



# Changing Employment Scenario In India

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## Abstract

India is a developing country. The developing country is facing problem of unemployment. The major problem of India is underemployment. The reason behind it is underdeveloped secondary sector which is sector of 'employment creation' in the economy. The reason for rural unemployment and urban unemployment are different. In rural unemployment, reason is increasing population, insufficient capitals, seasonal nature of agriculture occupation, lack of skill. The causes of urban unemployment are migration from rural area, more supply of labour, lack of suitable job, new capital-intensive sector. The India is facing such level of unemployment which was never seen in last 45 years that is 6.2 % of unemployment rate. The recent pandemic has largely affected the employment situation in the country. The government has taken various steps in the past to tackle it such as Kaushal Vikas Yojana, MANREGA, Garib Kalyan Yojana and so on. We can also learn a lot of from country like China which is most populous country of the world but also a 'manufacturing hub' of the world. The government should focus on skill development, adopt population control measure, more industries should be developed, skill enhancement, small and medium enterprises should be encouraged and so on. Present employment scenario As we notice the current employment scenario in India of December 2021, there are around 53 million unemployed people. Among those, 35 million are actively seeking work. And 17 million people are willing but are not actively seeking.

**Keywords :-** Unemployment, Employment, job Skills, workforce, economy, industry, government etc.

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## Introduction

The major problem of India is underemployment. According to Arvind Panagariya former chairperson of India NITI Aayog, since the 73 years of India's independence development has not reached up to that level. India is still consider as a poor country from several years. Developing country with poverty and unemployment is in news but now underemployment is the biggest problem in India. Unemployment occur when a person who is actively searching for employment is unable to find work. According to OECD definition of unemployment is person above a specified age not been in paid employment or self-employment but currently available for work during the reference period. The most frequent measure of unemployment is 'unemployment rate' in which the number of unemployed people divided by the number of people in the labour force. Unemployment is caused by various reason that come from both the demand side of employment and the supply side of worker. Underemployment is a situation in which those people who are employed but not able to get employment according to their ability and skill. on the other hand, unemployment is a situation in which people willing to get job but unable to get job. The major portion of the workforce is in for unorganised sector that is 80% of the working population and willing people are not able to get job according to their ability in secondary sector. China is a good example for the whole world due to this reason. China is able to compete with USA due to it developed secondary sector. In all sector, China product can be seen easily which is a manufacturing hub of the world. In rural area of India more than 48% of population is engaged in agriculture activity which lead to disguised unemployment in agriculture sector. Underemployment and Unemployment has been study from a variety of perspective including economics, management psychology and sociology all meaning is a situation in which a person is working or a person is yet to find a job.

### Types of Unemployment

1. Voluntary unemployment
2. Involuntary unemployment
3. Cyclical unemployment
4. Seasonal unemployment number
5. Technological unemployment
6. Structural unemployment
7. Disguised unemployment

**There are certain steps to prevent underemployment :-**

1. Create job search strategy
2. Consider vocational training
3. Gain more work experience
4. Improve your resume
5. Increase your network
6. Focus on skill development rather than degree
7. Financial support to entrepreneurs
8. Development of infrastructure
9. Connecting rural to urban area
10. Development of tourism
11. Industry based on local produce and asset
12. Setting of college for Ayurveda and homeopathy in rural area

13. Textile designing etc. are to be developed

**Current Situation in India :-** If any country there is growth in economy then, there will be increase in employment but the situation for India is different. In India economic growth is increasing but employment is not increasing. In 2019 unemployment 7.5 rate and in 2020 due to COVID-19 and economy recession, there are many small and medium enterprise are at the position of exit is also led to unemployment in the unskilled labour force. Due to COVID-19 pandemic and then lockdown in the country large numbers of people became unemployed. Many people salary has been reduced. Women also suffer from this pandemic and became unemployed in large number. Due to lack of skill in people of labour class are returning to their native place due to this pandemic. According to G20 report in world 81% of workforce have lost their job in India. In april, 23.4 percent have lost their job according to a report. 40 crore people shift below the poverty line. Unemployment is big concern for our country which also create poverty which lead to starvation in country. Sustainable development Goal no. 1 and 2 tell us no poverty and no hunger and goal 8 also tell about the decent work and economic growth which is very important for country development. Government of India launch scheme like Make in India, Nirmal Bharat scheme which are focusing on country development and also make India self-reliant economy. To achieve this goal, government first reduce unemployment in India by giving opportunity to unemployed person in government scheme. So that India will be able to reduce unemployment.

