

Unemployment in India: Causes and Solutions

Dr. Shambhu Nath Singh

¹ *Department of Banking, Economics and Finance, Bundelkhand University Jhansi, Uttar Pradesh*

ABSTRACT: All developing country like India, are facing one major problem i.e. Unemployment. There are limited numbers of jobs in India and youth population is growing day by day. Here the condition of more demand and less supply, hence unemployment generated and the rate of generation are very fast like compound rate. There are high risk and uncertainty in agricultural and industrial sector. The increasing unemployment problem is definitely a serious for India. Without doing some efforts we cannot think of getting success in any field and this will also true for increasing population. We should handle the unemployment in such a manner that everyone gets a suitable job and help in increasing the growth of the country.

KEYWORDS: Unemployment, Population growth rate, Correlation and Regression, and Risk and Uncertainty

Date of Submission: 29-03-2021

Date of Acceptance: 12-04-2021

I. INTRODUCTION

The population growth and employment growth of any country are necessary and important factors for economic development of the economy. All developing country like India, are facing one major problem i.e. Unemployment. In unemployment situation, people are willing to do a job as per their requirement and qualification but they could not be able to get it. There are limited numbers of jobs in India and youth population is growing day by day. Here the condition of more demand and less supply, hence unemployment generated and the rate of generation are very fast like compound rate. There are high risk and uncertainty in agricultural and industrial sector. So this lack of interest of people towards agricultural and industrial sectors leads the situation of unemployment also.

Many people either attract towards same job or not attract towards any job. People who are suffering from the crisis of unemployment have to face various problems like physical and mental harassment and depression, social abuse, forced to choose or accept the wrong way of getting money in form of crime and violence, or sometime the hazardous results come in the form of suicide commitment by people due to being unemployed. This paper tries to attempt the search about causes, consequences and remedies of unemployment in India.

“A man is unemployed only when he is both without a job or not employed and also desires to be employed.” — Arthur Cecil Pigou

II. REVIEW OF LITERATURE

An empirical study on inflation, unemployment, exchange rate and growth in India was carried out by Kirandeep Kaur (2014) in which one of the major problems was unemployment in India. The main reason for unemployment was poor economic conditions, corruptions and population.

Kumar Rajesh & Murali K (2016) in their study found that employment generation plays an important role for economic planners over the world and India is no exception from this.

Das Sourav (2018) examined in his study that youth unemployment is a burning Issues. Apart from population explosion there are other factors also which direct affect the unemployment. It is economic and social problem.

Kumar Ashwani (2016) studied also based on unemployment. He found that unemployment is directly related to peace and prosperity. He unemployed youth do not get the proper job then there may be chance to go in wrong direction. So the government concern should be made on this serious problem.

Gomathi V and Neela M (2016) found in their study, educated youth is the pillar of a nation's future destiny. It is the educated young men and women, on whose shoulder lays the great responsibility of making India an ideally socialist state so that they should care and handle very carefully.

III. ANALYSIS AND CONCLUSION

The person which is engaged in any economic activity is called employed persons while the person who seeks work is unemployed persons. A country with increasing population, if handle and manage properly

may help in economic development. In India population growth are increasing day by day but employment growth are not matching with it.

We are here analyzing population growth rate and unemployment growth rate and try to develop whether there is any relationship between them. If there exists any relationship then what extent and how would it affect the unemployment rate. For analysis we consider the secondary data of these and have been taken from 1941 to 2011. The analysis may be given as follows:

S. No.	1	2	3	4	5	6	7	8
Census Year	1941	1951	1961	1971	1981	1991	2001	2011
Population growth rate	14	13	22	25	25	24	22	18
Unemployment rate	19	4	5	5	7	7	7	10

Source: Census data

As we want to know the relationship between population growth rate and unemployment we find the value by using appropriate formula $r = -0.456$ which shows the negative relationship between these two. It means population increases, unemployment decreases. Let us test the significance of this correlation coefficient-

$H_0: \rho = 0$ there is no significant relationship between population growth rate and unemployment rate

$H_a: \rho \neq 0$ there is significant relationship between population growth rate and unemployment rate

Calculated Value	Table Value
$ t_6 = 1.26$	$ t_6 = 3.707$ at 1% & $ t_6 = 2.448$ at 5%

Here calculated value is less than table value, hence null hypothesis is accepted it means there is no significant relationship between population growth rate and unemployment rate. Hence the value has occurred due to other reasons not the population growth rate. Let see the other methodology of regression-

Let us suppose that $X =$ population growth rate i. e. independent variable
 $Y =$ unemployment rate i. e. dependent variable

The relationship between these two supposed to be in linear form and may be given as-

$$Y = a + bX$$

By using the appropriate formulas and calculation we have the value of a and b may be as given below-

$$a = 17.14 \text{ and } b = -0.457$$

Thus the regression equation may be $Y = 17.14 - 0.457X$

On the basis of this if population growth rate will be 10.8% for census 2021 then unemployment rate would be 12.2% which will be more serious for Indian society and for government too.

To test the significance of the slope coefficient, the following hypothesis is to be tested:

$H_0: \beta = 0$ Population growth do not affect the unemployment significantly

$H_0: \beta \neq 0$ Population growth affect the unemployment significantly

By using the test statistic, we have the following value:

Calculated Value	Table Value
$ t_6 = 1.34$	$ t_6 = 3.707$ at 1% & $ t_6 = 2.448$ at 5%

On the basis of above calculation since calculated value is less than table value, hence null hypothesis is accepted. We may conclude that population growth rate do not affect the unemployment rate significantly. It may be one factor that affects the unemployment partially.

