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## UNIT 3 URBAN UNEMPLOYMENT

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### 3.1 INTRODUCTION

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India as a nation is faced with massive problem of unemployment. Unemployment can be defined as a state of worklessness for a man fit and willing to work. It is unemployment have been identified as follows:

- 1) The incidence of unemployment is much higher in urban areas than in rural areas.
- 2) Unemployment rates for women are higher than those for men.
- 3) The incidence of unemployment among the educated is much higher than the overall unemployment.
- 4) There is greater unemployment in agricultural sector than in industrial and other major sectors.

After reading this unit, you should be able to

- Describe the types of unemployment, unemployment in urban areas
- Explain the measurement, causes of unemployment
- Discuss the growth in urban employment/unemployment
- Narrate policies and programmes to reduce unemployment in India.

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### 3.2 UNEMPLOYMENT: TYPES, MEASUREMENT AND CAUSES OF UNEMPLOYMENT

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#### 3.2.1 Types of Unemployment

Economists and social thinkers have classified unemployment into various types. Generally unemployment can be classified in two types:

##### i) Voluntary Unemployment

In this type of unemployment a person is out of job of his own desire doesn't work on the prevalent or prescribed wages. Either he wants higher wages or

doesn't want to work at all. It is in fact a social problem leading to social disorganization. Social problems and forces such as a revolution, a social upheaval, a class struggle, a financial or economic crisis a war between nations, mental illness, political corruption mounting unemployment and crime etc. threaten the smooth working of society. Social values are often regarded as the sustaining forces of society. They contribute to the strength and stability of social order. But due to rapid social change new values come up and some of the old values decline. At the same time, people are not in a position to reject the old completely and accept the new altogether. Here, conflict between the old and the new is the inevitable result which leads to the social disorganization in imposed situation. In economic terminology this situation is voluntary unemployment.

## ii) Involuntary Unemployment

In this type of situation the person who is unemployed has no say in the matter. It means that a person is separated from remunerative work and devoid of wages although he is capable of earning his wages and is also anxious to earn them. Forms and types of unemployment are:

- a) **Cyclical unemployment** - This is the result of the trade cycle which is a part of the capitalist system. In such a system, there is greater unemployment and when there is depression a large number of people are rendered unemployed. Since such an economic crisis is the result of trade cycle, the unemployment is a part of it.
- b) **Sudden unemployment** - When at the place where workers have been employed there is some change, a large number of persons are unemployed. It all happens in the industries, trades and business where people are employed for a job and suddenly when the job has ended they are asked to go.
- c) **Unemployment caused by failure of Industries** - In many cases, a business a factory or an industry has to close down. There may be various factors responsible for it there may be dispute amongst the partners, the business may give huge loss or the business may not turn out to be useful and so on.
- d) **Unemployment caused by deterioration in Industry and business** - In various industries, trades or business, sometimes, there is deterioration. This deterioration may be due to various factors. In efficiency of the employers, keen competitions less profit etc. are some of the factors responsible for deterioration in the industry and the business.
- e) **Seasonal unemployment** - Certain industries and traders engage workers for a particular season. When the season has ended the workers are rendered unemployed. Sugar industry is an example of this type of seasonal unemployment.

The problem of unemployment in underdeveloped economies is different from that in developed economies. In developed economies generally unemployment takes the form of cyclical unemployment or frictional unemployment. Cyclical unemployment arises due to cyclical movements in economic activities. Frictional unemployment takes place because of shift to a new technology. Thus, cyclical and frictional unemployment are temporary in nature.

On the other hand, the nature of unemployment in underdeveloped economies is basically structural in nature. In an under-developed economy the demand for labour is less mainly due to agricultural backwardness, undeveloped industries and small size of the service sector. Although the type of unemployment found in underdeveloped economies, it is much different from the nature of unemployment found in developed economies.

Besides this, there is category of underemployment where people are working fewer hours (daily, weekly, or seasonal) than they would like to work. The visibly active but underutilized: those who would not normally be classified by the above definition, but who in fact, have found alternative means “making time” include the following:

- i) **Disguised underemployment:** Many people seem occupied on farms or publicly owned enterprises on full time basis even though services they render may actually be much less than full time. Social pressure on private industry may also result in substantial amounts of disguised underemployment. If available work is openly shared among those employed, the disguised disappears and underemployment becomes apparent.
- ii) **Hidden underemployment:** Those who are engaged in second choice non employment activities, perhaps notably in education and household chores primarily because job opportunities are not available at the level of education already attained, or open to women, given social mores.