**Underemployment :-** Underemployment refers to 1. Over-qualification or over-education or employment of worker with higher education, skill level or experience in job that does not require

such abilities. 2. involuntary part time job people consider as working part time involuntary are those who want to have a fulltime job but could not find it. 3. overstaffing or hidden or disguised unemployment, the practice in which business or employment worker who are not fully occupied for example worker currently not being used to produce goods or services due to social restriction or because the work is highly seasonal. Underemployment is a single cause for poverty because although the worker may be able to find part time work, the part time work may not be sufficient for basic need. It is problem particularly in developing country where the unemployment rate is quite low and on the other hand, unemployment it is a situation in which people willing to get Job. In India, 80% of working population are in unorganised sector. Interrelationship between unemployment and underemployment :- An unemployment and underemployment are closely related as the later occur on account of the former for example mounting bill, expenses and responsibility required people take any job they can get even if it not in line with their respective skill set. The Bureau of labour statistics :- Reason for unemployment are - 1. Mismatch of skill- Recent graduate immigrated and re-established there is a concern in new country they may suffer from underutilisation of skill from an older person re-enter the workforce may find this skill no longer matches. 2. Lack of experience- Recent graduate may find that themselves struggling to secure first job after college even at entry level require more experience. So, they do part time job and additional internship at a time. 3. Credential not acceptable- In many cases highly skilled individual come to work in a new country but face difficulties finding work because their foreign credential are not to be accepted so individual take necessary job that would otherwise be the seen as infectious position. 4. Disabilities- In addition to individual with disabilities, mental illness someone inmates are often discriminated against in the employment sphere. They are forced to take job due to the fear of not finding another. 5. Low demand- Some individual with accepted experience and skill are victims of low demand in their local job market. 6. Poor economy- In addition, anyone can find themselves in trouble if the economic take a turn for the worse, for example in COVID-19 many migrant workers even skilled worker lose their job and become unemployed or under employed. 8. Market changes- Underemployment can be caused by larger market changes example automation has affected worker in industry ranging from restart to manufacturing to transportation and warehousing.

**Causes of Rural Unemployment :-** 1. Rapid increase in population - Increase in population has affected rural employment lead to a large extent. Agriculture is not very expanding sector, could not provide employment to mass population which result in unemployment. 2. Insufficient Capital - The capital available in rural area is inadequate hence scope for self-employment is very low. 3. Seasonal Nature of Agriculture Occupation- Agriculture activity are seasonal in nature they last for 4 to 6 months in a year. So, the remaining period of year of agriculture's labour remain ideal they have no other job is lead to problem of unemployment in most part of the year. 4. Lack of non-agriculture occupation because of seasonal nature of agriculture operation, people are expected to add other than agricultural activities but this is not possible because low rate of growth in other occupation.

**Causes of Urban unemployment :-** 1. Migration from rural area due to lack of employment in rural area, there has been a continuous flow of people to urban areas. The migration of rural people to urban area has resulted the labour force inconsistent with the demand for labour. 2. The supply of labour rate outstrip service of labour in many enterprises into the zone of automation and computer system has increased the condition of unemployment. There is reason for large-scale unemployment in India which create obstacles in country development. Government should make different plan for rural and urban areas to reduce the unemployment which is the big concern for India. Government steps :- Government has taken various steps like Nirmal Bharat, Kaushal Vikas Yojana, Mudra Yojana, MANREGA, Garib Kalyan Rojgar Yojana. In addition to it, government should focus on skill development.

