

Unemployment

1. In common parlance anybody who is not gainfully employed in any productive activity is called unemployed. However, it can be of two kinds (i) voluntary unemployed and (ii) involuntary unemployed. Here we are concerned with the second category of unemployed persons.
2. Hence, unemployment can be defined as a situation when persons able and willing to work are seeking jobs at the prevailing wage level but they are unable to get the same.
3. Unemployment in developing economies like India is not the result of deficiency of effective demand in the Keynesian sense, but a consequence of shortage of capital equipment or other complementary resources.
4. In India unemployment is structural in nature due to lack of productive capacity and resources.

Types of Unemployment

- (i) **Cyclical unemployment** : It is the result of depression in an economy.
- (ii) **Frictional unemployment** : This kind of unemployment is temporary. It is the result of a situation when new industries drive out old ones and workers change over to better jobs.
- (iii) **Open unemployment** : It refers to those who have no work to do even though they are able and willing to do work.
- (iv) **Seasonal unemployment** : This occurs at certain period of the work when work load is comparatively less, and hence people are rendered jobless. For example, in the period between post harvest and pre sowing, agricultural labourers are unemployed.
- (v) **Educated unemployed** : This is mainly found in urban areas. Those educated persons who are unable to get work come under this category.
- (vi) **Under-employment (Disguised unemployment)** : It results when a person contributes to production less than what he or she is capable of, for example, an engineer working as a clerk is underemployed.
- (vii) **Compulsory unemployment** : It means the labour power which is ready to work on the current rate but does not get the work.

(viii) Seasonal unemployment : It means the unemployment of the farmers and farm labourers during non-crop seasons.

1. During Ninth Plan, total 3.6 crore fresh unemployed began to look for employment.

2. The Planning Commission collects data of unemployment on the basis of 'Lakadawala Formula' effective from 11th March, 1997 and prior to this the process to collect data was on the basis of surveys of National Sample Survey Organisation (NASO).

3. In 8th Plan, the aim was to create 1 crore employment. During Ninth Plan the additional requirement of work opportunities was approximately 5 crore 0 lakhs.

4. In India, the data relating to unemployment are collected by National Sample Survey Organisation (NASO). This Organisation has the following concepts with regard to unemployment :

- **General status of unemployment :** In this category, generally those unemployed for more than one year are included. As such it is a long-term unemployment.
- **Weekly-unemployment :** The persons who have not got work for even one hour in a week are included in this category.
- **Daily unemployment :** It is considered the best concept of unemployment.

5. The main reasons for unemployment in India are slow economic development, population explosion, outdated technique, improper education system and limited effect of government planning.

6. Labour Force Growth and Employment Requirements during Tenth Plan >> Job opportunities will need to be created for 53 million persons during 1997-2002 as a consequence of labour force increase, for 58 million during 2002-07 and thereafter for 55 million during 2007-11

7. Out of the projected increase of employment of the order of 50 million during the Ninth Plan, 24.2 million employment opportunities - 48.2% would be created in agriculture alone

Employment Requirements during the 11th Plan (2007–12)

1. On account of the increasing participation of females, the total increase in labour force will be around 65 million during the 11th Plan. To this may be added the present backlog of about 35 million. Thus, the total job requirements of the 11th Plan work out to be 100 million.

2. The planners aim to provide 65 million additional employment opportunities.

3. According to the Approach paper of the 11 plan - ? Average daily status unemployment rate, which had increased from 6.1% in 1993-94 to 7.3% in 1999-00 increased further to 8.3% in 2004-05. ? Among agricultural labour households, which represent the poorest groups, there was a sharp increase in unemployment from 9.3% in 1993-94 to a high level of 15.3% in 2004-05. ? Non-agricultural employment expanded robustly at an annual rate of 4.7% during 1999-2005. ? Employment in the organized sector actually declined by 0.38% per annum during 1994-2000.

Unemployment Rates between 1993-94 and 2004-05

1. The results of the 61st Round of NSSO Survey Employment and Unemployment are based on a sample size which is neither large nor small by standards of previous NSSO rounds.
2. The unemployment rate based on current daily status in 2004-05 for males was 8.0% (up from 7.2% in 1993-94) in rural areas and at 7.5% per cent (up from 7.3% in 1993-94) in urban areas.
3. The corresponding figure for females was 8.5% (up from 7.0% in 1993-94) in rural areas and 11.6% (up from 9.4% in 1993-94) in urban area

Employment Opportunities

1. Instead of achieving an employment elasticity of 0.38 as projected in the Ninth Plan, the actual employment elasticity achieved during 1993-94 to 1999-2000 was 0.15.
2. The employment projections reveal that with 6.5% GDP growth, employment will increase from a level of 397 million in 1999-2000 to 468 million in 2012 - an increase of 71 million in a period of 12 years giving an annual average growth of 5.9 million.

