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UNEMPLOYMENT IN INDIA

Abstract: the article describes the trends and reasons of unemployment in India.One of them is that the country has a large labour force and another one is that India is the second youngest country in world. The expectations of employers are very high compared to current skill abilities of fresh graduates. In a present unemployment situation the needs to change the existing education design is very important. Unemployment creates severe problems like poverty, malnutrition and under nutrition, hunger, houseline's, slums and squatter settlements, crimes, child labour, inequality and begging.

The key words: unemployment, India, macroeconomic development.

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БЕЗРАБОТИЦА В ИНДИИ

Аннотация: в статье рассматриваются тенденции и причины безработицы в Индии. Одна из них заключается в том, что страна имеет большую рабочую силу, а другая-в том, что Индия является второй по молодости страной в мире. Ожидания работодателей очень высоки по сравнению со способностями выпускников. В нынешней ситуации с безработицей очень важно изменить существующий дизайн образования. Безработица создает такие серьезные

проблемы, как нищета, недоедание, голод, жилищные проблемы, трущобы, преступления, детский труд, неравенство и попрошайничество.

Ключевые слова: Безработица, Индия, макроэкономическое развитие.

The Indian GDP growth is stable compared to world countries. The Indian economy is the third largest economy. In spite of the unemployment rate is also very high. The unemployment rate is differed from day to day and year to year. The main reason for

the unemployment is India having a large labour force and India is the second youngest country in world. 65 % of Indian peoples are age below 35. The expectations of employers are very high compared to current skill abilities of fresh civil engineering graduates. Therefore, the generating employment was struggled. There was a large gap existing between the skill requirements and employment. In a present unemployment situation the needs to change the existing education design is very important. The improved employment plans and designs are essential to creating employment openings in India. The rural graduates are mostly affected by unemployment, because they were lacked in communication skills and application knowledge[1].India's Unemployment rate was decreased to 4.060% in 2007, from previously reported number of 4.237% in 2006. Then it again increased to 4.116% in 2008, with substantially decreasing in the following years with 3.751% in 2009 then 3.540 in 2010, with 3.529% in 2011. It increased to 3.621% in 2012, with decrease in 2013 at 3.464% and 3.414 in 2014. And had been increasing after that with 3.490% in 2015 followed by 3.505% in 2016 and 3.523% in 2017[2].

The proportion of male and female workforce in rural India is 4.2% and 6.2% respectively while it is 3.9% and 12.4% respectively in Urban India. It is interesting to note that rural females are more employed than their urban counterpart whereas urban males lead their rural counterpart. The overall unemployment rate among male is 4.1% and 7.7% in female across the country (Ministry of Labour and Employment Bureau 2013-14). Various strategies and proposals have been implemented to generate employment. Many employment programmes and policies have been

introduced and undertaken to boost self-employment and help unemployed engage in public works. It is believed that India's economic growth can be accelerated if human resources are purposefully and efficiently allocated[4].

Among the states and Union Territories of India, Gujarat had the lowest unemployment while Sikkim had the highest (table 1). 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 Agriculture, Forestry and Fishing sector, 46.9 per cent persons are estimated to be employed. It shows that 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 employee and contract category worker for the age group 18-29 years[5].

Table 1- Unemployment in states of India over the year 2011 - 2014

No.	State	Unemployment Rate
1.	Gujarat	1.2 %
2.	Karnataka	1.8 %
3.	Maharashtra	2.8 %
4.	Chandigarh	2.8 %
5.	Madhya Pradesh	2.9 %
6.	Telengana	3.3 %
7.	Haryana	4.8 %
8.	Delhi	5.2 %
9.	Punjab	5.8 %
10.	Rajasthan	6.5 %
11.	Himachal Pradesh	7.5 %
12.	Jammu and Kashmir	10.5 %
13.	Sikkim	15.8 %

The Indian economy is a third largest economy in the world, at the same time the growth of Indian economy is very slow. For this situation lot of reasons were taken place like poverty, unemployment, inflation, fiscal deficit, account deficit and depreciation of rupees value. The main aims of Indian Government are to reduce rate

of unemployment and inflation. However, it is very difficult job. The joblessness rate is defined as the number people actively looking for a job divided by labour force. The Unemployment types are structural unemployment, cyclical unemployment, frictional unemployment and classical unemployment. The Indian population is increased in the rate of 2.1 % per year. In this study shows India is the second highest unemployment country in the world after South Africa. The unemployment rate is 9.8 million in January 2010. It is increase to 10.8 million after January 2012. The work force is 47.2 crores. In India 52 %, work forces are self-employed, 18 % of work force is monthly or daily wages employees and 30 % employees are casual labours. The study focuses on factors affecting inflation like increase in public expenditure, deficit financing and erratic agriculture growth. Finally, it is concluding that inflation can be control by tight monetary policy and unemployment can be reducing by expansionary fiscal policy. The trend and pattern of inflation unemployment was 16.36 % and 11 % (projected values) by 2020[2].

Unemployment is a very important problem compared to other problems in the world. It creates severe problems like poverty, malnutrition and under nutrition, hunger, houseline's, slums and squatter settlements, crimes, child labour, inequality and begging. Unemployment in India according to geographical scale of socio-economic deprivation and to discover the connection between the unemployment (dependent variable) and socio-economic variables of deprivation (independent variables) in India showed that level of unemployment was high in northern parts of India compared to southern parts of India and the level of socioeconomic deprivation was high in northern central states[6].

