

# Unemployment Effect on the Economy of India

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**Abstract:** The growing share of the youth population due to the generational 'dividend' or 'youth bulge' appears to be one of the sources of future economic growth for India. Although the proportion of youth in the labour force has decreased with the increase in enrolment rates for school and college, their high proportions in the labour force indicate that for many more years to come, the problem of youth unemployment and underemployment in India will remain a serious policy issue. In this context, this paper examines young people's jobs and unemployment status in India. It analyses developments in labour force and workforce participation rates, unemployment, unemployment, working poor, development and employment elasticity, etc. In addition, the paper includes policy proposals for increasing sustainable jobs and reducing youth unemployment. If measures are not taken to improve the educational achievement and skill development of the youth, the poor employability of the workforce would hamper the benefits due to demographic dividends.

**Keywords:** Youth Employment, unemployment, skill development, joblessness, literacy, vocational training.

## INTRODUCTION

Younger folks are an essential human resource for growth, a key driver of social change and a driver of economic innovation and industrial innovation. But it's a big challenge to harness these tools. The challenge of youth is regarded as the most important economic growth challenge of the 21st century. In addition, the drop in the rate of fertility has contributed to the bulge that is called the demographic dividend in the working age population[1]. It is a great concern that how this bulge in the working age population raises the possibilities for the growth and development of a nation and the consequences and opportunities of the bulge and how states are trying to respond. Many of the main aspects of the issue are related to entering the labor market, where it is difficult for young people to find and keep a good employment.

The rising large number of unemployed young people is one of the most difficult problems faced by developed and developing countries alike. Failure to incorporate young people into the labour market has broader repercussions for the future growth and development of countries. The problem of youth jobs and unemployment is thus highly on the international development agenda. The extent of the relationship between poverty and unemployment is often the topic of important debate in developing countries. The root of the debate can be traced to the skepticism identified by successive labor force surveys in developed countries about the validity of low unemployment levels. Table.1 has been showing the some of the causes of the unemployment[2].

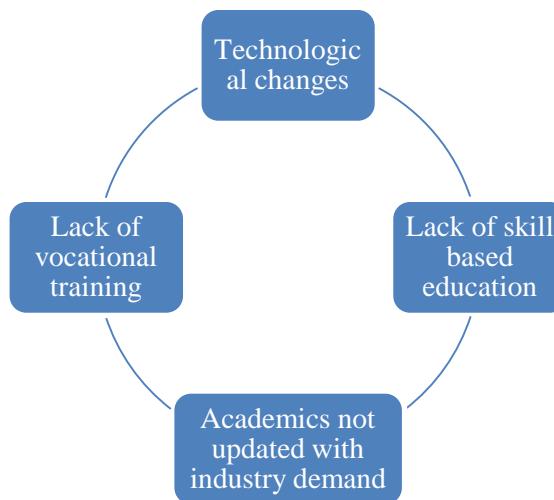
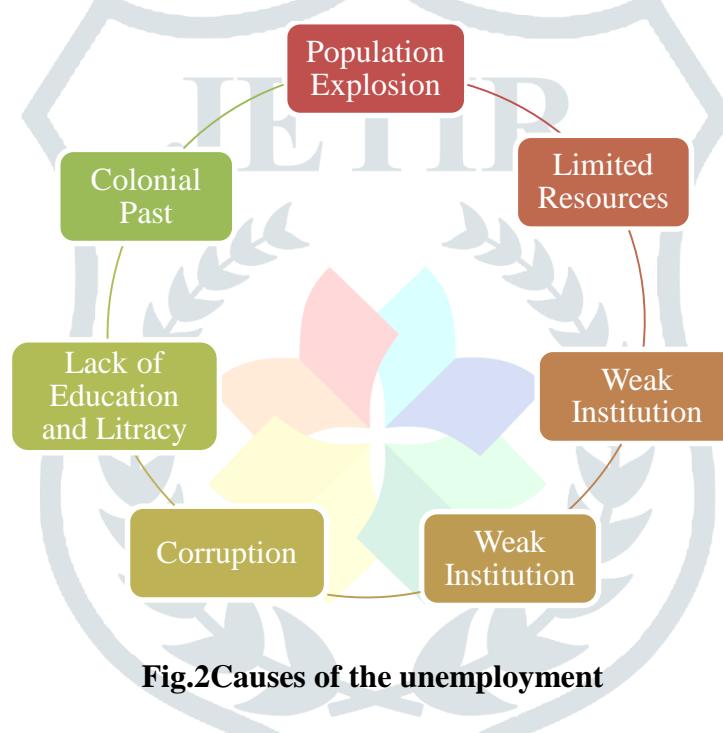
Some critics claim that the poor are too poor to stay unemployed and that their low income levels push them to work, irrespective of the level of compensation. Moreover, many of the few who are categorized as underemployed in the workforce surveys are believed to be the better-off. This view challenges the legitimacy of the existing contract of unemployment and labour force that was developed in western nations after the 1930s depression and has since been agreed by international organizations such as the International Labor Office to implement and promulgate in developing nations.

