



UNEMPLOYMENT- THE BURNING PROBLEM OF INDIA

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RESEARCH ARTICLE



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DOI:
<https://doi.org/10.70096/tssr.240206020>

Abstract

Unemployment is a persistent problem in India, posing significant challenges to its economy, society, and individual well-being. This paper explores the causes and consequences of unemployment in India and examines case studies and best practices from India and other countries that have effectively addressed this issue. The causes of unemployment in India include the lack of skill development and education, technological advancements and automation, slow economic growth, and population growth. The consequences of unemployment encompass economic impacts, social unrest, crime rates, and mental health issues. The paper highlights effective employment generation models, including the Self-Employed Women's Association (SEWA) and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), as well as skill development programmes, including the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and the National Skill Development Corporation (NSDC). It also discusses innovative solutions like the Start-up India and Stand-up India programs and digital skills training.

Keywords: *Unemployment, India, MGNREGA, Education, SEWA*

Introduction

India is not an exception to the severe problem of unemployment that has afflicted economies all around the world. India, which has a population of more than 1.3 billion, has a difficult time creating enough jobs to fulfil the demands and expectations of its expanding labour force. The PLFS survey that the NSO performed in 2019–2020 indicated that India's total jobless rate was 6.1%. The urban unemployment rate was even higher at 7.7%, highlighting the challenges faced by urban areas in job creation. Additionally, youth unemployment remains a major concern, with an unemployment rate of 23.8% among individuals aged 15-29 years in urban areas. The Gross Enrollment Ratio for higher education in India was 27.1%, according to the AISHE 2019-2020 report, showing that a sizable section of the population lacks access to high-quality education. The NSDC reports that only about 20% of engineering, graduates in India are employable in IT-related roles. The World Bank suggests that automation could potentially affect up to 69% of jobs in India, particularly in sectors like manufacturing, retail, and agriculture.

Slow economic growth and industrial stagnation further compound the unemployment problem. The COVID-19 pandemic had a significant force on India's economic growth, with the GDP growth rate decelerating to -7.3% during the fiscal year 2020-2021. This has led to job losses and reduced employment opportunities, particularly in sectors heavily affected by the pandemic such as tourism, hospitality, and retail. The Registrar General of India estimates that India's population will reach 1.64 billion by 2050, further straining the already limited employment opportunities. The research objectives of this paper is "Unemployment: The Burning Problem of India" are as follows, first objective is examine the causes of unemployment in India, including factors such as lack of skill development and education, technological advancements, slow economic growth, and population growth. Second objective is to analyze the consequences of unemployment on the Indian economy, society, and individual well-being, including economic impacts, social unrest, crime rates, and mental health issues.

Review of Literature

Chakraborty and Basu (2021) analyzed the trends and patterns of unemployment in India using data taken by the Periodic Labour Force Survey (PLFS). The studied revealed the persistently high unemployment rates, particularly among youth and urban populations, and highlighted the need for targeted policy interventions. Das and Ghosh (2019) examined the dynamics of

unemployment in India based on time-series data analysis. The studied identified factors such as economic growth, inflation, and labor market flexibility as significant determinants of unemployment rates in the country. Kumar and Kumar (2020) conducted a comprehensive analysis of the causes and determinants of unemployment in India. The studied identified factors such as lack of education and skills, technological advancements, slow economic growth, and population growth as key contributors to the unemployment problem. A studied by Sharma and Tyagi (2018) explored the impact of demographic factors on unemployment in India. The research highlighted the challenges arising from the population growth rate, labor force participation, and gender disparities in employment. Bhagat and Srivastava (2018) examined the consequences of unemployment in India, focusing on its economic, social, and psychological impacts. The studied highlighted the adverse effects on productivity, consumption, poverty levels, crime rates, mental health, and overall societal well-being. Gupta (2017) discussed the political implications of unemployment, emphasizing the linkages between unemployment, political instability, and social unrest. The studied emphasized the need for inclusive and sustainable employment strategies to maintain political stability. Mohanty et al. (2021) analyzed the effectiveness of government employment generation schemes in India, such as MGNREGA and PMRPY. The studied examined their impact on employment creation, poverty reduction, and social welfare, highlighting the importance of targeted implementation and policy reforms.

Overview of Unemployment in India

Unemployment in India is a complex issue influenced by various factors. Here is an overview of unemployment statistics in India:

- **Unemployment Rate:** According to the Periodic Labour Force Survey (PLFS) conducted by the, National Statistical Office (NSO) in 2019-2020, India's overall unemployment rate stood at 6.1%. However, it is important to note that these figures represent the pre-pandemic scenario.
- **Urban and Rural Disparities:** Unemployment rates vary significantly between urban and rural areas. The PLFS data indicates that the urban unemployment rate was 7.7%, while the rural unemployment rate was 5.3%. This disparity reflects the challenges faced by both urban and rural areas in generating sufficient employment opportunities.
- **Youth Unemployment:** Youth unemployment is a significant concern in India. The PLFS data reveals that the unemployment rate among individuals aged 15-29 years was 23.8% in urban areas and 17.4% in rural areas. High youth unemployment not only hampers individual prospects but also has long-term socio-economic implications.
- **Educated Unemployment:** Unemployment among the educated and skilled workforce is another critical aspect. The PLFS data shows that the unemployment rate among individuals with a graduate degree or above was 20% in urban areas and 14.6% in rural areas. This highlights the mismatch between the skills possessed by job seekers and the skills demanded by industries.

Causes of Unemployment in India

I. Lack of Skill Development and Education:

- The Gross Enrollment Ratio (GER) for higher education in India was 27.1%, according to the All India Survey on Higher Education (AISHE) 2019–2020, showing that a sizeable section of the population lacks access to high-quality education.
- The Annual grade of Education Report (ASER) 2019 reveals that simply 26.8% of students in grade 8 possess basic reading skills in their own language.

