



Eradication of “Unemployment”the Major Obstacles in India’s Economic Growth

Rohitash Singh (Assistant Professor)

Deptt.of Economics ,
ShriRammurti Gupta Government P.G. College,
Chharra, Aligarh(U.P.)

Abstract: One of the major hindrances in the growth of any country is unemployment. Unemployment is a serious problem which under developed country like India, are facing today. Unemployment indicates a situation where the total number of job vacancies are much less than the total number of job seekers in the country. It means a situation characterized by the existence of able-bodied persons who are willing to work but is not able to get a meaningful or gainful job which ultimately results into huge wastage of manpower resources.

Acc to prof. pigou – “A man is unemployed only when he is both without a job or not employed and also desires to be employed.

Lack of education, lack of employment opportunities and performance issues are some of the factors that lead to unemployment. The Government of India must take effective steps to eliminate this problem. It is one of the major obstacles in the country’s economic growth but also has several other negative repercussions on the individual as well as the society as a whole. In this paper we will discuss types of employment its causes, its impact and the steps taken by the government to eradicate unemployment.

Key word:- Unemployment, Government Policies to Curb Unemployment.

Introduction:- Unemployment is one of the major problems of India. Unemployment is a situation where in the person willing to work fails to find a job that earns him/her a living. Unemployment has been considered as one of the biggest problems of india. According to the Indian govt. India had 31 million jobless people. The numbers are widely disputed. The national sample survey office (NSSO) has been the key governmental agency in India at the national and state levels to study employment, unemployment rates through sample surveys.

It does not report employment or unemployment result every quarter nor every year, but generally only once every 5 years. The last three officially released NSSO survey and report on employment and unemployment where completed in 2004-2005, in 2009-2010, and 2011-2012. A working paper titled, “India’s employment crisis” by researchers at the centre for sustainable employment estimates that between 2011-12 , employment declined by an unprecedented nine million jobs (a 2% drop) with agricultural employment declining by 11.5% while unemployment remains high in both urban and



rural India, job hunting is a bigger challenge for the young and the educated people. Before discussing the main causes of the unemployment we will discuss here the types of unemployment.

1. **Open unemployment:-** Open unemployment is a situation where 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.
2. **Disguised unemployment:-** It is a situation in which more people are doing work than actually required. Even if some are withdrawn, production does not suffer. In other words it refers to a situation of employment with surplus man power in which some workers have zero marginal productivity. So their removal will not affect the volume of total production. Over crowding in agriculture due to rapid growth of population and lack of alternative job opportunities may be cited as the main reason for disguised unemployment in India.
3. **Seasonal unemployment :-** It is 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.
4. **Cyclical unemployment: -** It is caused by trade cycles at regular intervals. Generally capitalist economics are subject to trade cycles. The down swing in business activities results in unemployment. Cyclical unemployment is normally a short run phenomenon.
5. **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.
6. **Technological unemployment :-** It is the result of certain changes in the technique of production which may not warrant much labour. Modern technology being capital intensive requires less labour and contributes to this kind of unemployment.
7. **Structural unemployment :-** This type of unemployment arises due to drastic changes in the economic structure of a country. These changes may affect either the supply of a factor or demand for a factor of production.
8. **Underemployment :-** It is a situation in which people employed contribute less than their capacity to production. In this type of unemployment people are not gainfully employed. They may be employed either on part time basis or undertake a job for which lesser qualification is required.



9. Casual unemployment :- When a person is employed on a day to day basis, casual unemployment may occur due to short – term contracts, shortage of raw materials, fall in demand, change of ownership etc.
10. Chronic unemployment :- If unemployment continues to be a long term feature of a country, it is called chronic unemployment. Rapid growth of population and inadequate level of economic development on account of vicious circle of poverty are the main causes for chronic unemployment.

Causes of unemployment:

To be able to deal with the problem of unemployment it is now necessary for us to understand its causes in a country like ours. **A slow rate of economic growth** would mean that the national output is not increasing by much. It indicates that not enough jobs are being created to absorb the workers able and willing to work. But simply, labour supply far exceeds existing job opportunities.

Another reason particular to India is its **population growth rate**. The no. of people looking for jobs has multiplied manifold over the years as the population growth rate has soared high. The rising population proves to be a burden on the no. of jobs that can actually be created in an economy with its limited resources. The recent population explosion is a contributing factor to decreased employment in the country.

Over-dependence on technology, domestic or foreign has led to technological unemployment. This is because of less requirement of manual labour to accomplish tasks with greater dependence on machines and technology.

The lack of adequate fund – allocation and financial resources to curb unemployment is also leading it to rise. Proper governmental programs targeting the unemployed population, if not well implemented, harm the employment. Situation of the country. Lack of committed support to deal with the job crisis causes employment to fall. Other causes of unemployment are-

- The caste system. Slow Industrial growth,
- Seasonality of agricultural occupations
- Joint family system,
- Loss of small scale / cottage industries
- Low rates of saving and investment.
- Shortage of means of production
- Ineffective economic planning
- Expansion of universities etc.

Impact or effects of unemployment:-

1. Unemployment and poverty goes side by side. The problem of unemployment gives rise to the problem of poverty.
2. Young people after a long time of unemployment find the wrong way to earn money.
3. To get rid from the unemployment stress, they accept alcohol not or drugs.



4. Unemployed youths accept suicide as the last option of their life.
5. Increase rate in crimes. As the unemployed youth don't have anything to do they start doing robbery murder etc.
6. Health issues (i.e.) it affects mentally as well as physically.
7. The standard of living of people remains low because of unemployment.
8. Unemployment aggravates social unrest and economic imbalance of the country.
9. Unemployment is the leading cause for depression among youth.
10. Poor people who are unemployed find it difficult to manage the rising cost of basic necessities.

Steps taken by the govt. to eradicate unemployment

The following are the steps taken by the govt. to reduce the unemployment

1. MGNREGA scheme
2. Giving more tax benefits to small and medium scale industries.
3. Encouraging more for start ups.
4. Conducting vocational training programme.
5. Establishing more industries where there is an existence of huge unemployment rate.
6. Encouraging more foreign direct investment.
7. Encouraging foreign companies to set up their industries in India.
8. Monetary policy – cutting interest rate to boost aggregate demand.
9. Fiscal policy – cutting taxes to boost aggregate demand.
10. Geographical subsidies to encourage firms to invest in depressed areas.
11. Education and training to help reduce structural unemployment.
12. Lower minimum wage to reduce real wage unemployment.
13. More flexible labour markets to make it easier to hire and fire workers.

Conclusion:- Unemployment is the situation when people are unable to find a suitable job or any kind of other occupation for earning the monthly income needed for the survival of their family. It's time for giving attention to this major issue of unemployment which can be the reason for the destruction of a family and our country. Self – help is the best help. We must admit the bitter fact that no govt. can provide employment to all the unemployed youths. Mere govt. measures cannot solve such an enormous problem. Still, the govt. should adopt measures to create opportunities for self-employment.



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