Bhara Nirman Yojana

1. The Union Government launched a new comprehensive scheme, named 'Bharat Nirman Yojana' on December 16, 2005.
2. This scheme aims at developing rural infrastructure.
3. The duration of implementing this scheme has been fixed for four years
4. with an expected expenditure of Rs. 174000 crore.
5. The major six sectors and their targets for next four years are :

6. Irrigation : To ensure irrigation for additional one crore hectare of land by 2009.
8. Roads : To link all villages of 1000 population with main roads and also to link all ST and hilly villages upto 500 population with roads.
9. Housing : Construction of 60 lakh additional houses for the poor.
10. Water supply : To ensure drinking water to all remaining 74000 villages.
11. Electrification : To supply electricity to all remaining 1,25,000 village and provide electricity connections to 2.3 crore houses.
12. Rural Communication : To provide telephone facility to all remaining 6 822 villages.
13. Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)
14. The National Rural Employment Guarantee Bill was passed by Parliament on September 7, 2005. It secured Presidential assent in 200 itself and became an Act.
15. The Act provides for at least 100 days of employment to one able bodied person in every rural household every year.
16. The wages admissible are around Rs. 20 per day.
17. The Act (NREGA) came into force from Feb. 2, 2006. Initially 200 districts have been selected for the enforcement of the scheme.
18. Works under the NREGA generated 90 crore (nearly one billion) person days of employment in 2006- 7, at a cost of about Rs. 9,000 crore.
19. The Government has extended the NREGA to all 604 districts of the country, with a total budget outlay of Rs 16,000 crore for the extended scheme for 2008-09 (April 1, 2008)

Note : The Govt, of India, October 2, 2009 renamed the NREGA as the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA).

Employment guarantee act, 2005

The Government, on the advice of the National Advisory Council, has passed the National Rural Employment Guarantee Act. The main features of the Act are :

1. Every household in rural India will have a right to at least 100 days of guaranteed employment every year for at least one adult member. The employment will be in the form of casual manual labour at the statutory minimum wage, and the wages shall be paid within 7 days of the week during which work was done.
2. Work should be provided within 15 days of demanding it, and the work should be located within 5 kilometer distance.
3. If work is not provided to anybody within the given time, he / she will be paid a daily unemployment allowance, which will be at least one-third of the minimum wage.
4. Workers employed on public works will be entitled to medical treatment and hospitalization in case of injury at work, along with a daily allowance of not less than half of the statutory minimum wage. In case of death or disability of a worker, an ex-gratia payment shall be made to his legal heirs as per provision of the Workmen Compensation Act.
5. 5% of wages may be deducted as contribution to welfare schemes like health insurance, accident insurance, survivor benefits, maternity benefits and social security schemes.
6. For non-compliance with rules, strict penalties have been laid down.
7. For transparency and accountability, all accounts and records of the programme will be made available for public scrutiny.
8. The District Collector / Chief Executive Officer will be responsible for the programme at the district level.
9. The Gram Sabha will monitor the work of the Gram Panchayat by way of social audit.

Some Important Development and Employment Programmes

1. During the Seventh Five-Year Plan, a scheme called 'Jawahar Rozgar Yojana' was introduced from April 1989 to solve the problem of unemployment in the rural sector. The former ongoing two main rural employment programmes National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) were merged with Jawahar Rozgar Yojana.
2. The total expenditure on Jawahar Rozgar Yojana was shared by the Centre and the State Government in the ratio of 80 : 20.