II. Technological Advancements and Automation:

- A study by the World Bank suggests that automation could potentially affect up to 69% of jobs in India, particularly in sectors like manufacturing, retail, and agriculture.
- World Economic Forum's Future of Jobs Report, 2020 highlights that 54% of employees in India need significant re-skilling and up-skilling by 2022 to meet the strain of the changing job's market.

III. Slow Economic Growth and Industrial Stagnation:

- The COVID-19 pandemic caused India's GDP growth rate to slow down to -7.3% during the fiscal year 2020–2021, which resulted in job losses and less employment prospects, according to the Economic Survey 2020–2021.
- The Center for Monitoring Indian Economy (CMIE) expected that India's urban un-employment rate reached a record high of 24% in May 2020 during the peak of the pandemic.

Consequences of Unemployment

I. Economic Impact:

- **Loss of Productivity:** Unemployment leads to a loss of productive potential within the economy. The ILO estimates that the global economic output could have increased by \$1.1 trillion in 2019 if global unemployment rates had remained at pre-crisis levels.
- **Reduced Consumption:** Unemployment reduces individuals' purchasing power, leading to decreased consumption levels. Consumer expenditure in India decreased by 12.6% in the second quarter of 2020, according to the CMIE, as a result of the COVID-19 epidemic and the ensuing employment losses.

II. Poverty and Income Inequality: Unemployment contributes to poverty and income inequality. According to the World Bank, an extra 88–115 million people would live in severe poverty worldwide in 2020 as a result of the epidemic. According to the PLFS data, 22% of Indians lived below the poverty level in 2019–2020.

III. Social Impact:

- **Social Unrest:** High unemployment rates can lead to social unrest and discontent among the unemployed population. The Centre for Sustainable Development (CSD) reports that unemployment-related protests and demonstrations have increased worldwide, reflecting the frustration and grievances of the unemployed.
- **Crime Rates:** Unemployment has been linked to increased crime rates. A study conducted in India by the National Crime Records Bureau (NCRB) revealed that the unemployment rate among convicts was higher compared to the general population.
- **Mental Health Issues:** Unemployment has adverse effects on mental health. Research has shown that unemployed individuals are additional susceptible to mental-health issues such as depression, anxiety, and stress. A study by the Lancet Psychiatry Commission estimates that unemployment accounts for approximately 45% of the global load of mental health disorders.

IV. Political Implications:

- **Political Instability:** Persistently high unemployment rates can lead to political instability and social unrest. The Arab Spring up-rising in the Middle East and North Africa region, fueled during part by high youth unemployment, are notable examples.
- **Discontent and Voter Behavior:** Unemployment and its consequences can influence voter behavior and political outcomes. Discontent with the government's handling of unemployment issues can lead to voter dissatisfaction, shifts in political support, and even change in governments.

Case Studies and Best Practices

I. Successful Employment Generation Models:

- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), India:** The MGNREGA programme, which is its centerpiece, provides rural households with 100 days of guaranteed wage work annually. According to the Ministry of Rural Development, MGNREGA provided employment to around 6.46 crore households and generated over 269.18 crore person-days of work in the financial year 2020-2021.
- **Self-Employed Women's Association (SEWA), India:** SEWA is a trade union and cooperative organization that focuses on empowering women in the informal sector. It has played a crucial role in providing self-employment opportunities to women across various sectors. SEWA has over 2 million members, and its initiatives have led to improved livelihoods for many women.

II. Skill Development Initiatives with Positive Outcomes:

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY), India:** PMKVY is a skill development scheme that aims to provide industry-relevant training to improve the employability of the Indian workforce. As of September 2020, more than 1.1 crore candidates had been trained under PMKVY across various sectors.
- **National Skill Development Corporation (NSDC), India:** NSDC is a public as well as private partnership initiative that focuses on skill development in collaboration with various industry partners. NSDC has set up numerous Sector Skill Councils (SSCs) to identify skill gaps and develop industry-aligned training programs. It has trained over 2.5 crore people as of March 2021.

III. Innovative Solutions to Address Unemployment:

- **Start-up India and Stand-up India:** The Government of India's Start-up India initiative aims to foster entrepreneurship and promote the growth of innovative start-ups. It provides various support mechanisms, including funding, incubation centers, and tax benefits. Stand-up India, on the other hand, focuses on promoting entrepreneurship among women and marginalized communities.

Conclusion

In conclusion, unemployment is a significant challenge in India with far-reaching implications for the economy, society, and individual well-being. The data presented in this paper highlights the gravity of the situation, with an overall unemployment rate of 6.1% and a higher urban unemployment rate of 7.7%. Youth unemployment remains a major concern, with an unemployment rate of 23.8% among individuals aged 15-29 years in urban areas.

The lack of skill development and education is a significant contributing factor, with a low Gross Enrollment Ratio for higher education and a mismatch between job seekers' skills and industry demands. Slow economic growth, exacerbated by the COVID-19 pandemic, and population growth further compound the unemployment problem. To address unemployment, India has implemented various successful employment generation models and skill development initiatives. MGNREGA guarantees wage employment in rural areas, and SEWA empowers women in the informal sector. Skill development initiatives like the PMKVY and NSDC provide industry-relevant training to enhance employability. Innovative solutions such as the Start-up

India and Stand-up India programs promote entrepreneurship and digital skills training. These initiatives aim to create sustainable employment opportunities and bridge the skills gap in the evolving job market.

Acknowledgement: No

Authors Contribution: Prashant Kumar: Data Collection, Literature Review, Methodology, Analysis, Drafting, Referencing

Funding: No funding.

Declarations/Consent for Publication: Not Applicable

Competing Interest: No

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