



Government of Tamilnadu

Department of Employment and Training

Course : TNPSC Group I Mains Material
Subject : Social Issues in India and Tamil Nadu
Topic : Unemployment issues in India and Tamil Nadu

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Commissioner,

Department of Employment and Training.

UNEMPLOYMENT ISSUES IN INDIA & TAMIL NADU

Unemployment is defined as a situation where someone of working age is not able to get a job but would like to be in full time employment.

India has the largest population of youth in the world with about 66% of the population under the age of 35, so impact of declining financial market is the worst in India. Though education level in the recent years has increased but skill development is still a crucial issue. Moreover, poverty, limited access to skill-based education, work experience is some of the major factors that lead to unemployment and under employment.

Kerala had India's highest graduate unemployment rate at over 30 percent.

Of the 116 million Indians who were either seeking or available for work 32 million were illiterate and 84 literates. At all levels of education, unemployment rates were higher in rural than in urban areas.

The ILO released a report "World Employment and Social Outlook Trends - 2018". As per the report, it is projected that the number of unemployed persons in India is expected to rise from 18.3 million in 2017 to 18.6 million in 2018 and 18.9 million by 2019. At the same time, unemployment rate is expected to remain static at 3.5 per cent during the same period,"

Overall, India's unemployment rate grew from 6.8 % in 2001 to 9.6 % in 2011. Unemployment grew faster for illiterates than for literates

Concept of Unemployment

National Sample Survey Organisation (NSSO) has used three concepts of unemployment:

Usual status unemployment: The usual status or chronic unemployment is measured as number of persons who remain unemployed for major part of the year.

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Weekly status unemployment: It is measured as number of persons who did not find even an hour of work during the survey week.

Daily status unemployment: It is measured as number of persons who did not find work on a day or some days during the survey week.

Types of Unemployment

1. Cyclical Unemployment

It refers to a situation where people are thrown out from job due to a recession in the economy. This is also known as demand deficiency unemployment. "The root cause for this type to unemployment is lack of aggregate demand. The loss of jobs in the aftermath of US sub-prime crisis world over, comes under this category.

2. Disguised Unemployment

It is a kind of special case. Here people are apparently employed but their marginal product is zero (contribution to production is nil). Marginal product means the produce added to the existing production due to addition of a new employee/worker.

For example, if 4 persons are employed in a factory and they produce 17 units and fifth person is added and the produce increased to 19 units, the additional units (19 minus 17) is marginal product.

Here, we can consider the fifth person as employed. Suppose, if there is no increase in production, the marginal product is zero and he is disguisedly unemployed. Even if she/he is removed from the activity, there will be no decline in production. This type of unemployment is a feature of Indian agriculture.

3. Open Unemployment

The labourers when live without any work and don't find any work to do come under the category of open unemployment. Educated unemployment and skilled labourers' unemployment are included in open unemployment. The migration from rural to urban areas in search of work is very often found in India is an example of open unemployment.

4. Under employment

It refers to the underutilization of manpower available both in terms of time and skill. If a post graduate of engineering works as a clerk or an office assistant in an office, he is underutilised in terms of manpower. Consider a situation of a person with right

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qualification in a right job but not engaged in that work the whole time for which he is available then that person is underutilised in terms of time.

5. **Voluntary Unemployment**

Though jobs are available some person may want to remain idle come under the category of this kind. The people who consider themselves rich enough and think that they are not in the need to work; people who do not have the mind set to work regardless of their economy position and

6. **Structural Unemployment**

It is the unemployment caused by structural changes like rapidly growing population; fall in the rate of capital formation; technological change etc. in the economy. It is of long run nature

7. **Frictional Unemployment**

It occurs when people change from one job to another and remain unemployed during this interval period. This can happen even in a situation of full employment. In order to avoid this usually people resign their current job only after getting employment elsewhere.

Reasons of Unemployment

Rapid population growth:

It is the leading cause of unemployment in rural India. In India particularly in rural areas, the population is increasing rapidly. It has adversely affected the unemployment situation largely in two ways. In the first place, the growth of population directly encouraged the unemployment by making large addition to labour force. It means large additional expenditure on their rearing up, maintenance, and education. As a consequence, more resources get used up in a private consumption such as food clothing shelter and so on. This has reduced the opportunities of diverting a larger proportion of incomes to saving and investment.

Thus, population growth retarded the growth of the economy and job opportunities.

Limited Land:

Land is the gift of nature. It is always constant and cannot expand like population growth. Since, India population increasing rapidly, therefore. The land is not sufficient for the growing population. As a result, there is heavy pressure on the land.

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In rural area, most of the people depend directly on land for their livelihood. Land is very limited in comparison to population. It creates the unemployment situation for a large number of persons who depend on agriculture in rural areas.

