

# Unemployment In India



*Nature & Volume*

# 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 labor force.

# Nature Of Unemployment

- ❖ India is a developing economy, the nature of unemployment, therefore sharply *differs* from the one that prevails in industrially advanced countries
- ❖ In India Unemployment problem is not the *result of deficiency of effective Demand in Keynesian terms* but a product of shortage of capital equipments and other complimentary resources accompanied with the *high rate of growth of population*
- ❖ Unemployment is a situation where a large number of workers are forced to remain jobless both in *rural and urban areas*

# 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

- ❖ *Cyclical Unemployment:* It is 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 loss of jobs due to changes in technology.
- ❖ *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.

- ❖ *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 job due to lack of requisite skills and due to poor education level, it becomes difficult to train them
- ❖ *Vulnerable Employment:* It is one of the main types of unemployment in India. This means, people working informally, without proper job contracts and thus does not have any legal protection. These persons are deemed 'unemployed' since records of their work are never maintained.

# Estimates of Unemployment in India

- ❖ B.Bhagwati report submitted to the government of India in May 1973, observed 18.7 million people unemployed, including 9 million who are without any job and 9.7 million who work for less than 14 hours per week may be treated at par with the unemployed.
- ❖ **Unemployment Estimates:** A person working 8 hours a day for 273 days of the year is regarded as employed on a standard person year basis.

❖ **In the 27th Round NSS has estimated three types of unemployment in India.**

1. *Chronic unemployment or 'usual Principal status employment-* Person who remained unemployed for a major part of the year.
2. *Weekly status unemployment-* (measured in number of persons): persons who did not find even an hour of work during the week.
3. *Daily status unemployment-* Person who did not find work on a day or some days during the week.



# Recent trends in Unemployment in India

- ❖ India's Unemployment Rate increased to 5.36 % in Dec 2019, from the previously reported number of 5.33 % in Dec 2018
- ❖ India's Unemployment Rate is updated yearly, available from Dec 1991 to Dec 2019, with an average rate of 5.63 %
- ❖ The data reached an all-time high of 5.72 % in Dec 2003 and a record low of 5.28 % in Dec 2008
- ❖ Data Source: *World Bank*

- ❖ The unemployment rate in India rose to 7.8 percent in February 2020, the highest since last October, from 7.2 percent in the previous month.
- ❖ In *rural areas*, the rate increased to 7.4 percent from 6.0 percent in January, while in urban areas, it fell to 8.7 percent from 9.7 percent.
- ❖ The highest jobless rates were recorded in Tripura (28.4 percent), Haryana (25.8 percent) and Jammu & Kashmir (22.2 percent), while the lowest were recorded in Puducherry (1.8 percent), Tamil Nadu (2.1 percent) and Goa (2.8 percent)
- ❖ Data Source: *TRADING ECONOMIC.COM CENTRE FOR MONITORING INDIAN ECONOMY*