3. Under the Jawahar Rozgar Yojana, 30% employment opportunities was reserved for women.
4. Under the Jawahar Rozgar Yojana, it was made compulsory to spend 60% of the total expenditure on labour used in the works completed under the scheme.
5. A sub-plan of Jawahar Rozgar Yojana—'Indira Awas Yojana' was made an independent scheme in itself on January 1, 1996.
6. The Employment Assurance Scheme (EAS), was introduced on October 2, 1993, in selective rural areas. The aim of this scheme is to provide work in the form of unskilled physical labour to all the employment seeking men and women (of ages between 18 years to 60 years) in rural areas. The expenditure on this scheme is shared by the Centre and the States in the ratio of 80 : 20. From maximum of 2 members from one family can be benefitted under this scheme. Since January 1, 1996, the Integrated Jawahar Rozgar Yojana (IJRY) has been merged with Employment Assurance Scheme (EAS).
7. The Integrated Rural Development Programme (IRDP) was started on an experimental basis in 1978-79. This programme was launched in the whole country on October 2, 1980. The basic aim of IRDP was to provide assistance to rural poor families living below the poverty line.
8. The Integrated Rural Development Programme is financially assisted by the Centre and States in the ratio of 50 : 50.
9. Under the Integrated Rural Development Programme, targeted group includes at least 50% families belonging to scheduled caste and scheduled tribe. Apart from this, among the beneficiaries, 50% were female and 3% physically handicapped persons.
10. Development of Women and Children in Rural Areas (DWCRA) and Training Rural Youth for Self-Employment (TRYSEM) were the subplans of Integrated Rural Development Programme (IRDP).
11. The objective of TRYSEM was to provide training to those rural youth (ages 18-35 years) who belong to the families living below the poverty line. This programme was started on August 15, 1979.

Development of Women and Children in Rural Area Programme (DWCRA) was started in September 1982. Under this programme, a group of 10-15 women was taken, who belong to the families living below the poverty line and they were given training for starting any economic activity. Every group was given the economic assistance of Rs. 25,000.

Swam Jayanti Shahari Rozgar Yojana

1. The Urban Self-employment Programme and Urban Wage-Employment Programmes of the Swarn Jayanti Shahari Yojana, which substituted (in December 1997) various programmes operated earlier for poverty alleviation.
2. SJSRY is funded on 75:25 basis between the Centre and the States.
3. During the 3-year period (1997-98 and 1999-2000), a total of Rs. 353 crores were spent on SJSRY generating 21.8 million mandays of employment.

Swarna Jayanti Gram Swarozgar Yojana (SGSY) :

The Government has introduced Swarna Jayanti Gram Swarozgar Yojana on April 1, 1999 and the previous six ongoing schemes have been merged with this scheme, they are—1. IRDP 2. TRYSEM 3. DWCRA 4. MWS 5. SITRA 6. Grama Kalyan Yojana. The SGSY is a holistic programme covering all the aspects of self employment. The scheme is funded on 75 : 25 basis by the centre and states

1. The Drought-prone Area Programme was started in 1973 with the objective of developing the drought-prone area and also re-establishing the environmental balance. This programme is financially assisted by the Centre and the concerned State Governments in the ratio of 50 : 50.
2. The Desert Development Programme was started in 1977-78 to end the ill-effects of drought in desert areas and also to stop the process of desert expansion. This programme is implemented on the basis of 100 per-cent financial assistance rendered by the Central Government.
3. The Rural Landle Employment Guarantee Programme (RLEGP) began on August 15, 1999 and National Rural Employment Programme (NREP) on October 2, 1980. During Seventh Five-Year Plan, these programmes were merged with Jawahar Rozgar Yojana
4. Council for Advancement of Peoples Action and Rural Technology (CAPART) is an independent institution of the Rural Development Department of the Government of India; which was established on September 1, 1986. For rural development works, 'CAPART' provides grants to voluntary organisations. The head office of CAPART is at New Delhi.
5. Following programmes are being implemented by the Ministry of the Urban Development to eradicate Urban Poverty—(i) Nehru Rozgar Yojana (ii) Urban Basic Services for the Poor (iii) Programme of Environment Improvement of Urban Slums.

6. The Nehru Rozgar Yojana began on October 1989 which was revised in March 1990. Under this Yojana following schemes were included—

- **Scheme of Urban Micro Enterprises—SUME**
- **Scheme of Urban Wage Employment—SUWE**
- **Scheme of Housing and Shelter Upgradation—SHASU**

7. The Prime Minister's Rozgar Yojana (PMRY) was started for October 2, 1993 for the educated unemployed youth and initially was in operation in urban areas. From April 1, 1994 onwards the scheme is being implemented throughout the country. Its objective was to give employment to 10 lakhs educated unemployed urban youth by establishing 7 lakh micro enterprises during the Eighth Five Year Plan. During 1993-94, this yojana was implemented in urban areas only but since April 1, 1994 it was extended to the whole country.

8. SHGs (Self-Help Groups) are considered eligible for financing under the PMRY, effective from December 8, 2003 (terms modified on July 30, 2004) provided all members individually satisfy the eligibility criteria laid down and total membership does not exceed twenty (20). There is also a ceiling on the loan amount.