Extend of unemployment—

In view of the growing problem 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 usual 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 donot indicate any clear trend. However the rates of unemployment tends to decline marginally during the 21 yr period. According to the planning commission, those of the people who looked for fulltime new employment offers 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 betw 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 that case, 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 8.3% in 2004-05.

2) unemployment among agricultural labour household has risen from 9.5% in 1993-94 to 15.3% in 2004-05

3) under employment seems to be on the rise as is evident from a widening gap betw the usual status & the current daily status measures the creation of incremental employmental 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 rose to 2.60, the current daily status unemployment rate rose to as high as 8.54%

4) While non agricultural employment expanded at a rapid 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. UPSS	1.6	3.4	2.0	2.3
2. CWS	3.3	4.2	3.6	4.4
3. CDS	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 unemployments rates were lower in 2009-10 under each approach as compared to 2004-05. The unemployment rate under UPSS decline from 2.3% in 2004-05 to 2.0% in 2009-10. The C.D.S estimates of unemployment is the highest. According to economic survey 2012, the higher unemployments rates according to CDS approch compared to weekly status & usual status approches indicate high degree of intermittent unemployment. Under both the UPSS & CWS approches, urban unemployment was higher then rural unemployment then 2009-10. However rural unemployment was higher under the CDS approch. These possibly indicates higher intermittent & seasonal unemployment in rural & then urban areas.

from 2.2 per cent to 6.0 per cent during the last six years. ... to 29 years increased from 13 per cent to 27 per cent.

8.3.3. Causes of Unemployment Problem in India

Unemployment problem in India is the cumulative result of so many factors. The broad causes of unemployment problem are as follows :

1. Population explosion. The most fundamental cause of large scale unemployment in India is the high rate of population growth since the early 1950s and the consequent increase in its labour force. It was estimated that with the 2.5 per cent annual rate of population growth, nearly 4 million persons are added to the labour force every year. To provide gainful employment to such a big number is really a difficult task.

2. Underdevelopment. Indian economy continues to be underdeveloped even as a vast quantity of unutilised and under utilised natural resources are prevailing in the country. The scale and volume of economic activities are still small. The non-agricultural sector especially modern industrial sector which could generate huge number of employment, is growing very slowly.

During the pre-independence period also, Indian economy experienced a slow growth. British destroyed the indigenous small scale and cottage industries instead of expanding and modernising them.

1. Economic Survey, 2018-19, p. 265.

During the post-independence period also, the performance of the industrial sector has also been found far below the plan targets and needs. Moreover, the slow rate of capital formation is also responsible for the hindrances in the path of realisation of growth potential in agriculture, industry and infrastructure sector. Thus this underdevelopment is largely responsible for slow expansion of employment opportunities.

3. Inadequate Employment Planning. In the first phase economic planning in India, employment opportunities could not be increased adequately and little has been done to utilise the Nurksian variety of labour surplus existing in the rural areas. Moreover, weak manpower planning is also another serious gap in Indian planning. Less effort has been made for balancing the manpower needs and supplies in various production sectors, indifferent regions of the country and also indifferent skills. This has resulted to large imbalances in the sphere of educated and trained personnel like engineers, technicians, cost accountants, plain graduates and port graduates, administrators etc. Thus huge amount of resources used for developing manpower could not come into much help due to faulty manpower planning.

4. Slow rate of growth. In India the rate of growth of the economy is very poor and even the actual growth rate lies far below the targetted rate. Thus the increased employment opportunities created under the successive plans could not keep pace with the additions to the labour force taking place in the country every year leading to a huge and larger backlog of unemployment at the end of each plan.

5. Backwardness of the agriculture. Heavy pressure of population on land and the primitive methodsof agricultural operations are responsible for colossal rural unemployment and under-employment in the country.

6. Insufficient industrial development. Industrial development in the country is not at all sufficient. Rather the prospects of industrial development has never been completely realised. Due to dearth of capital, lack of proper technology, scarcity of industrial raw materials, shortage of electricity and lack of labour intensive investment industrial sector could not gain its momentum and also could not generate sufficient employment opportunities in the country.

