

Higher Education and Current Unemployment Issue in India: An Analytical Study

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Abstract: *Unemployment is a persistent problem in India, with significant social and economic consequences. This paper provides an overview of the current state of unemployment in India, including the latest unemployment rate and the factors contributing to this issue. The paper also examines the various measures that the Indian government has taken to address unemployment, such as skill development programs and the promotion of entrepreneurship and foreign investment. Despite these efforts, the challenge of creating adequate job opportunities for the growing population of India remains significant. This paper highlights the need for continued efforts to address unemployment in India and suggests potential solutions for improving the situation.*

Keywords: Unemployment, Difficulties, States, Populations, Economy, India, Illiterate.

Objectives and Method

The objective of this research paper is to analyze the data on unemployment in order to gain a deeper understanding of the extent and nature of unemployment in India. By examining various sources of data and employing statistical analysis, this paper aims to provide insights into the factors contributing to unemployment, the types of unemployment prevalent in the country, and the socio-economic consequences of unemployment.

1. Introduction

Unemployment is the greatest challenge that India is facing today. Unemployment is a situation where the person willing to work, fails to find a job that earns him a living. The reasons for this unemployment situation are high population, defective education system, excessive burden on agriculture, low productivity in the agricultural sector combined with lack of alternative opportunities for agricultural workers, unskilled workforce, etc. Though millions of students are pouring out of educational institutions every year, they are jobless. The supply of jobs is much less than the huge demand. The reason for this huge demand is the increase in population by leaps and bounds. This again gets directly linked up to poverty which aggravates the situation. Due to poverty, illiteracy has spread its harmful tentacles and in the course of time pushed the Indian youth into anti-social activities. Even if they become educated, the failure of getting a job according to their capacity makes them hostile and thus results in strikes and protests. Big cities like Mumbai, Kolkata, and Chennai all are pressurized with the influx of rural folk who come here in the hope of better prospects and as a result, create pressure on the civic amenities.

A little push in the right direction can make a big difference. But are the institutions aware of this? Probably not. The best solution to overcome this problem is to vocationalise the education system. India lacks in the field of entrepreneurship and thus, must focus on producing entrepreneurs. They also

promote capital formation and employ resources leading to value addition to a specific industry. According to the present situation, among all the nations of the world the number of students enrolled in higher education in India is the highest, but is it valuable? The youth are getting jobs quite lower than their qualifications or are forced to become the brains of other countries and become productive for other countries because they get more job satisfaction and salary there than in India. Indian economy is also being hampered due to this problem. It is essential therefore that the economic policy of the country be overhauled.

The Current Unemployment Scenario in India

Unemployment Rate in India: According to the recent Centre for Monitoring Indian Economy, a private organization (CMIE) Report, the urban unemployment rate declined to 7.93% in February from 8.55% in the previous month while the rural unemployment rate rose to 7.23% from 6.48%. India's unemployment rate rises to 7.45% in February from 7.14% in January. According to separate quarterly figures prepared by the state-run National Statistical Office (NSO) and released in November 2022, the unemployment rate decreased to 7.2% in the July-September quarter from 7.6% in the preceding quarter. Although India's unemployment rate has historically been high, it is predicted to rise in the next years (Abraham, 2009). In fact, even if the nation's economy continues to expand at a healthy clip, the Organization for Economic Cooperation and Development (OECD) forecast that India's jobless rate will quadruple from 4 percent to 8 percent by 2022. From a 6% unemployment rate in 2017, India's unemployment rate would climb to 8.3% by 2022. According to the estimate, over the next four years, 10 million more people will join the ranks of the unemployed, bringing the total to 220 million by 2022. The government also forecasts that there will be 1 million additional job vacancies over this time period, but it also expects that the number of jobs would not be sufficient to counteract the population expansion in general (Manishsiq, 2023)

<i>Unemployment Rate Calculator</i>
<i>Unemployment Rate = Unemployed / Civilian Labor Force.</i>
<i>OR</i>
<i>Unemployment Rate = No. of Unemployed Persons / (No. of Employed Persons + No. of Unemployed Persons).</i>