Seasonal Agriculture:

In Rural Society agriculture is the only means of employment. However, most of the rural people are engaged directly as well as indirectly in agriculture operation. But, agriculture in India is basically a seasonal affair. It provides employment facilities to the rural people only in particular season of the year. For example, during the sowing and harvesting period. People are fully employed and the period between the post-harvest and before other next sowing they remain unemployed. It has adversely affected their standard of living.

Fragmentation of Land

In India, due to heavy pressure on land and large population results the fragmentation of land. It creates a great obstacle in part of agriculture. This has an adverse effect on the employment situation. It also leads to the poverty of villages.

Backward method of Agriculture

The methods of agriculture in India is very backward. Till now, the rural farmers followed the old farming methods. As a result, the farmer cannot feed properly many people by the produce of his farm and he is unable to provide his children with proper education or to engage them in any profession. It leads to unemployment problems.

Decline of cottage industries

In rural India, village or cottage industries are the only means of employment particularly of the landless people. They depend directly on various cottage industries for their livelihood. But now - a days, these are adversely affected by the industrialisation process. Actually, it is found that they cannot compete with modern factories in matter of production. As a result of which the village industries suffer a serious loss and gradually closing down. Owing to this, the people who work in there remain unemployed and unable to maintain their livelihood.



Defective Education:

The present educational system is not job oriented; it is degree oriented. It is defective on the ground, that is more general than the vocational. It leads to unemployment as well as under employment.

Lack of Transport and Communication

1. In India particularly in rural areas. There are no adequate facilities of transport and communication.
2. Due to this, the village people who are not engaged in agricultural work are remained unemployed.
3. It is because they are unable to start any business for their livelihood and they are confined only within the limited boundary of the village.
4. It is noted that the modern means of transport and communication are the only way to trades and commerce.

Inadequate Employment Planning:

1. The employment planning of the government is not adequate in comparison to population growth.
2. Employment opportunities did not increase according to the proportionate rate of population growth.
3. As a consequence, a great difference is visible between the job opportunities and population growth.
4. The faulty employment planning of government expedites this problem to a great extent.

Effects of Unemployment:

- Loss of human resources - labourer waste their maximum time in search of employment. Increases in poverty due to lack of income,
- Social problems - dishonesty, gambling, bribery, theft, terrorism, Naxalism.,
- Political instability - lose faith in democratic values and peaceful means. Economic stagnation, lower GDP growth rate. Wastage of resources due to ineffective appropriation of natural wealth,

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- Increase in crime rate - people remain as unemployed involved in robbery to lead regular life.
 - Low standard of living due to lack of regular income. Quality deterioration in education and health service. Further depreciation of wages. Illegal activities, bad habits, social non acceptance. Terrorism/Naxalism Activity,Smuggling and drug Trafficking.
 - The problem of unemployment gives rise to the problem of poverty. Young people after a long time of unemployment indulge in illegal and wrong activities for earning money. This also leads to increase in crime in the country.
 - Unemployed persons can easily be enticed by antisocial elements. This makes them lose faith in democratic values of the country. It is often seen that unemployed people end up getting addicted to drugs and alcohol or attempts suicide, leading losses to the human resources of the country. It also affects economy of the country as the workforce that could have been gainfully employed to generate resources actually gets dependent on the remaining working population, thus escalating socioeconomic costs for the State.
 - For instance, 1 percent increase in unemployment reduces the GDP by 2 percent. Strained relationships, Poorer health, Housing stress. Harm children's development and their futures. Affects unity of the families, loss of financial security, Increasing cynicism.

Way Forward

- There are number of labour intensive manufacturing sectors in India such as food processing, leather and footwear, wood manufacturers and furniture, textiles and apparel and garments. Special packages, individually designed for each industry are needed to create jobs.
- Public investment in sectors like health, education, police and judiciary can create many government jobs.
- Decentralisation of Industrial activities is necessary so that people of every region get employment.
- Development of the rural areas will help mitigate the migration of the rural people to the urban areas thus decreasing the pressure on the urban area jobs.

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- Entrepreneurs generate employments to many in a country; therefore government needs to encourage entrepreneurship among the youth.
 - Concrete measures aimed at removing the social barriers for women's entry and their continuous participation in the job market is needed.
 - Government needs to keep a strict watch on the education system and should try to implement new ways to generate skilled labour force.
 - Effective implementation of present programs like Make in India, Skill India, Start up and Stand-Up India.
 - There is a need for National Employment Policy (NEP) that would encompass a set of multidimensional interventions covering a whole range of social and economic issues affecting many policy spheres and not just the areas of labour and employment. The policy would be a critical tool to contribute significantly to achieve the goals of the 2030 Agenda for Sustainable Development.
 - The underlying principles for the National Employment Policy may include enhancing human capital through skill development; creating sufficient number of decent quality jobs for all citizens in the formal and informal sectors to absorb those who are available and willing to work; strengthening social cohesion and equity in the labour market; coherence and convergence in various initiatives taken by the government; supporting the private sector to become the major investor in productive enterprises; supporting self-employed persons by strengthening their capabilities to improve their earnings; ensuring employees' basic rights and developing an education training and skill development system aligned with the changing requirements of the labour market.