7. Prevailing education system. The prevailing education system in India is full of defects as it fails to make any provision for imparting technical and vocational education. Huge number of matriculates, undergraduates and graduates are coming out every year leading to a increasing gap between job opportunities and job seekers among the educated middle class. In the absence of vocational education and professional guidance, these huge number of educated youths cannot avail the scope of self-employment leading to growing frustration and discontent among the educated youths.

8. Slow Growth of Employment during Economic Reforms. Finally, the current phase of economic reforms introduced in India has resulted jobless growth to some extent. Economic Reforms has resulted large scale retrenchment of surplus workers in different industries and administrative departments due to down sizing of workers. The annual growth rate of employment which was 2.40 per cent during the period 1983-94, but the same rate declined to a mere 0.98 per cent during the period 1994-2000. As a result, the unemployment growth rates increased from 5.99 per cent in 1993-94 to 7.32 per cent in 1999-2000.

8.3.4 Remedial Measures to solve Unemployment Problem in India

Unemployment problem is a serious problem faced by a large populous country like India. Thus it is quite appropriate to suggest some measures to solve this problem. In order to suggest appropriate measures to solve this problem, it is better to identify some measures separately for the problems of rural unemployment and urban unemployment.

which are as follows —

1. **2. 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. This would derive considerable agricultural surplus which would ultimately boost the rural economy and also expand employment opportunities in the rural areas. Attempts should also be made for wasteland development and diversification of agricultural activities.

2. **3. Development of allied sector.** The problem of rural unemployment can be tackled adequately by developing allied sector which includes activities like dairy farming, poultry farming, bee keeping, fishery, horticulture, sericulture, agro processing etc. which are having a huge potential for the generation of employment and self-employment opportunities in the rural areas of the country.

8° **9. Population Control.** Adequate stress should be laid on the control of growth of population through family welfare programmes especially in the rural and backward areas of the country. This would be conducive for solving the growing problem of rural unemployment of the country as a whole.

10. SHGs and Micro Finance. Adequate steps be taken for promoting self help groups (SHGs) for generating self employment opportunities. In this respect, micro finance flow through NGOs towards SHGs can play a responsible role in solving the problem of rural unemployment.

4 **3. Motivation for Self-employment.** In order to change the mindset of younger generation, especially from urban areas, attempts must be made by both government and non-government agencies for motivating the young people to accept the path of self-employment in the contest of squeezing scope of employment through carrier counselling at the institutional level.

5 **4. Development of SSIs.** Considering the huge number of unemployed, it is quite important to develop a good number of small scale and cottage industries by adopting labour-intensive approach. Developing such S.S.Is for the production of need-based products would help a lot for generating huge employment opportunities in urban and semi-urban areas.

8. Works of National Interest. In order to solve the problem of urban unemployment it is quite necessary to start the work of national interest which would generate adequate employment opportunities in the urban areas.

9. Changing Pattern of Investment. Attempt should also be made to change the pattern of investment into a viable and productive one both from economic and social point of view so as to generate employment opportunities.

6 **10. Government Support.** In order to tackle the problem of urban unemployment, the government should come forward with viable urban employment generation schemes in the line of PMRY, NRY etc. to assist the urban unemployed for self-employment projects.

11. Growing Participation of FDI. In order to tackle the problem of urban unemployment, the government should follow a suitable policy in the line of China for promoting the smooth flow of foreign direct investment (FDI) into our country for its growing participation in various important industrial and infrastructural projects.

Trend of inequality in Income distribution in India –

Distribution of personal income in India has undergone a change during the 1970's & 1980's & ~~although~~ this can be judge by studying the consumption pattern/~~expe~~ expenditure. The analysis of consumption expenditure in 1973-74 reveals that the rich 20% population in urban & rural area accounted for ~~%~~ about 39% of total consumption where as the corresponding no. for the 20% poor population in rich & urban areas was 9.3%. However the Planning Commission (Now known as NITI ~~Aa~~ Aayog) along with World bank & International labour organisation ~~jointly~~ are of the view that Income inequality in India are much higher than consumption inequality.