**Table.1 Some of the Causes of the Unemployment**

1	High growth rate of the population
2	Slow rise in employment opportunities
3	Low rate of saving and investments
4	Capital intensive production technique
5	Lack of vocational Education
6	Lack of proper manpower planning
7	Inefficiency of public sector
8	Negligence of the private sector
9	Negligence towards agriculture sector
10	Low mobility of worker
11	Lack of Infrastructure facilities

This reaches the desired point to show that the conventional approach to unemployment quantification can provide accurate prediction of the undervaluation of the time available for work in an adapted country; the data show a clear correlation between unemployment and poverty in India with adequate tabulation and study, while poverty is certainly more prevalent than unemployed people. Scientific data is also utilized to support an earlier hypothesis that the designation distribution of workers , particularly the preponderance of self-employed as well as family helpers among employees, is a protective factors for the low rates of inequality reported in labor market surveys of many developing nations (such as India). Figure 1 is explaining the causes of the unemployment in India[4].

Unemployment is a multifaceted process, because both the economic activity of the country and the social structure of society are affected. These two dimensions thus create confusion and require the adoption of comprehensive research to answer this issue. The main goal of any policy maker, whether fiscal policy or monetary policy, is to achieve high economic growth. There are many determinants responsible for maintaining the growth rate of a nation. One of them is elevated unemployment rates. There is an inverse relationship between economic growth and the unemployment rate. As unemployment decreases by 1%, the GNP increases by 3%. Fast economic growth continues to be the key focus of economic policies, contributing to the need for more jobs through the construction of investment programs. So unemployment, with economic and social consequences, is a global phenomenon.

**Fig. 1 Main Reason of the Unemployment in India****Fig.2 Causes of the unemployment**

## CAUSES OF UNEMPLOYMENT

There are many causes that lead the unemployment in a country. The main reasons that promote the unemployment is the high population and less exposure of the educational and vocational training. India is land of the diversification. There was a time when the India is considered as the land of the gold because easy availability of the living [8]. But with the advent of the British and Mughal, apart from this, a lot of money has been taken away from India, they have ruined the many small Indian factories upon which the people depended. The British ruined the economy most by putting the cheap commodity produced by the machine on the Indian market and taking away the Indian people's money after selling that product. The key causes of unemployment have been shown in figure 2.

The impact of the British was so deep that after the independence India has to fight with the problem of the unemployment rigorously and have to do lot of the work to make rebirth of the small and medium industry as these industry was the back bone of the India that time [9]. After independence, population of the India

also increased very fast but the industrial growth was not able to match with the population growth in addition to this, exposure of the education was not being available to all the population. There was any marginalized and deprived section of the society, which does not even have the exposure of the elementary education[10].

## CONCLUSION

The rate of the employment is the important for the economy of the any country. The employed people have the capability to boost the economy and have capable to use the resources available in country. In Indian context, as discussion has been made, it is found that the rate of the population is one of the vital factors to slow down the rate of employment. Now a days, educational exposure have increased many fold in India and youth are ready to take the new challenges in order to contribute in the growth and development of the country in addition to the self growth.

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