The Centre for Monitoring Indian Economy, a private organization (CMIE), estimates India's unemployment rate in India is around 7.45% at present. It is 7.93% in urban India whereas only 7.44% in rural India. India's daily and monthly unemployment rates are made public by CMIE on 1st March 2023. As per the National Statistical Office's 16th Periodic Labour Force Survey, in the fiscal second quarter that ended on September 30, India's unemployment rate for those who are 15 years of age or older and live in urban areas dropped from 9.8% to 7.2%, indicating a sustained recovery from the coronavirus pandemic that had left millions of people without jobs. From July to September, the unemployment rate for females (aged 15 and older) in urban areas dropped from 11.6% to 9.4%, and for males dropped from 9.3% to 6.6% a year ago (Bairagya, 2018).

Not Literate	0.4%
Literate Up to Primary	1%
Middle	2.6%
Secondary and above	8.6%
All	4.1

Since January 2022, the employment rate has grown, reaching a record high of 37.1% in December 2022. With 28.5% in Rajasthan, 20.8% in Delhi, and 37.4% in Haryana, the unemployment rate increased in December 2022, as per the CMIE recent Report. As a whole, the unemployment rate fluctuates according to the state of the economy (Short Notes for UPSC, 2023). The employment rate will rise if the economy is struggling and there are fewer jobs available. Similarly, to this, it is predicted that the unemployment rate will decrease when a nation's economy is strong, growing, and offering the general populace a wide variety of job opportunities.

Types of Unemployment in India: In India, there are seven types of unemployment. The types of unemployment are discussed below:

- **Disguised Unemployment:** This is a type of unemployment where people employed are more than actually needed. Disguised unemployment is generally traced to unorganized sectors or the agricultural sectors.
- **Structural Unemployment:** This unemployment arises when there is a mismatch between the worker's skills and the availability of jobs in the market. Many people in India do not get job matching to their skills or due to lack of required skills they do not get jobs and because of poor education levels, it becomes important to provide them with related training (Bairagya, 2018).
- **Seasonal Unemployment:** That situation of unemployment when people do not have work during certain seasons of the year such as labourers in India rarely have occupation throughout the year.

- **Vulnerable Unemployment:** People are deemed unemployed under this unemployment. People are employed but informally i.e., without proper job contracts, and thus records of their work are never maintained. It is one of the main types of unemployment in India
- **Technological Unemployment:** the situation when people lose their jobs due to advancement in technology. In 2016, data from the World Bank predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.
- **Cyclical Unemployment:** Unemployment caused due to the business cycle, where the number of unemployed heads rises during recessions and declines with the growth of the economy. Cyclical unemployment figures in India are negligible.
- **Frictional Unemployment:** This is a situation when people are unemployed for a short span of time while searching for a new job or switching between jobs. Frictional Unemployment also called Search Unemployment, is the time lag between the jobs. Frictional unemployment is considered voluntary unemployment because the reason for unemployment is not a shortage of jobs, but in fact, the workers themselves quit their jobs in search of better opportunities (Abraham, 2009).

With regard to what is the Measurement of Unemployment in India? The National Sample Survey Office (NSSO), an organization under the Ministry of Statistics and Programme Implementation (MoSPI) measure unemployment in India through Usual Status Approach. This approach estimates only those persons as unemployed who had no gainful work for a major time during the 365 days preceding the date of the survey. Secondly the Weekly Status Approach. This approach records only those persons as unemployed who did not have gainful work even for an hour on any day of the week preceding the date of the survey. Under the Daily Status Approach, the unemployment status of a person is measured for each day in a reference week. A person who has no gainful work even for 1 hour in a day is described as unemployed for that day.

