imperative for India to transform its labour force into an asset. As of now, only 5 per cent of the workforce have undergone any kind of vocational training, but even many of those are not employable, since the skills acquired have limited market application (Chandrasekhar et al. 2006). Furthermore, India's education system is primarily of a generalist nature and is not connected to the labour market. According to NASSCOM,² almost 40 per cent of the skilled workforce is not employable because the acquired education and training are of substandard quality. The GOI recently initiated major work in skills up-grading.

- **Skills Mismatch**

India is generally seen as a labour surplus economy with a majority of workers having limited or negligible marketable skills. Furthermore, on examining the situation more closely

one finds that India has a lopsided skills stock. On the one hand, a large section of the workforce are not able to get even minimum wages, as made mandatory by the government; on the other hand, there are a few people with marketable skills who are able to demand higher rewards. Recently, there has been increased activity in the acquiring of skills. Young people are attending various technical institutes in large numbers. This can be seen in the information and communication technology sector, which has experienced a huge inflow of IT-skilled workers. In addition, it has caused problems due to the unregulated growth of technical institutions in the private sector and a lack of guidance for youth in choosing areas of training. As a result, an imbalance in the Indian labour market has created a surplus in some skills and shortages in others.

- **Women – Security and Social Restrictions**

The opening up of the Indian economy has created increased employment opportunities for female workers, particularly in IT, retail, travel and tourism. Their full engagement, however, remains restricted due to problems of personal security, biased attitudes of co-workers and social customs. Faced with ineffective protection, young female workers either select jobs for security considerations or prolong their education. Various studies have indicated marriage as a major cause of women workers withdrawing from the labour market.

- **Decent Work Deficit**

India has some of the most developed labour legislation granting comprehensive protection to its workforce. The enforcement of these laws is, however, lacking, resulting in unabated exploitation, especially of those employed in the informal sector. In addition, most of the new jobs are created in private – small and medium-sized – enterprises. Consequently, young workers are deprived of rights that are guaranteed under the Indian Constitution,

national/state laws and international conventions. The worst affected are contract and casual workers, who, despite undertaking identical work, are confronted with inhumane employment conditions, including long hours, lower wages, no social security and no right to organise. The absence of a formal social security system also gets in the way of securing effective enforcement of labour laws and rights, including trade unions.

3.3 UNEMPLOYMENT SITUATION IN STATES OF INDIA

It is the duty of the state to provide work to its citizens but it is not possible to provide jobs for everyone because the creation of jobs is hard for everyone in any type of society whether capitalist or agricultural based economy or command based economy because no society is self sufficient in its resources today. This led to mass unemployment to which other problems are attached including poverty, ill health, malnutrition etc. and became hindrance in the process of development.

Fig 3 :-Current Situation of Unemployment in india(StateWise)

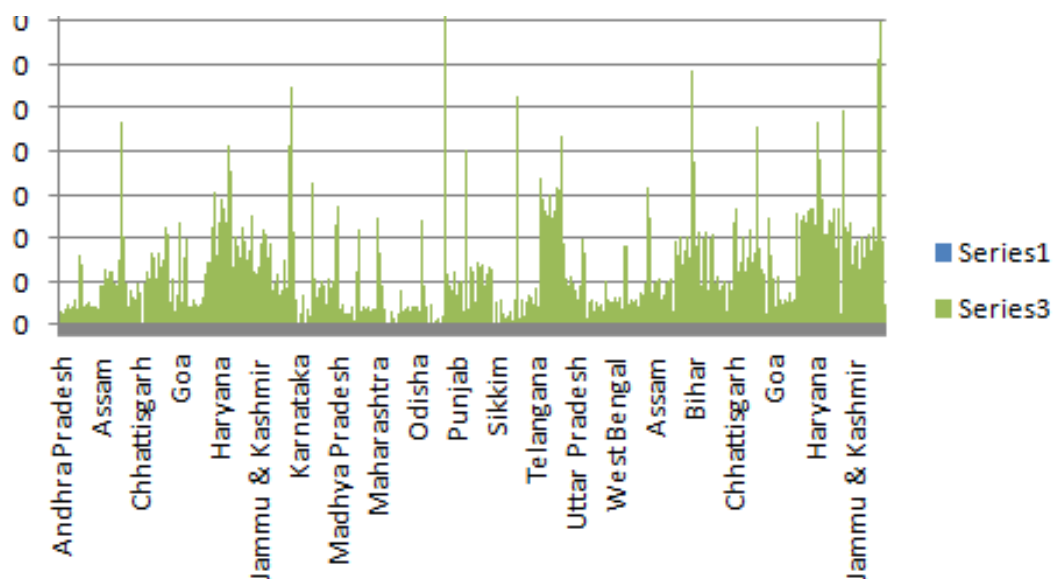
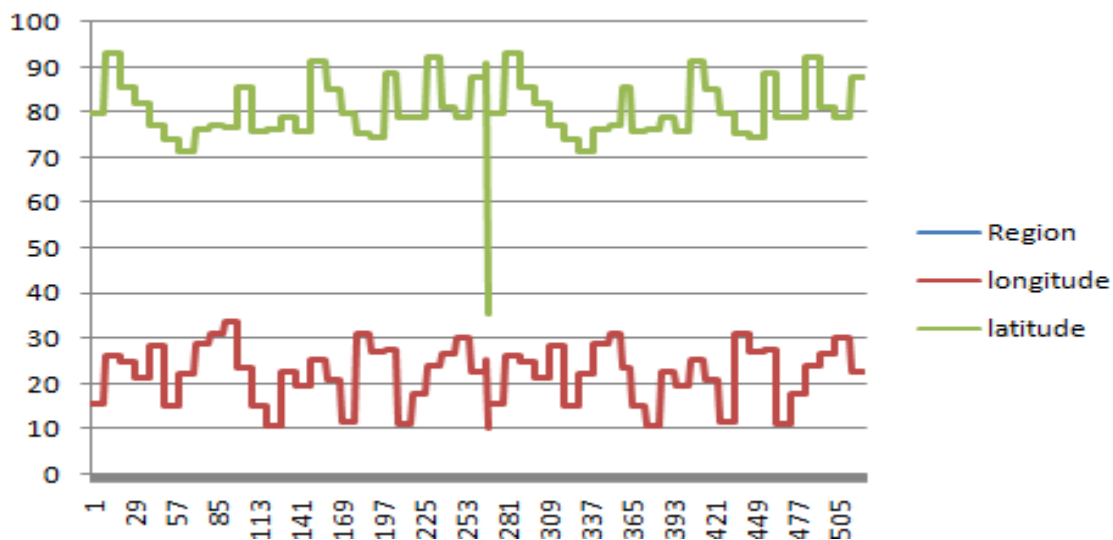


