

Q) Nature of unemployment prob in India

Unemployment indicates a situation where the total no. of job vacancies is much less than the total no. of job-seekers in the country. It is a kind of situation where the unemployed person does not find any suitable or gainful job in spite of willingness or capacity to work. ^{Para} Unemployment in developing economies is not the result of deficiency of effective demand in the Keynesian sense but as a consequence of shortage of capital ~~equit~~ equipment and other complementary resources accompanied by a high rate of population growth.

Most of the unemployment in India is structural in nature. During the 1951 to 2011 period, population in the country increased at an alarming rate of around 2.1% per annum with a no. of people coming to labour market in search of jobs also rose rapidly whereas employment opportunities didn't increase most of the time correspondingly due to slow economic growth. Hence there has been an increase in the volume of unemployment from one period to another. 2)

Unemployment problem of the country can broadly be classified under 2 categories:-

- 1) Rural unemployment
- 2) Urban unemployment

1) Rural Unemployment - The incidence of unemployment is more pronounced in the rural areas. Rural unemployment is again of two types - a) Seasonal unemployment

→ During the lean period & in the absence of multiple cropping system & subsidiary occupation in the rural areas, a large no. of rural popu has to sit idle for 5-7 months ~~at~~ of an ~~ear~~ a year.

b) Disguised unemployment - In this kind of unemployment it is such that everyone is employed but in reality sufficient ~~an~~ full time work is not available for all.

2) Urban unemployment - urban unemployment has 2 aspects - a) Industrial unemployment. The rate of growth of industrial sector could not keep ft pace with the growth of urban industrial workers leading to a huge industrial unemployment in a country.

b) Educated unemployment - The defective edu system, with its theoretical bias, lack of aptitude & technical qualifications

for various types of works among job seekers & maladjustment bet^w demand & supply of educated clerks are some well known causes of edu unemployment.

2. Causes of unemployment problem in India:

- (i) Population Explosion: It is the most fundamental cause of large scale unemployment in India. It was estimated that with 2.5% annual rate of population growth nearly 4 million persons are added to the labour force every year.
- (ii) Underdevelopment: The primary sector as well as the industrial sector is growing very slowly in India, which would provide huge amount of unemployment.
- (iii) Inadequate employment planning: The huge amount of resources use for developing man power come into much help due to faulty man power planning.

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(iv) Slow rate of growth: In India the rate of growth of the economy is very poor and even the actual growth rate lies always far below the targeted rate. Due to slow growth rate, the increased employment opportunities created under the successive plans could not keep pace with the additions of the labour force taking place in the country leading to huge and larger backlog of unemployment at the end of each plan.

(v) Backwardness of Agriculture: Heavy pressure of population land and the primitive methods of agricultural operation are responsible for colossal rural unemployment and urban unemployment in the country.

(vi) Prevailing education system: In the absence of vocational education and professional guidance, huge number of educated youths cannot avail the scope of self employment.

3. Remedies/suggestive measures for rural unemployment problem:

(i) Modernisation of Agriculture: In order to eradicate the problem of rural unemployment, the agricultural sector of the country is to be modernised in almost all the states. Attempts should be made for waste land development and diversification of agricultural activities.

(ii) Development of Allied sector: The problem of rural unemployment can also be taken by developing allied sectors which improves activities like dairy farming, poultry farming, bee keeping, fishery, horticulture, sericulture etc.

(iii) Population control: Adequate steps should be laid on the control of growth of population through family welfare programmes specially in the rural and backward areas of the country.

(iv) SHG's and Micro finance: Adequate steps to be taken for promoting Self Help Groups (SHG's) for generating self employment opportunities. In this respect micro finance flow through NGO towards SHG's can play a responsible role in solving the problem of rural unemployment.

④ Educated unemployment: Educated unemployment is by enlarged a part of urban unemployment. This problem is very much acute among the middle class people. There are many causes of educated unemployment. The defective educational system, with its theoretical bias, lack of aptitude and technical qualifications for various types of work among job seekers and mal adjustments between demand and supply of educated workers are some well known causes of educated unemployment.

7. Government policy for removing unemployment throughout the plan period:

Unemployment was recognised as a problem from the very beginning of the planning process in India. Accordingly, development employment generation was accepted as goal of developing planning. However, a faster growth with special emphasis on employment-intensive sectors like the small scale industry was considered adequate to generate employment of the order required to take care of the problem. Thus employment was treated as a goal of development, though not central, much less overarching.

The ^{5th} ~~first~~ five year plan (1974-79) envisaged a re-orientation of development strategy towards an employment oriented growth and introduction of special anti-poverty and employment problem.