Causes of Unemployment in India

The rising number of young people without jobs is one of the most challenging issues that both developed, and developing nations must deal with. Inability to incorporate individuals into the labour force has broader effects on nations' future development and progress. In India, the rate of unemployment has been increasing over the past few years in both rural and urban areas. This has led to a slow rate of growth in the economy and hinders economic development. The following are the main reasons for unemployment in India (Bansal and Jain, 2019; Paul and Raju, 2014):

<ul style="list-style-type: none"> • <i>Higher population: The rate of growth of the population is increasing continuously for the past decades. The number of people in the country, especially the youth population, is much greater compared to the number of jobs available. This creates a situation of unemployment in the economy.</i> 	<ul style="list-style-type: none"> • <i>Poverty and Illiteracy: One of the main reasons for unemployment is due to a lesser number of people being educated and literate. As they do not possess the skills necessary for employment due to low levels of income and standard of living, they often find it difficult to obtain jobs in the formal sector.</i>
<ul style="list-style-type: none"> • <i>Inflation: A continuous rise in prices without a proportionate increase in goods and services produced, leads to a fall in real income in the hands of the public. When there is an increase in population, the supply of labor is greater than the demand which has an adverse impact on wages. This leads to more people being unemployed as they are not satisfied with the current wages being offered to them.</i> 	<ul style="list-style-type: none"> • <i>Agricultural workers: The people who are employed in the agricultural sector are employed only up to a certain period of time and are unable to find jobs for other parts of the year.</i>
<ul style="list-style-type: none"> • <i>Casual and informal labor: As the number of jobs available is much lesser compared to those who are in need of work, people tend to work in the informal sector which comprises low and irregular wages.</i> • <i>Lack of full employment: The industrial</i> 	<ul style="list-style-type: none"> • <i>Lack of full employment: The industrial sector does not work to its maximum capacity due to lack of adequate machinery and supply of raw materials due to which they are unable to hire maximum workers in factories.</i>

Population growth and unemployment have a close connection in India. Increases in population have been considerable over the half-century. The country's overall population is made up of more than 1.3 billion people, second only to that of China. Moreover, India's population is predicted to exceed China's by the year 2024; it will, furthermore, probably be the most populous country for the entirety of the 21st century. As the country's economic growth cannot keep up with population growth, this leads to a larger share of the society being unemployed. The caste system, a structure of social stratification that can potentially pervade virtually every aspect of life in India is a major factor in generating unemployment. In some locations, certain kinds of work are prohibited for members of particular castes. This also leads to the result that work is often given to members of a certain community, rather than to those who truly deserve the job and those who have the right skills resulting in higher levels of unemployment.

There have been no national strategies to account for the considerable imbalance between labour supply (which is plentiful) and labour demand, which is problematic (which is notably lower). It is critical that labour supply and demand are balanced in order for those who need jobs to be able to find one; otherwise, many people will compete for a single job. According to a survey, 33 percent of India's educated youth are unemployed due to a lack of future skills. Even after leaving school, millions of students in our country lack hands-on learning and solid practical expertise. The educational system now undervalues physical, unskilled labour. Physical labour is despised by the educated. As a result, after completing formal education, the rural adolescent looks for sedentary work in a government agency or a private firm. They are incapable and unwilling to work in the agricultural sector. As a result, the current educational system exacerbates rural unemployment.

The Solution to Unemployment in India

The increasing unemployment problem is definitely serious for India. The solution may be finding out by doing some kind of effort through the government as well as responsible citizens of India. Without doing some effort we cannot think of getting success in any field and this will also be true for the increasing population. We should handle 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 (Kirandeep, 2014; Shambhu, 2021):

- Consider human beings as a human and as a working unit. Employment is not necessarily linked to a salary but a salary is necessary to keep the organization of a society in good shape. We can work as an artist, a scientist, 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 sixty percent of this profit to society.
- Since the reasons for unemployment depends from country to country and we cannot generalize it for all. It also depends on the policy of the government. Certain countries have overpopulation while certain have less population. In general, rather than depending on government jobs, training should be given or encouraged in such a way to develop entrepreneurial skills and innovations so that all be aware, of how to tackle the solution and manage on their own.
- Government should reduce interest rates so that more people can start and do their business, promote small-scale enterprises and grant entrepreneurs tax exemptions.
- Government should increase their spending or reduce taxes etc. to create a favorable business economic and job-oriented market environment to reduce unemployment.
- Highly qualified and highly skilled workers might travel and work in overseas countries that can offer better employment.
- Educational institutions can teach students practical skills that will prepare them to be self-employed, instead of seeking paid jobs.

