

Course: Indian Economy ECON(H)221

Lecture 18 Unemployment in India



Topics of Discussion

1. Unemployment

- Concepts
- Causes

Unemployment

- Generally, unemployment is a situation characterized when any one is not gainfully employed in a productive activity.
- It means that an unemployed person is one who is seeking any work for wages but is unable to find any job suited to people willing to work but not presently working.

Types of Unemployment

- Structural Unemployment
- Under-Employment
- Disguised Unemployment
- Open Unemployment
- Educated Unemployment
- Frictional Unemployment
- Seasonal Unemployment

Structural Unemployment

- A longer-lasting form of unemployment caused by fundamental shifts in an economy.
- Structural unemployment occurs for a number of reasons –
 - workers may lack the requisite job skills,
 - they may live far from regions where jobs are available but are unable to move there.
 - they may simply be unwilling to work because existing wage levels are too low. So while jobs are available, there is a serious mismatch between what companies need and what workers can offer.

Underemployment

- "Over qualification" or "over education", or the employment of workers with high education, skill levels, or experience in jobs that do not require such abilities. For example, a trained medical doctor who works as a taxi driver would experience this type of underemployment.
- "Involuntary part-time" work, where workers who could (and would like to) be working for a full work-week can only find part-time work. By extension, the term is also used in regional planning to describe regions where economic activity rates are unusually low, due to a lack of job opportunities, training opportunities, or due to a lack of services such as childcare and public transportation.
- "Overstaffing" or "hidden unemployment" (also called "labor hoarding", the practice in which businesses or entire economies employ workers who are not fully occupied—for example, workers currently not being used to produce goods or services due to legal or social restrictions or because the work is highly seasonal.

Disguised Unemployment

- exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. An economy demonstrates disguised unemployment where productivity is low and where too many workers are filling too few jobs.

Open unemployment – It is a situation where in a large section of the labour force does not get a job that may yield them regular income. This type of unemployment can be seen and counted in terms of the number of unemployed persons. The labour force expands at a faster rate than the growth rate of economy. Therefore all people do not get jobs.

Educated Unemployment:

Among the educated people, apart from open unemployment, many are underemployed because their qualification does not match the job. Faulty education system, mass output, preference for white collar jobs, lack of employable skills and dwindling formal salaried jobs are mainly responsible for unemployment among educated youths in India. Educated unemployment may be either open or underemployment.

Frictional unemployment

-is caused due to improper adjustment between supply of labour and demand for labour. This type of unemployment is due to immobility of labour, lack of correct and timely information, seasonal nature of work. etc.

Seasonal Unemployment

unemployment that occurs during certain seasons of the year. In some industries and occupations like agriculture, holiday resorts, ice factories etc., production activities take place only in some seasons. So they offer employment for only a certain period of time in a year. People engaged in such type of activities may remain unemployed during the off-season.

Causes of Unemployment in India

The important causes of Unemployment in India are as follows:

- Rapid growth of population and increase in labour force.
- Underdevelopment of the economy.
- Slow growth in the agricultural sector.
- Defective system of education.
- Degeneration of village industries.
- Inappropriate technology.
- Slow growth of industrial sector.
- Immobility of labour.

Steps to Reduce Unemployment

- Reconstruction of Agriculture
- Adoption of Labour-Intensive Techniques
- Rapid Industrialization
- Population Control
- Reorientation of Education System
- Encouragement of small enterprises
- Guiding centres and more employment exchanges.

Government Policy Measures

- National Rural Employment Programme
- Rural Landless Employment Guarantee Programme
- Integrated Rural Development Programme
- Food For Work Programme
- Training Rural Youth For Self Employment
- Operation Flood II
- Employment Guarantee Scheme

Thank You 😊