A study on magnitude of educational unemployment among rural youth of Jammu and Kashmir represents thatthe unemployment rate is depends on economic growth of the country. When the production of country is increased and the employment has increased. In past decades, India developed in economics growth, production, population and employment as well as the unemployment rate increased. Every five years plans have been provide employment opportunities, but it not enough compared to our youth population. The unemployment was very high in rural

India. The important reasons for the unemployment are defective educational system, lack of entrepreneurship and mismatch the skill requirements of employers. The study focuses on examine the pattern and rate of unemployment in Jammu and Kashmir, to list out main reasons for unemployment, and found focus is concentrate on theory rather than on practical knowledge[7].

The India is a fastest economic growing country in world. However, the growths of youngsters' population were occurred unemployment.For the census of 2011, 28 % of youths were unemployed. More over 93 % of youths are working in informal sector. The most important point is 40 % of Indian population aged between 13 to 35 years. The current scenario youth is prone to frustration and lack of interest to do something. The world development report is report on 2013, 9 % of males and 11 % female youths are unemployed. Finally, this study concluded that India need to create over one million jobs per annum[8].

There are many types of unemployment are available like structural unemployment, cyclical unemployment, seasonal unemployment, under unemployment, open unemployment, voluntary unemployment, in voluntary unemployment, educated unemployment and frictional unemployment. Causes of unemployment are rapid population growth, limited land, seasonal agriculture, fragmentation of land, backward method of agriculture, decline of cottage industries, defective in education system and lack of transport and communication. Various suggestions to reduce the unemployment like to control population, to change the education system for current needs and increase the national production capacity[8].

The projected global youth unemployment rate was 12.6 percentages. The India takes seventh place in unemployment compared to world countries. India had 430 million youngsters. The estimated rural and urban unemployment rate was sixteen, thirty-four percentages respectively. The main reason for unemployment was mismatches between skills demand and supply, the youngsters change his jobs frequently, low income and less job security. The study focuses on find factors for unemployment and knows the joblessness scenario in India. This study clearly shows that employment distributions of India, rural and urban unemployment scenario and

rural urban employment scenario. It concluded that the entrepreneurship will reduce the unemployment in India and it leads to economic growth in India[9].

In worldwide around 550 million people were working as employees, at the same time 20 percentages of employees were “working poor” in various situation around world. Those people daily wages is less than $ 1. The India having large number of youngsters in world that people’s age is below 40. The employments of those peoples were very difficult. The most of the youngsters from urban and semi-urban areas is employed, but the people who came from rural areas are still seeking for employment.about agricultural and non-agricultural employment, surveys on employment and unemployment in past years, employments in public and organized private sectors in previous years and percentage distributions of workers in formal/informal employments. From the survey, it is note that India is having 2.8 percentages of open unemployment and 4.41 percentages of under unemployment. Overall unemployment rate was 7.32 percentages. Finally, there is a need to generate the employment opportunities. The jawaharrozgaryojana and the prime ministers gram rozgaryojana shames will hope to reduce the level of under unemployment[10].

Government of India has taken several policy measures to fight the problem of Unemployment.

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 launced. In the financial year 2013-14, 3,81,26,455 households provided employment. Besides all these achievements there are many issues faced by the government which are related to this scheme. In April 2011, the Central and the State Level revised the policy and concluded that the budget of Rs.40,000 crore could have been utilized more efficiently with effective planning for curbing unemployment. Schedule one of this Act focuses on conservation of natural resources but evidences showed the

destruction of natural resources in some areas where contracting was allowed and machinery were involved. To add on to it, the lack of adequate administration and technical knowhow at Block and Gram Panchayat has adversely affected the preparation of plan, security, appropriate monitoring and measurement of work. With proper implementation of this policy, the rate of employment generation could have been higher as compared to the four fold increase in the budget for this scheme since 2005[11].

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.

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 in concessional rates. This increases the sense of security to the new entrepreneurs. RRBs also spruce the rural economy. However, some issues were observed in the implementation of this scheme. There are many restrictions in the credit policies which seemingly discourage the rural population to deal with these banks. These banks also follow strict and complicated procedure in deposits and advancing loans which is difficult for these people to understand and undertake.Thus the very purpose of employment generation has been compromised[12].

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 sector 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. This hinders technological advancement and expansion of the enterprise. Moreover these

industries do not develop the skill set of the employed unskilled workforce thereby keeping their employability low[13].

National Skill Development Mission was initiated after the Twelfth Five Year Plan emphasized on bridging the skill deficit needed for jobs. This programme aims to skill 500 million people by the year 2022. The Prime Minister's National Council of Skill Development was set up as an apex organization to frame policies, give directions and provide vocational training in schools. To promote skill development in rural areas, Apprenticeship Training Scheme (ATP), Vocational Training Providers (VTP) and many other programmes were undertaken. Government has also decided to transform Public Employment Exchanges into Career Centers to provide guidance and career counselling to young people. National Multi-Skill programme called Skill India has been launched which focuses mainly on entrepreneurial skill development. The skill challenge 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[14].

SwarnaJayantiShahariRozgarYojana (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 selfemployment 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[2].

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 increase 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 collages. Government should emphasis in inculcating these courses in the primary level and makes it compulsory part of the curriculum so that people 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.

India is a fast growing economy. There has been enormous improvement in the unemployment scenario since the time it was recognized as a challenge. The government is implementing various measures for increasing the employment rate and has succeeded to a great extent. Participation of women and the marginalized groups speaks about the success of the policy measures. The wide spread skill development programmes have gained popularity across the nation.

With better enforcement of the strategies mentioned above, the employment level can be significantly improved[1,2,5,6,15,16].

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