Here we can also calculate that how much percent the population growth rate affect the unemployment by calculating the value of coefficient of determination.

$$r^2 = \frac{\text{Explained Variation}}{\text{Total Variation}}$$

By putting the appropriate value, we have-

$$r^2 = 0.125 = 12.5\% \approx 13\%$$

This means that 13% of the variations in unemployment are explained by population growth rate. In the other words, rest 87% of the variation of unemployment might be affected by other factors.

By taking the actual value from actual data without approximation, and run through SPSS then we find almost the same result. It may be given and seen through the following table-

Table-1

Descriptive Statistics			
	Mean	Std. Deviation	N
Unemployment	7.798750	4.7852226	8
Population growth rate	20.217500	4.5961125	8

Table-2

Correlations			
		Unemployment	Population growth rate
Pearson Correlation	Unemployment	1.000	-.482
	Population growth rate	-.482	1.000
Sig. (1-tailed)	Unemployment	.	.113
	Population growth rate	.113	.
N	Unemployment	8	8
	Population growth rate	8	8

Table-3

Model Summary b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.482a	.232	.104	4.5290523	.232	1.814	1	6	.227

a. Predictors: (Constant), Population growth rate
b. Dependent Variable: Unemployment

Table-4

Coefficients a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.941	7.698		2.331	.059
	Population growth rate	-.502	.372	-.482	-1.347	.227

a. Dependent Variable: Unemployment

IV. CAUSES OF UNEMPLOYMENT IN INDIA

Though there are various factors that affecting the unemployment but some important factors which may be responsible for unemployment problem in India are as follows:

1. Backwardness and monsoon based agriculture in some regions and not reasonable price for agricultural produces.
2. Insufficient industrial development in India.
3. Migration of labour from rural area to urban area.
4. Emphasis on capital intensive technique.
5. Government policy towards private enterprises.
6. Population growth rate is high.
7. Defective and less practical educational system.
8. Slow growth of Indian economy.
9. Decline of medium and small scale industries and not suitable markets for its produce.
10. Lack of transparency in recruitment process.

V. SOLUTION OF UNEMPLOYMENT IN INDIA

The increasing unemployment problem is definitely a serious for India. The solution may be finding out by doing some kind of efforts through government as well as responsible citizen of India. Without doing some efforts we cannot think of getting success in any field and this will also true for increasing population. We should handle the unemployment in such a manner that everyone gets a suitable job and help in increasing the growth of the country. Some important points may be given as follows:

1. Consider human being as a human and as a working unit. An employment is not necessary linked to a salary but a salary is necessary to keep the organization of a society in a good shape. We can work as artist, as a scientist, as a childcare person at home or at school etc. work should be a question of imagination and creativity.

The financial system should change. A company that makes billions of profits should redistribute at least the sixty percent to this profit to the society.

2. Since the reasons of unemployment depends upon country to country and we cannot generalize it for all. It also depends on the policy of government. In certain country have over population while certain have less population. In general rather than depending on government jobs, training should be given or encourage in such a way to develop entrepreneur skills and innovations so that all be aware, how to tackle the solution and manage in their own.

3. Government should reduce interest rates so that more people can start and do their business, to promote small scale enterprises and grant entrepreneurs tax exemptions.

4. Government should increase their spending or reduce the taxes etc. to create favorable business economic and job oriented market environment to reduce unemployment.

5. Highly qualified and highly skilled workers might travel and work in overseas countries that can offer better employment.

6. Educational institutions can teach students practical skills that will prepare them to be self employed, instead of seeking for paid jobs.

REFERENCES

- [1]. https://www.indiatoday.in/education-today/jobs-and_careers/story/unemployment-growing-concern-indian-students-1384978-2018-11-09
- [2]. <https://www.teachingbanyan.com/essay/unemployment/>
- [3]. <http://www.indiaessays.com/essays/india/unemployment/essay-unemployment-in-india-economics/15151>
- [4]. <https://learn.culturalindia.net/essay-unemployment-india-types-causes-solutions-reduce-unemployment-rate.html>
- [5]. <https://www.businesstoday.in/current/economy-politics/india-unemployment-rate-hits-four-decade-high-of-6-pct-in-2017-says-nss-survey/story/315420.html>
- [6]. <https://thewire.in/labour/nss-data-puts-unemployment-at-45-year-high-in-2017-18-report>
- [7]. https://en.wikipedia.org/wiki/Unemployment_in_India
- [8]. Kirandeep Kaur. (2014), 'An Empirical Study of Inflation, Unemployment, Exchange Rate and Growth in India', *AJMS-Asian Journal of Multidisciplinary Studies*, Vol.2, No.10, pp.19-21.
- [9]. www.newresearchjournal.com/educational/volume1/issue2/march2016/
- [10]. https://www.worldwidejournals.com/paripex/recent_issues_pdf/2016/January/January_2016_1451978006_08.pdf
- [11]. https://www.researchgate.net/post/How_can_we_stop_or_reduce_unemployment

Dr. Shambhu Nath Singh. "Unemployment in India: Causes and Solutions." *International Journal of Humanities and Social Science Invention (IJHSSI)*, vol. 10(04), 2021, pp 45-48. Journal DOI- 10.35629/7722