The employment policy under the 6th plan (1980-85) aimed at the two major goals of reducing under employment for the majority of labour force and settling down on long term unemployment. Obviously, for a lasting solution to these problems, employment oriented rapid growth was necessary. Hence efforts in this direction were combined with short term measure which provided some relief at least on temporary basis. During the period of 1970-80, the government decided to concentrate particularly on policy

measures seeking to influence the private demand and utilisation of man power in the private sector. This required emphasis on self employment ventures in agriculture, cottage and small industries and allied activities as well as non farm operations. Some of the major employment programmes undertaken were the Integrated Rural Development Program (IRDP), National Rural Employment Program (NREP), The National Scheme of Training Rural Youth for Self Employment (TRYSEM), the Operation Flood-II Dairy project and other dairy development schemes and fish farmer development agencies.

Employment strategy during the post reform period.

Under the 8th plan (1992-97) there was emphasis on both the growth of the economy and restructuring of output composition of growth. The plan set a target of 2.6 to 2.8% annual growth in employment with a view to achieve 'a near full employment situation' in a period of ten years. The 9th plan (1997-02) emphasised the need for providing productive work as it is a basic source of human dignity and self respect.

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Despite the efforts at employment generation, the problem became more serious during the 1990s. The assumption that a higher growth rate will result in faster employment growth did not materialise. The 10th plan (2002-07) The backlog of unemployment and the start of 10th plan ⁽²⁰⁰²⁻⁰⁷⁾ was estimated at 35 million. The plan argued that achievement of the targeted rate of growth of 8% per annum will add 30 million person-years of employment. The policy advocated for employment generation in different sectors of the economy during this plan include appropriate policy changes for faster development of sectors of high labour intensity like construction, tourism, communication and information technology and financial services etc. are important.

The 11th five year plan (2007-12) aimed at creating 58 million job opportunities — about 70 million in trade, hotel and restaurant sector and about 12 million each in industry and construction.

the plan advocated an employment strategy that could ensure rapid growth of employment and improvement in the quality of employment. The plan argued that, "while self employment will remain an important employment category in near future, there is need to increase the share of regular employees in total employment."

The post economic reform period in India has witnessed the phenomenon of jobless growth. The largest sector of the economy i.e agriculture, has witnessed lacklustre growth.

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Extent of unemployment -

In view of the growing prob of unemployment & under employment prevailing in the country. It is very difficult to make an estimate of the total no. of unemployment in a country like India. The unemployment rate of 3 alternative concepts of the sexual status, the current weekly status & the current daily status have become available from the various rounds of NSSO.

Estimates of unemployment (1972-73 to 1993-94)

During the period of 21 yrs. the rates of unemployment do not indicate any clear trend. However the rates of unemployment tends to decline marginally during the 21 yr period. According to the planning commission, that of the people who looked for full time new employment opportunities were about 23 million in April 1992.

unemployment in post reform period
At the all India level the estimates of current daily status unemployment indicates a worsening of the unemployment situation during the period of economic reform in the all four popu segments: - rural males, rural females, urban males & urban females. The increase in current daily status

unemployment rate betⁿ 1993-94 to 2004-05 was the steepest for rural females (which increased from 56 per thousand in 1993-94 to 87 per thousand in 2004-05). The 2nd highest increase was in the case of rural males. In these cases, the unemployment rate increased from 56 per thousand in 1993-94 to 80 per thousand in 2004-05.

The 11th 5 year plan identified the following points of unemployment problem during the period of economic reform-

1) The rate of unemployment has increased from 6.1% in 1993-94 to 8.8% in 2004-05.

2) Unemployment among agricultural labour household has risen from 7.5% in 1993-94 to 15.3% in 2004-05.

3) Underemployment tends to be on the rise as is evident from a widening gap betⁿ the usual status & the current daily status measures the creation of incremental employment opportunities between the periods 1994 to 2000 & 2000 to 2005. Usual status unemployment rate was 2.18 in 1993-94 while current daily status unemployment rate was 6.38% in 2004-05 while usual status unemployment rate has risen to 2.60, the current daily status unemployment rate rose to as high as 8.54%.

4) While non-agricultural employment expanded at a steep annual rate of 4.7% during the period 1999-2000 to 2004-05. This growth was largely in the unorganised sector.

5) Despite fairly healthy G.D.P growth, employment in the organised sector actually declines leading to frustration among the educated youth.

Information on rural & urban unemployment rates for the year 2009-10 is available in the 66th round surveys of NSSO. This is shown in the following Table.