Surprisingly, the World Watch Institute, in its annual report "Vital Signs 1995" Observed that income disparity between the rich & the poor is lower in India than in China or the USA. The report observed that the richest 20% earns 5 times more than the poorest 20%. While in china & USA, the richest 20% earns 6 times & 9 times more than the poorest 20% respectively.

These numbers thus justify the inverted U hypothesis of income distribution which states that with increasing in GDP per capital the income inequality 1st rises & then falls.

More recent datas of 1980 & 1990's suggest that the richest 20% of population of India earned ~~2~~ 84.7% of total income where as the poorest 20% earn only 1.4% of total income. This figures further intensified when NCAER in 2011 revealed that out of 228.4 million household of the country, 47 Million are higher income household & 140 million are low income household.

Thus it can be safely concluded that with the process of economic development initiated in the economic planning in India, during the last ~~6 & a half~~ 6 decades the rich became richer & poor ~~be~~ became poorer.

// Causes of inequality
→ Given in the notes of unit 3 of development eco

8.2.3. Government Policy and Measures to Eliminate Inequalities in Income Distribution in India

The Government of India has been incorporating the elimination of inequalities in the distribution of income and wealth as one of its prime objective in all of its plan documents. The Government in its plan documents and policy declarations has included various measures for the reduction of income inequalities. All these measures are broadly divided into two categories, *i.e.*, (*a*) measures designed to affect income generation and (*b*) measures designed to affect income accruing to individuals or households. While the former incorporates measures affecting distribution of wealth and various productive assets, investment decisions, returns to factors and various technological choices and the latter includes tax policies, policy on subsidisation, welfare and social security measures.

Initially, Indian policies were mostly influenced by the ideas of World Bank economists regarding the possibilities of 'spread effects' of overall growth. But at the end of 1960s, the myth of spread effect strategy was dwindled a...... the underdeveloped countries faced the problem of increasing concentration of income and wealth. Under such a situation of skewed or unequal distribution of wealth and means of production, the strategy of growth failed to realise the goal of redistribution of income and wealth and also of eradication of poverty.[2] Indian experience of economic growth has also failed to benefit the weakers sections of our society. Depending on such experience, the government in recent years, has introduced certain poverty alleviation measures which has reflected a shift in its focus from degree of inequality to absolute poverty. It would be better to discuss these important measures introduced in India to prevent concentration of wealth and to also to create impact on income inequalities.

1. Land Reforms and Redistribution of Ceiling Surplus Land. In India, income inequalities is mostly resulted from the concentration of agricultural land in the hands of a few big landlords. The Zamindary system prevailing in our country has created a system of absentee landlords in the farm sector who appropriated a major portion of the agricultural produce by exploiting the farmers. After independence, various legislative measures were introduced for abolishing the system of absentee landlords and other intermediaries and imposing ceiling on land holdings. But all these measures failed to achieve the desired level of success.

1. D.K. ... Direct Tax Enquiry Committee, Final Report, Decemb...

2 **2. Control over Monopolies and Restrictive Trade Practices.** In order to reduce the income inequalities, the control of monopolies is considered as an important step. Initially, no attempt was made to control the growth of monopoly houses. It was only in 1969, the Monopolies and Restrictive Trade Practices Act was passed which made necessary provision for the control of monopolies and for prohibiting restrictive trade practices.

3 **3. Social Security Measures.** Social security measures for the workers are considered as an important step towards reduction of income inequalities. India is not having a comprehensive network of social security system although the country has adopted some social security provisions for the workers engaged in the organised sector. Again the most comprehensive social security measure in the country is the Employees State Insurance Act which provides the insured workers various facilities like medical benefits, disability benefits, sickness benefit, maternity benefits and also benefit to dependent. All these measures are playing important role in poverty alleviation especially in urban areas. But the rural areas and the unorganised sectors remain mostly untouched. Even the unemployment allowance and the old age pension, which are considered as vital measures for removing poverty, are almost absent in India.