Employment opportunity Schemes by Indian and Tamil Nadu Government

Unemployment Assistance scheme

Unemployment assistance is given to those who are waiting on the live registers of employment exchanges without a job for at least 5 years. The assistance is given every month for three years subject to eligibility conditions like age limit and annual income. An amount of ₹100/- for S.S.L.C failed, ₹150/- for S.S.L.C passed, ₹200 /- for HSC passed and ₹300 /- for graduates per month is paid to beneficiaries.

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Unemployment Assistance scheme for differently Abled:

Fund is allotted by Commissionerate of differently abled. The applicant should have waited in the live register of the employment exchange for a period of not less than one years. The quantum of allowance is SSLC pass and failed ₹300 /- per month HSC passed ₹375 / per month Degree ₹450 / - per month.

Vocational Guidance Activities

1. In Tamil Nadu vocational guidance units are functioning in 17 employment offices.
2. Through these units the youth are given information on higher education, employment opportunities.
3. In addition to this individual information group discussions are conducted and occupational and apprenticeship information is provided to the student.

Tamil Nadu Skill Development corporation

1. Tamil Nadu skill development corporation is a non-profit company registered under section 25 of companies act, with a vision to impart employable skills to the unemployed youth in Tamil Nadu and to transform Tamil Nadu into a skill Hub within a time bound programme.
2. To strengthen the functions of the skill development mission it has been transformed to a special purpose vehicle to synergize various skill development programmes conducted under different roofs.
3. The main focus of the TNSDC would be the standardization of the skill training programme conducted in the state and district wise empanelment of the training institutions for the benefit of different departments engaged in skill training for this purpose TNSDC will function as a nodal agency to coordinate various training.

Mahatma Gandhi National Rural Employment Guarantee Scheme

National Rural Employment Guarantee Act 2005 was later renamed as the “Mahatma Gandhi National Rural Employment Guarantee Act” (or, MGNREGA), is an Indian labour law and social security measure that aims to guarantee the ‘Right to work’.

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Objectives:

1. MGNREGA, which is the largest work guarantee programme in the world, was enacted in 2005 with the primary objective of guaranteeing 100 days of wage employment per year to rural households.
2. Secondly, it aims at addressing causes of chronic poverty through the ‘works’ (projects) that are undertaken, and thus ensuring sustainable development.
3. Finally, there is an emphasis on strengthening the process of decentralisation through giving a significant role to Panchayati Raj Institutions (PRIs) in planning and implementing these works.

Key features:

Legal right to work: Unlike earlier employment guarantee schemes, the Act provides a legal right to employment for adult members of rural households. At least one third beneficiaries have to be women. Wages must be paid according to the wages specified for agricultural labourers in the state under the Minimum Wages Act, 1948, unless the central government notifies a wage rate (this should not be less than Rs 60 per day). At present, wage rates are determined by the central government but vary across states.

Integrated Rural Development Programme (IRDP) was launched in 1980 to create full employment opportunities in rural areas.

Training of Rural Youth for Self-Employment (TRYSEM): This scheme was started in 1979 with objective to help unemployed rural youth between the age of 18 and 35 years to acquire skills for self-employment. Priority was given to SC/ST Youth and Women.

RSETI/RUDSETI: With the aim of mitigating the unemployment problem among the youth, a new initiative was tried jointly by Sri Dharmasthala Manjunatheshwara Educational Trust, Syndicate Bank and Canara Bank in 1982 which was the setting up of the “RURAL DEVELOPMENT AND SELF EMPLOYMENT TRAINING INSTITUTE” with its acronym RUDSETI near Dharmasthala in Karnataka. Rural Self Employment Training Institutes/ RSETIs are now managed by Banks with active co-operation from the Government of India and State Government.

By merging the two erstwhile wage employment programme – National Rural Employment programme (NREP) and Rural Landless Employment Guarantee

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Programme (RLEGP) the Jawahar Rozgar Yojana (JRY) was started with effect from April, 1, 1989 on 80:20 cost sharing basis between the centre and the States.

Pradhan Mantri Kaushal Vikas Yojna

To provide skill training to 1.4 million youth through the National Skill Development Corporation.

It will focus on fresh entrant to the labour market, especially labour market and class X and XII dropouts.

Time bound guarantee of work and unemployment allowance: Employment must be provided within 15 days of being demanded, failing which an 'unemployment allowance' must be given.

Decentralised planning: Gram sabha must recommend the works that are to be undertaken and at least 50% of the works must be executed by them. PRIs are primarily responsible for planning, implementation and monitoring of the works that are undertaken.

Questions:

1. Explain the different types of unemployment.