Fig 4:- Estimated Unemployment rate & Estimated employed (StateWise)



3.4 GOVERNMENT INITIATIVES AND POLICY MEASURES

The Government of India has taken several policy measures to fight the problem of Unemployment. Some of the measures are as follows:-

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted by the Central Government in 2005, aimed at improving living standards of the rural poor and providing social security to them by giving the adult members of every household at least one hundred days of guaranteed wage employment of unskilled manual work in a financial year. The Act succeeded in generating employment in more than 300 districts since it was launched. In the financial year 2013-14, 3,81,26,455 households provided employment.³ Besides all these achievements there are many issues faced by the government which are related to this scheme.

The Ministry of Micro, small and medium enterprises (MSME) is regarded as the engine of economic growth and development. In India it has played a key role in generating job opportunities and promoting self-employment. MSME Act 2006 facilitates the development of both manufacturing and service sectors and also enhances their competitiveness. They are spread across the country and boost the manufacturing of many products thus promoting entrepreneurship and also provide services to meet the local market needs. It is found that since they have limited financial resources they are unable to hire skilled and specialized workforce.

National Skill Development Mission is the skill challenge that becomes acute for India considering that the country has a large portion of its population below 25 years of age. Currently a major proportion of this population is not productively engaged in economic activities due to a 'skills versus jobs requirement' mismatch which leads to economically inactive working age group people affecting the economy and increasing unemployment.

Regional Rural Banks (RRBs) were established in 1975 with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' in order to enlarge institutional credit for the rural and agriculture sector 4. The RRBs mobilize deposits primarily from rural/semi-urban areas and provide loans and advances mostly to the rural inhabitants. RRBs encourage entrepreneurship by giving credits at concessional rates.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched in 1997 for urban poverty alleviation. The target population is the urban poor living below the poverty line. The key objective of the Scheme is to provide gainful employment to the urban unemployed through

the setting up of self employment ventures or provision of wage employment. Studies show that the training programmes for beneficiaries were organized by NGOs and other institutions which were not recommended in the SJSRY guidelines. Thus it is evident that this policy has been unable to generate the required level of employment due to several drawbacks.

4.SUGGESTIONS

Despite the measures taken by the government, India remains a country experiencing severe unemployment problems. This section seeks to propose strategies for reducing unemployment in India. It is desirable to reduce tax rates and increase government spending which will eventually increase the aggregate demand and the rate of economic growth. Lower tax rates increase the disposable income of people and thus increase consumption and purchasing power leading to higher aggregate demand (AD). The interest rates should be decreased which would lower the cost of credit and encourage people to spend and invest. Also, the exchange rates would get reduced and which would lead to increased export. Reduction of income tax would work as an incentive for the unemployed as well as employed. It is an attractive proposition which motivates the unemployed to join the labour market and the existing workforce to strive harder. Lower Corporation Tax encourages the young entrepreneurs to start their own ventures. Government should invest more in human capital development to increase the employability in our country. It should also emphasis more on imparting quality education to the people. Education should be imparted in such a way that it should empower the youth with the necessary skills which can make them employable. It has been observed that unemployment is especially concentrated in certain regions. In order to overcome this geographical disparity, the government could incentivize firms to set up operations in these areas by giving tax breaks. Alternatively, financial assistance can be provided to unemployed workers who moved to established areas which

have high employment. Vocation courses are recognized as an important part of under-graduation and post-graduation colleges. Government should emphasize in inculcating these courses in the primary level and make it a compulsory part of the curriculum so that people become proficient in their early stage of life. Career Counseling should be provided within the school and should reach all the students.

5.CONCLUSION

The challenge of unemployment became complex and complicated in the present era. Every year more young people are entering into the labor force with a high percentage that hatches the problem. There is low availability of jobs in the market place in proportion to unskilled manpower that makes the country the home to large numbers of unemployed people. Equally there persists a rigid job market with high scarcity of jobs that results in limited employment opportunities, causing underemployed or unemployed. Besides this, more people are unemployed in urban areas than in the rural areas and in the similar language unemployment rate is higher in women than in male and the same is happening with the unskilled graduate youth than the illiterate. In the absence of formal social security the Indian youth faces the challenges of survival and limited growth prospects. There is no state in the country which is free from the menace of unemployment. However, some states have a small number of unemployed youth but it exists in every state. Its high percentage has not only serious consequences on the individual life of youth but also on the economic growth of the country. The unemployed youth are more prone to commit suicide because of idleness and economic alienation that in turn led them to frustration. It also creates ground for youth unrest. To tackle the situation there is a need for employment guarantee schemes in order to channelize the youth properly.