4. Employment Programme and Wage Policies. With the growing menace of unemployment problem in India, the Government of India has introduced some special employment programmes since the Fourth Plan onwards in order to provide some relief and scope for gainful employment to unemployeds. These programmes include Crash Scheme for Rural Unemployment, the Drought Prone Areas Programme, Food for Work Programme, self employment schemes for engineers, employment scheme for educated unemployment etc. All these programmes were short lived and ad-hoc in nature. Although a huge amount of money is regularly being spent in India every year on these programme but the implementation and achievement of these programmes are not at all encouraging.

Moreover, the wage policy can also play an important role in raising the income of the poorer sections of society. Although the statutory minimum wage provision is being made in India but it has benefitted mostly the 10 per cent workers engaged in the organised sector keeping the remaining 90 per cent of working population almost untouched.

4 **5. Minimum Needs Programme.** Development economists are arguing to introduce the minimum needs programme in developing countries since the early part of 1970s. Meeting basic needs of lower sections of society is also considered as an important step towards elimination of income inequalities. Realising its importance, Indian planners have introduced the Minimum Needs Programme since the Fifth Plan in order to alleviate poverty and to attain higher growth rate.

5 **6. Upliftment of the Rural Poor.** Programmes for the upliftment of the rural poor has been considered as an important step towards poverty alleviation and reduction of income inequalities. In the early part of economic planning in India, such programmes include (*a*) Resource and income development programme, (*b*) Special area development programme and (*c*) Works programme for creation of supplementary employment opportunities. But all these programmes failed to make much headway in achieving its objectives. MGNREGA and Food Security Act are now a days playing an important role in reducing the inequality level in our country.

6 **7. Taxation.** Designing the tax structure has been considered as an important strategy towards reduction of income inequalities in a country like India. Although progressive nature of Indian tax system has been designed to check income inequalities and concentration of wealth but it has failed to make much headway and also to monitor the major source of such inequality.

... taken by the government and

Cause of Poverty - *

Poverty of India is caused by 3 factors -

① low level of economic development

② Extreme inequality of ~~inequality~~ income & ~~assest~~ assets

(3) Growth of Population.

However ~~they~~ there are other factors too →

① Low level of Economic Development -

The indian economy is highly underdevelop ed due to relative backwardness of agriculture & industrial sector. Due to wide spread bottle neck & backward infrastructure facility, nearly 22% population

is still living below poverty line

(2) Unequal Distribution of Income - is another major reason for poverty. The benefits of economic progress are enjoyed by the rich people in India whereas the poors are deprived of it.

(3) Rise in Price of food grains & other important commodities are leading to increasing the burden upon poors & thus intensifying the problem of poverty.

(4) Lack of Skills & Education deprive the poor section of society from getting a respectfull high salaried jobs. They are thus forced to take on agriculture as occupation which yield less return. Again lack of literacy also makes them vulnarable to exploitation by their employer.

5) The fast growth of population in india is a major reason for poverty.

reasons like ignorance regarding the ~~poors are ignorant~~ of birth control measures, and preference for boy child ~~are~~ are leading to unnecessary expansion of poor families. Such expansion of families render less benefit to poors, ~~but~~ rather increases the burden upon them as they have limited income.

(6) Unemployment & under employment are also a main reason of ~~on~~ poverty. The no. of job ~~vam~~ vacancies are far less than the no. of eligible ~~ex~~ job seekers. Owing to unemployment, the poor ~~section~~ of people have to resort

to low income earning occupation such as rag picking, ~~ca~~ vendors etc.

Suggestion to Remove Poverty

(1) Poverty can be removed by developing agriculture sector which serve as the back bone of indian economy

The development in agri sector may come in form of land reform, financial assistance to landless & marginal farmers etc

2) Reducing inequalities in income distribution shall work wonders in reducing the gap between ~~richer~~ richs & poors ~~it also~~ enable. It will also enable poors to reach the benefits of govt programmes.

3) Control on inflation of essential commodities is the utmost demand for eradicating poverty. Inflation shall be kept under control by increasing the ~~supply of~~ prodn. of food grains & supplying them in the market at a subsidized price.