**Government Should take following measure to reduce unemployment :-** The problem of unemployment can be reduced by family planning and population control program. Steps should be taken by government of India to reduce the problem of unemployment in rural area by controlling population by various population measure. 1. Industry should be developed in all sector of the economy. 2. Introduction of Cottage and small-scale industry. 3. Provision of facility first depending on Industrial development. 4. Training of labourers 5. Carrying out local survey. 6. Development of each industry 7. Small Farmers Development Agency scheme undertaking pilot project for intensive farming and diversification of agricultural activity may be started. 8. Marginal farmer and agricultural labour agency scheme covering a large number of marginal small and agriculture labourers and giving finance to them for subsidiary occupation like dairying, poultry etc. may be undertaken on large scale. Conclusion :- As the government has started many schemes for unemployment but the implementation process is very slow. Moreover, the government should make scheme for underemployment. So that we can take the economic slowdown. Many individual are available in society with good skill. Government should provide them adequate facility to get them job with the skill they have. Here is a saying a simply do what the right the right way at the right time. Today in unskilled sector MANREGA is playing a very important role in which unskilled and semi-skilled person get employment for hundred days. Therefore, it is important to increase its budget. Government's make in India, Mudra Yojana, startup yojana, skill India mission like programme are encouraging government recently. Pradhanmantri shram Yogi Maan Dhan Yojana has been launched by government to reduce unemployment in the country. it is important to encourage manufacturing sector in the economy, investment on infrastructure we need to attract foreign investment in our country in small and medium enterprise. We should encourage fishery, poultry, Honey Bee sector have to be improved. We can say that India problem is not unemployment but it is underemployment also. It is important to reduce it so that India can become inclusive growth economy. References :- 1. Agarwal, Bina. 1994. A field of one's own: Gender and land rights in South Asia. Cambridge: Cambridge University Press. 2. Alagh, Yoginder. 2009. From employment planning to employment policies. In Growth, employment and labour markets: Perspectives in the

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A study by McKinsey Global Institute entitled “India’s Labour Market- A New Emphasis on Gainful Employment” has highlighted that increased government spending, rise of independent work and entrepreneurship have boosted incremental Job for 20-26 million people during 2014-17. According to an analysis by the Ministry of Tourism, the tourism sector alone has created 14.62 million job opportunities in the country during las four years. While the above statistics do not present the full extent of employment generation, but they do lend irrefutable and concrete evidence of the extent of employment being generated across the country. There is certainly enough evidence to doubt and even contradict the narrative of joblessness with shrinking workforce and rise in unemployment. Does this mean that India has no challenges related to employment? That’s also not true. Over the last few years, India’s next challenge is to meet the aspirations of people who are employed but want higher incomes. This requires creation of enough well-paying jobs for existing industrial workforce and for those who want to move out of agriculture. This requires policies that encourage productivity growth in the country, which necessitate concerted efforts towards formalisation, urbanisation and industrialisation of Indian economy. Regarding the PLFS, I feel that the experience of the pilot should be used to further improve the survey through use of technology, accessing real-time data, and increasing the sample size. The draft estimates just do not add up. The above are issues I would have raised if I had been presented a copy beforehand as member of the Commission or if the full Commission had met to discuss the draft report.

