

Module 2 Illiteracy, Poverty, Unemployment and Population Growth

Lecture 11

Unemployment in India: Features, Types, Causes and Consequences

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 frequently cited measure of unemployment is the unemployment rate. This is the number of unemployed persons divided by the number of people in the labour force.

Features of Unemployment in India

For many of us the notion of unemployment is one of those who do not have a job or, are paid no salary. This is partly correct but not wholly. Such a notion would apply largely to the educated people who are not able to find work or to those in urban areas who come to seek employment. We will leave out a large section of people, in fact the majority, who are engaged in agriculture and who may not be paid wages. For example, a person cultivating a small piece of land which he owns is also employed; through he is not paid a wage. He is more known as self-employed in agriculture. Similarly there are vast numbers of people in rural and urban area who do not get wages for the work they do. These are farmers, artisans, petty shop owners, small and big industrialists, taxi drivers, mechanics etc. These people are also regarded as being employed.

All these people as well as those drawing salaries are regarded as being “gainfully employed” because they get some material rewards (in cash or kind) for the work they do. Those who are not gainfully employed are unemployed. The next problem is of identifying the unemployed. This is not an easy task. Normally in our country we regard those people who are between the ages 15 and 58 as being “economically active”. In other words these people have the potential of being gainfully employed. Therefore those who are not gainfully employed in this age group are unemployed. This supposition will again not be fully correct. There could be a large number of people in this age group who do not wish to seek employment. They could be students or people who can depend on other people’s earnings and they do not wish to be employed.

Till recently women were considered in this category since a large section of women (married women mainly) do household work. However, in recent years, this has been considered economic activities. The Census of 1991 and 2001 has taken this into consideration.

Types of Unemployment in India

So, we can see unemployment is a serious problem which is not always easy to identify. Let us discuss the different types of unemployment in India.

Seasonal Unemployment

Normally when we talk of employed people we mean those who have work throughout the year. But this may not be possible for all. In agriculture, work is seasonal even though agricultural activities are performed throughout the year. During the peak agricultural seasons (when the crop is ready for harvesting) more people are required for work. Similarly in the sowing, weeding and transplantation period more labour is required. Employment therefore increases at this time. In fact we will find that there is hardly any unemployment in rural areas during these peak agricultural seasons. However, once these seasons are over the agricultural workers, especially those who do not own land or whose land is not sufficient to meet their basic requirement (these are landless labourers and marginal farmers respectively), remain unemployed. This type of unemployment is known as seasonal unemployment.

Voluntary Unemployment

People who are unwilling to work at prevailing wage rate and people who get a continuous flow of income from their property or any other sources and need not to work, such people are voluntarily unemployed.

Frictional Unemployment

Unemployment attributable to the time required to match production activities with qualified resources. Frictional unemployment essentially occurs because resources, especially labor, are in the process of moving from one production activity to another. Employers are seeking workers and workers are seeking employment, the two sides just haven't matched up. Hence unemployment of the frictional variety increases. This mismatch is largely the result of limited information, which is often compounded by geographic separation between producer and resource.

Causal Unemployment

Cyclical unemployment is based on a greater availability of workers than there are jobs for workers. It is usually directly tied to the state of the economy. Lower demand for products due to lack of consumer confidence, disinterest, or reduction in consumer spending results in the workforce cutting back on production. Since production is reduced, companies that retail such products may also cut back on workforce, creating yet more cyclical unemployment.

Disguised Unemployment

There are also instances where we find too many people working when so many are not required. In agriculture we may find that all members of the family work. It is possible that 3-4 people can do a given work in the farm, but we find that the whole family of say 10 people doing the job. This may be because the excess people are not able to find employment elsewhere, so rather than remain unemployed they prefer to do the work along with others. This is known as disguised unemployment. This occurs when more than the necessary numbers of people are employed for the specified work. Disguised unemployment is found in agriculture because of the lack of employment opportunities elsewhere. Similarly disguised unemployment can be found in industry and offices as well.

Causes and Consequences of Unemployment in India

The major cause of unemployment in India is the slow pace of development. As GDP growth rate is still slow even after sixty five years of independence. The major causes which have been responsible for the wide spread unemployment can be spelt out as under.

- **Rapid Population Growth:** It is the leading cause of unemployment in Rural India. In India, particularly in rural areas, the population is increasing rapidly. It has adversely affected the unemployment situation largely in two ways. In the first place, the growth of population directly encouraged the unemployment by making large addition to labour force. It is because the rate of job expansion could never have been as high as population growth would have required. Secondly, the rapid population growth indirectly affected the unemployment situation by reducing the resources for capital formation. Any rise in population, over a large absolute base as in India, implies a large absolute number. It means large additional expenditure on their rearing up,

maintenance, and education. As a consequence, more resources get used up in private consumption such as food, clothing, shelter and so on in public consumption like drinking water, electricity medical and educational facilities. This has reduced the opportunities of diverting a larger proportion of incomes to saving and investment.