4) Govt should invest in ~~off~~ opening more & more industries which will inturn generate employment opportunities & enable the poors to earn their livelihood.

5) Govt should educate poors regarding the ill effects of population explosion & shall make them aware of birth control measures; small family benefits etc.

6) Govt shall put special emphasise on ~~the~~ development of some ~~to~~ extremly back ward states such as odissa, nagaland, U P etc to eradicate poverty. Govt shall promote FDI & other employment generative programme among these areas for their development as well as the development of poor people residing in such areas.

Measures Undertaken By Govt to remove poverty—

The Current anti poverty strategy of the Govt has 3 dimensions -

① Growth Oriented approch - This approch was initiated ~~b~~ from 1st 5 yr plan. This approach is based on the idea that effect of economic growth would to spread to all section of the Society & will trickle down to the poor section.

2/ <u>Poverty alleviation Programme</u>

To tackel down the problem of poverty the govt decided to lauch certain employment generation programme. According to this approach, the govt tried to remove poverty by increasing the income of the poors & their employment opportunities. This strategy became obvious from 5th plan & since then many employment generation programme have been implemented.

Some of the major programmes are -

(a) The Mahatma Gandhi National Rural Employment Guarantee scheme ~~(MGN~~ (MGNREGS).

This scheme was launched on feb 2, 2006. The ongoing programs such as Sampoorna Grameen Rozgar Yojna & National Food for ~~world~~ work programme were added with this scheme. The scheme of MGNREGS was 1st launched in 200 districts of the country. Under

Development

This scheme 100days of guaranted wage employment is provided in every financial year to every poor household living in rural area.

(b) Swaranjanti Gram Swarozgar Yojana (SGSY)

→ To ~~rem~~ promote self employment & remove poverty, the scheme was launched on 1999. The programme aims at establishing a large number of micro

enterprise in rural area of the nation. With in the target group, special reservation has been alloted to SC/ST (about 50%), women (40%) & disable persons (3%). The scheme covers all aspect of self employment such as organization of poors in self help groups, training, credit, technology etc. Further the cost of the programme is shared ~~as~~ on the basis of 75:25 ratio between the central & state govt respectively.

c) Sampoorna Graamean Rozgar Yojana (SGRY)

This programme was started on 25th sep 2001 with the objective of providing additional ~~em~~ wage employment in rural area along with food security. The programme also promote ~~a~~ creation of economic assets & development of infrastructure in rural area. The center and the state share the cost of programme acc to the ratio ~~12~~ 87.5 : 12.5

d) National Food for Work Programme - (NFWP)

This programme was started on Nov 14, 2004 in 150 most backward districts. The programme ~~aims~~ aims at intensify the generation of supplementary wage employment. The programme is a 100% centrally sponsored scheme & the food grains are provided to the state free of cost.

d) Swarna Jayanti Shahri Rozgar Yojana (SJSRY)

→ The scheme became operational from Dec 1st, 1997. The programme seeks to provide gainful employment to urban unemployed & under unemployed poor through encouraging setting up of self-employment ventures of provisions of wage employment.

SJSRY has 5 components -

→ a) Urban Self Employment programme (USEP)
b) Urban Women Self Help Programme (UWSHP)
c) Skill Training for Employment among Urban Poor (STEPUP)
d) Urban Wage Employment Programme (UWEP)
e) Urban Community Development Programme (UCDN)

3/ ~~Provinsion~~ Provision of Minimum Basic Needs -

The 3rd approch to addressing poverty is to provide minimum basic needs to people under this approach the govt seeks to provide many facilities (food grain, education, water etc) at a subsidies rate. Public Distribution System (PDS), Mid-day Meal (MDM) are some of the programme under this approch which aims at food security

by providing the poor the food grains as a subsidized rate or some time free (in educational institutions)

Further programme like Pradhan Mantri Gram Sadak Yojana, Valmiki Ambedkar Awas Yojana ~~are~~ are some pro scheme that seek to develop the infrastructure ~~of~~ & standard of

living of urban poor.