Currently there are three contesting narratives. First narrative is of jobless growth implies that India is creating insufficient jobs. Second is opposite to first one and advocates that there is no issue of employment. Third, which I believe to be true, is between the first two suggesting that though there is sufficient employment, but the true challenge is to create well-paying quality jobs. In the current debate, many argue that employment generation is happening at a slower pace than workforce’s growth. However, comparison of the PLFS with the 2011-12 survey suggests that even the absolute number of people employed in the country has been declining at the rate of 2 million every year since 2011-12! This is completely at odds with any other socio-economic data available. For instance, India’s real GDP has grown by 50% during this period. Economic growth has come about with expansion in every sector – from infrastructure to housing, transport to healthcare and from professional services to retail. It is inconceivable that such growth could happen concurrently with shrinking number of employed workforce, which would strictly imply that productivity and capital accumulation is driving whole of India’s growth. Independent report by Brookings concluded that number of people living in extreme poverty in India has reduced from 268 million in 2011 to less than 50 million. It would be difficult to explain how such rapid reduction can happen if unemployment is also rising rapidly. Finally, the massive jump in unemployment seems to also contradict with another finding in the same PLFS - growing earnings and wages across

different employment types. If the labour market conditions were as poor as the unemployment rate suggests, then the economics would expect falling or at least stagnant wages. But they aren't. For example, the earnings/wages of rural women, for which unemployment rate is particularly high, have grown consistently in each quarter starting July-September 2017 and reached growth of 13% and 8% respectively by the last quarter.

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The problem lies with the methodology. The sample size was too small when technology could have facilitated responses from higher number of households. In rural areas the number of households surveyed were a mere 55,000. This has to be seen in the context of 160 million households in the country. The percentage works out to be 0.03%--- about 3 households for every 10,000. Even in household selection, 75 % weightage was given to households who have higher number of 10th pass members above 15 years. In the present scenario there is huge probability of continuing education for above 15 years. Most people in 15-18 group would be continuing education. Those still studying would respond in a manner that they are looking for employment. The sample size is so small that sensitivity of the data will be very high. In urban households one household giving wrong answer in each area will showing labour force participation rate number in the range of 25%. There is no source of validation with real time data. The surveyors used were from outsource agency- not necessarily the right person for such interaction. Though these surveyors were provided with a tablet for recording data, they were not given SIM and data connectivity. Even locations were not captured. I am amazed that in today's world real time data and technology was not utilized. So what is the true picture of employment in India? We now have extensive data available on people contributing to Social security benefits are provided through the Employee Provident Fund Organisation (EPFO), the Employee State Insurance Corporation (ESIC) and the National Pension Fund (NPS). Between September 2017 and November 2018, a total of 73,50,786 new subscribers were added to the EPFO, an average of 4.9 lakh subscribers each month. ESIC tells a similar story as well. On average, between September 2017 and November 2018, approximately 10 lakh-11 lakh subscribers were added each month. Even if we consider a 50% overlap with EPFO data, it yields about 10 lakh workers being

added to the formal workforce per month, or 1.2 crores annually. An analysis of NPS shows that we are adding close to 6 Lakh+ Jobs in Central and all State Governments.

Another complementary measure of employment can be based on the transport sector. Consider the sale of commercial vehicles. Net of exports, approximately 7.5 lakh vehicles were sold in FY18 in India. Considering a replacement rate of 25%, this still translates to 5.6 lakh new commercial vehicles added to the transport sector. Assuming a capacity of employment for each commercial vehicle at 2, we can infer that 11 lakh jobs are annual added in this sector alone. To this if one added the sales of cars, 3 wheelers and tractors around 30+ Lakh Jobs are created in this sector alone yearly.

Self-employment is also a critical source of employment generation in India. Job creation among professional service providers such as chartered accountants, lawyers and doctors is also robust, as per data from their respective regulatory bodies. Income Tax (IT) data provides an indication on the number of new self-employed professionals. As per data available, an average of 150,000 tax paying professionals were added annually between assessment year (AY) 2014-15 and AY 2017-18. One can further assume that most of these professional tax payers hire support staff, likely to be below the threshold of twenty employees which then makes social security registration mandatory. Assuming each professional hires a support staff of five, this indicates an average of 7,50,000 jobs being created annually. Under MUDRA Yojana 15.56 crore loans have been disbursed amounting to over 7 lakh crore. Over 4 crore first time borrowers have started their business enterprises. Such a huge magnitude of loans being given to small entrepreneurs has created gainful employment.

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