All India Rural & Urban Unemployment Rates.
(2009-10)

Estimates	Rural (2009-10)	Urban (2009-10)	Total (2009-10)	Total (2004-05)
1. U.P.S.S	1.6	3.4	2.0	2.3
2. C.W.S	3.3	4.2	3.6	4.4
3. C.O.S	6.8	5.8	6.6	8.3

Source: Govt of India Economic Survey 2011-12

It is clear from the table that the over all unemployment rates were lower in 2009-10 under each approach as compared to 2004-05. The unemployment rate under U.P.S.S decline from 2.3% in 2004-05

to 2.0% in 2009-10. The CDS estimate of unemployment is the highest. According to econometric survey 2012, the higher unemployment rates according to CDS approach compared to weekly status & usual status approaches indicate high degree of intermittent unemployment. Under both the UPSS & CDS approaches, urban unemployment was higher than rural unemployment than 2009-10. However rural unemployment was higher under the CDS approach. These possibly indicates higher intermittent seasonal unemployment in rural & ^{then} urban areas.

Mahatma Gandhi National Rural Employment Guarantee Scheme

Rural unemployment have sharply accentuated in India in the recent years. In the absence of gainful employment opportunities in rural areas & increasing no. of rural households have faced complete collapse of their income. Recognising this crisis the govt make a commitment in its common minimum programme that it would ~~immediately~~ immediately enact an employment guarantee act. The draft of MGNREGS prepared by the national advisory council (NAC) envisaged legal guarantee to every household in rural areas for 100 days for doing casual manual work.

National Rural Employment Guarantee Act

(NREGA) → It was enacted in September 2005 & came into force on 2nd Feb 2006. ~~Here~~ NREGA covers all rural areas of the countries from October to 2009. NREGA has been renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme.

Features of MGNREGS

- 1) MGNREGS seeks to provide 100 day of guaranteed wage employment in a financial year to atleast 1 member of every rural household whose an adult member volunteered to do unskilled manual work.
- 2) Another unique feature of the scheme includes time bound employment guarantee & wage payment within 15 days. An incentive, disincentive structure to the state govt. for providing employment as 90% of the cost of employment provided is to be borne by the central.
- 3) Atleast 83% of the beneficiaries are to be women.
- 4) Under MGNREGS wage disbursement through banks & post office account is mandatory. This is likely to help the

financial inclusion of the poor

- 5) The focus of MGNREGS is on works relating to water conservation, drought proofing (including afforestation), land development, flood control & improving drainage facilities & rural connectivity in terms of all weather road.
- 6) The scheme promised a wage rate of ₹ 100 per worker.

Achievements of MGNREGS

The main work of MGNREGS are as follows.

- 1) Increasing employment opportunities -

In the 1st year of implementation (2006-7) in 200 districts, 2.10 crore household were employed. In 2010-11, 257.15 crore person days employment was generated.

- 2) Enhancing wage earning & impact on minimum wages -> The enhanced wage earnings have led to strengthening of livelihood source based of rural poor in India. More than 23.2% of the farms & has been utilized have been in the form of wage paid to labours.

iv) Increasing outreach to the disadvantaged group -

Self-targeting in nature, MGNREGS have high works participation of the marginalised group like SC, ST & women

v) Financial Inclusion

In 2009-10, 8.57 crore & post office account were opened to ~~disb~~ distribute wages

vi) Strengthening natural resource base of the economy -

with the purpose of strengthening natural resource base of the economy. MGNREGS has focused primarily on water conservation works.

Criticism of MGNREGS

The criticisms are :-

1) Failure to provide statutory minimum wages :- although the ministry claims that the provision takes MGNREGS wages above the minimum wages in 26 states and union territories, analysis reveals that other 8 states that continue getting less than minimum wages constitute 1.3 crore household or 31% of the total household provided work till the end of Dec^{mbr} 2010. On account of this reason MGNREGA has been

criticized for paying wages less than the minimum wages under the Minimum Wage Act 1948.

- 2) Half hearted implementation - As against the allocation of Rs. 40100 crore under MGNREGS for the year 2011-12. The actual expenditure has been only a little more than half. As a result, the finance minister has reduced budget allocation for the same to Rs. 200038000 crore for the next financial year (i.e. 2012-13). Again many observers have noted that the scheme seems to be ~~losing~~ losing its momentum in recent years. For example the scheme entitles entitled several citizens to 100 days of work ~~on~~ ^{on} demand, they received, on an average only 54 days of employment in 2008-09 & in 2010-11 2009-10 and 48 days of employment 2010-11.

- 3) Irregularities in Implementation:-

There are wide spread irregularities in implementation & delays & pay backs are common. For e.g. CAG Report (Comptroller and Auditor General) 2007 in MGNREGA pointed out that in Bihar, Rs. 8.99 lakh was paid as wages to labour irrespective of 7 weeks. As the name of the same labourer was recorded & he was for the same period for the same or other master roles.

4) Delete payments of wages - There are reports from various states pointing towards delete payments of wages beyond the stipulated period of 15 days.

5) Lack of staff - Lack of dedicated & administrative & technical staff for MGNREGS has become a key constrain responsible for procedural lapses & lapses.