- **Limited Land:** Land is the gift of nature. It is always constant and cannot expand like population growth. Since, India population increasing rapidly, therefore, the land is not sufficient for the growing population. As a result, there is heavy pressure on the land. In rural areas, most of the people depend directly on land for their livelihood. Land is very limited in comparison to population. It creates the unemployment situation for a large number of persons who depend on agriculture in rural areas.
- **Seasonal Agriculture:** In Rural Society agriculture is the only means of employment. However, most of the rural people are engaged directly as well as indirectly in agricultural operation. But, agriculture in India is basically a seasonal affair. It provides employment facilities to the rural people only in a particular season of the year. For example, during the sowing and harvesting period, people are fully employed and the period between the post harvest and before the next sowing they remain unemployed. It has adversely affected their standard of living.
- **Fragmentation of Land:** In India, due to the heavy pressure on land of large population results the fragmentation of land. It creates a great obstacle in the part of agriculture. As land is fragmented and agricultural work is being hindered the people who depend on agriculture remain unemployed. This has an adverse effect on the employment situation. It also leads to the poverty of villagers.
- **Backward Method of Agriculture:** The method of agriculture in India is very backward. Till now, the rural farmers followed the old farming methods. As a result, the farmer cannot feed properly many people by the produce of his farm and he is unable to provide his children with proper education or to engage them in any profession. It leads to unemployment problem.

- **Decline of Cottage Industries:** In rural India, village or cottage industries are the only means of employment particularly of the landless people. They depend directly on various cottage industries for their livelihood. But, now-a-days, these are adversely affected by the industrialisation process. Actually, it is found that they cannot compete with modern factories in matter of production. As a result of which the village industries suffer a serious loss and gradually closing down. Owing to this, the people who work in there remain unemployed and unable to maintain their livelihood.
- **Defective education:** The day-to-day education is very defective and is confined within the class room only. Its main aim is to acquire certificate only. The present educational system is not job oriented, it is degree oriented. It is defective on the ground that is more general than the vocational. Thus, the people who have getting general education are unable to do any work. They are to be called as good for nothing in the ground that they cannot have any job here, they can find the ways of self employment. It leads to unemployment as well as underemployment.
- **Lack of transport and communication:** In India particularly in rural areas, there are no adequate facilities of transport and communication. Owing to this, the village people who are not engaged in agricultural work are remained unemployed. It is because they are unable to start any business for their livelihood and they are confined only within the limited boundary of the village. It is noted that the modern means of transport and communication are the only way to trade and commerce. Since there is lack of transport and communication in rural areas, therefore, it leads to unemployment problem among the villagers.
- **Inadequate Employment Planning:** The employment planning of the government is not adequate in comparison to population growth. In India near about two lakh people are added yearly to our existing population. But the employment opportunities did not increase according to the proportionate rate of population growth. As a consequence, a great difference is visible between the job opportunities and population growth. On the other hand it is a very difficult task on the part of the Government to provide adequate job facilities to all the people. Besides this, the government also does not take adequate step

in this direction. The faulty employment planning of the Government expedites this problem to a great extent. As a result the problem of unemployment is increasing day by day.

As a result of massive unemployment there is poverty and increase in social evils like robbery, crime etc. The social consequences of the educated unemployed are quite serious. We will find that people with superior qualifications are doing jobs which could be done by less qualified people. This results in under-utilisation of one's capacity. We can find graduate engineers doing jobs which could be performed by diploma holders. Similarly there may be clerks and typists with postgraduate qualifications where perhaps matriculates could do the work. This is because people with lesser qualifications (matriculates) are unable to find jobs so they go for higher education with the hope that they will be in a better position to qualify for the same jobs.

Many thieves, pickpockets, smugglers, drug traffickers etc. take up these activities because they are unable to find gainful employment. The frustrations of unemployed youth can also lead to terrorism. The highly educated unemployed have anger against society for their state of affairs. They feel that if this system cannot meet their aspirations for getting proper jobs it should be destroyed. This leads them to take to organised violence against the state. Terrorism in Assam and in many other parts of the country is largely a result of the large number of educated unemployed youth in these states, among other factors.

Rural and Urban Unemployment in India

The unemployment rate at all India level stood at 3.8 per cent while in rural and urban areas it was 3.4 per cent and 5 per cent respectively. Unemployment rate is more in urban areas than in rural areas as in urban areas educated unemployed are more in numbers and also in urban areas it requires some vocational training or technical skill to do a job as compared to rural areas. Urban unemployment is that unemployment which exists in urban areas. It is not only painful at personal level but also at social level.

Despite this problem the government has not given attention to it. Urban unemployment can be classified into two forms.

- **Industrial unemployment:** The exact size of the industrial unemployment is not known because the necessary data for its estimation are not available.
- **Educated unemployment:** It constitutes large part of urban unemployment in India. Rural unemployment is the main problem of Indian government and it requires huge capitalization of capital. Disguised unemployment, seasonal unemployment etc are some of the example of rural unemployment.

The educated are not the only ones who face the problem of unemployment in the urban areas. There are large numbers of people in the rural areas who do not have a high level of education and who are unemployed.

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Questions

1. What do you understand by unemployment?
2. What are the different types of unemployment in India?
3. What are the main causes of unemployment in India?
4. What are the major consequences of unemployment in India?
5. Elucidate the nature of unemployment in rural and urban India.