The business enterprises owned by women represent about 10% of all MSMEs in India and employ over eight million people. A study undertaken by International Finance Corp. (IFC) in 2014 reveals the fact that nearly three-fourths of women-owned MSMEs have unmet financial needs. Out of a total financing demand of \$158 billion in India, formal financial sources are able to channel only \$42 billion. It is found from the survey that an increasing number of Women-Owned Businesses (WOB) either are pushed to wind up their businesses or stay small, mostly because of critical challenges such as lack of credit and lack of confidence. As a blessing in disguise, the Global Women's Economic

Empowerment Initiative was launched by Wal-Mart Stores Inc in September 2011, with a view to improving the lives of underserved women and helping women owned businesses to succeed and grow. The pledge that was taken by Wal-Mart is to empower approximately 1 million women through a series of training and to promote diversity and inclusion representation within its merchandising and professional service suppliers. From the year, 2016, it doubled its sourcing from WOBs (Aliyu & Mahmood, 2014).

As announced by Wal-Mart Stores Inc in 2014, it has identified women under the 'Entrepreneurship Development Programme for Women-Owned Businesses and conducts intensive capacity building and mentoring programs to make them stronger and more profitable and survive in businesses producing better quality products. Various programs and activities of Wal-Mart are a) Enterprise Capacity Building b) Life Skills Development c) Need-based Technical Support d) Linkages for financial support and e) Creating learning networks. Enterprise Capacity Building is the first and foremost component to strengthen the performance of the business, which includes improving business planning and financial management of enterprises. Moreover, Its Life Skills the project addresses issues such as business communication, business strategies, gender roles, managerial skills, and execution excellence. Technical support modules include guidance on improving production efficiency, quality of products, and inventory management (Baumol et al. 2011).

2. Discussion and Conclusion

Unemployment refers to people who would like to work but do not have a job. It is generally specified as a percentage and calculated by dividing the unemployed people by the total workforce. The urgent need of the hour is to specifically focus on the effect of unemployment on our society. Unemployment leads to Mental Health problems. Problems such as low self-confidence, unworthy feeling, depression, and the feeling of hopelessness are said to be mental health problems. People who have recently lost their employment due to various reasons might get frustration and tense. Losing income all of a sudden might lead them to develop negative attitudes towards common things in life. As a result, they might feel that they have lost their purpose in life.

Health Diseases and socio-family issues are other serious effect of unemployment. Symptoms that occur in the body and also inside the person in the form of tension, stress, and pressure would be the major causes for dramatically increasing general health issues of individuals mainly due to unemployment. Unemployment issues create tension which systematically pulls a person to get into frequent and unnecessary quarrels and arguments on the home front. In the long run, this kind of unhappiness might lead a person to get hypertension and also end up in divorce. On one side, losing jobs and on another side, high employment issues are the reasons for losing trust in the administration and the government which might lead to political instability in the country. Prolonged unemployment problems make persons to develop and increase in the rate of suicide attempts and actual suicides as well. The prolonged issue of unemployment might enable a person to bring a decrease

in social outings and interactions with other people, including friends (Audretsch et al. 2005).

The mounting rate of unemployment has been one of the most important problems in India, both in the rural and urban sectors. In the pockets of India, unemployment and also underemployment have been rampant. In urban places, innumerable educated people face industrial unemployment. Unless and until unemployment problems are addressed and solved to the greater extent possible, the future of India cannot be bright. Neither peace nor prosperity could be seen in the country if jobless people are not driven to a proper channel of getting unemployment. The best solutions are encouraging people to plunge into entrepreneurship and supporting them with easy access to loan facilities with subsidized loans.

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