### 3.2.2 Measurement of Unemployment

Measurement of unemployment is a difficult task. Now, in this section, you will learn about various methods of measuring unemployment. In India’s statistical unemployment are compiled by the National Sample Survey Organization (NSSO). Based on different reference period (a year, a week, and each day of a week), NSSO provides four different measures of employment and unemployment. The following are some methods of measuring unemployment.

- i) **Usual Principal Status Unemployment (UPS):** this is measured as the number of persons who remained unemployed for a major part of the year. The persons covered by the survey may be classified into those working and/or available for work in their principal activity, and those working and/or available for work in a subsidiary activity, that is, a sector other than their principal activity. Hence, within the usual status concept, the estimates are now derived on the usual principal status as well as the usual principal and subsidiary status basis. The usual status unemployment rate is a person rate and indicates chronic unemployment, because all those who are found usually unemployed in the reference year are counted as unemployed. This measure is more appropriate to those in search of regular employment, e.g., educated and skilled persons who may not accept casual work. This is also referred to as ‘open unemployment’.
- ii) **Usual Principal and Subsidiary Status Unemployment (UPSS):** Here person is considered unemployed, if besides UPS, those available but unable to find work on a subsidiary basis during a year.
- iii) **Current Weekly Status Unemployment (CWS):** this refers to the number of persons who did not find even an hour of work during the survey week.

**iv) Current Daily Status Unemployment (CDS):** this refers to the number of persons who did not find work on a day, or on some days, during the survey week.

Rates of unemployment differ based on different concepts and these concepts have their own advantages and limitations and, therefore, they have different implications for analysis and policy formulation. The UPS and UPSS measure reflect only long term unemployment spells. The CWS measure captures shorter unemployment spells, but ignores unemployment for less than a week. The CDS measure is the most inclusive, capturing both open as well as partial unemployment.

### 3.2.3 Causes of Unemployment

Now that we have studied the meaning and types and measurement of unemployment, we will look at the causes of unemployment. Some of the causes of unemployment, you are commonly aware, are over population and lack of work. Some of the important causes of unemployment are: the high rate of population growth and the consequent increase in labour force; low rate of economic growth, lack of adequate employment opportunities in non-agricultural activities; generation of seasonal employment, or lack of full time employment in agriculture; low labour absorption capacities in manufacturing and tertiary activities; shifting from labour-intensive to capital- and skill-intensive production techniques; expansion in education system, and so on. Let us now briefly elaborate some of the above causes:

- Low and fluctuating levels of economic growth do not generate adequate employment opportunities, as needed. Besides, the sectoral composition of growth is also an important determinant of unemployment.
- Excessive dependence on agriculture and slow growth of non-farm activities limit employment generation.
- Use of capital-intensive methods and production practices not only dislodges currently employed persons, but also slows down the generation of new employment opportunities.
- Lack of a clear and well developed human resource policy or manpower policy, may lead to a mismatch between the need and availability of relevant skills and training, which results in unemployment, especially of youth and educated.
- Rapid growth in population, lack of employability due to poor health and nutrition also lead to unemployment.
- Lack of investment and infrastructure development are factors that do not generate adequate levels of employment in the economy, and consequently unemployment rises.
- Inadequate availability of unemployment insurance and public employment programmes also cause a rise in unemployment.

How these factors are operating to bring changes in the nature and magnitude of unemployment will be discussed in the following sections. It is important to mention here that one or more than one of the above factors may operate simultaneously to impact unemployment rates.

In this section, you studied types, measurement and causes of unemployment; now answer the questions given in *Check Your Progress 1*.

**Check Your Progress 1**

**Note:** a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is voluntary unemployment?

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2) Explain the nature of disguised unemployment in India?

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**3.3 UNEMPLOYMENT IN URBAN AREAS**

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Most of the unemployment in urban areas is open and disguised. Unemployment of this kind is not only painful at personal level but it is also a source of social tension, which often threatens the whole fabric of society. According to the 61st round of employment and unemployment for July 2004 to June 2005 carried out by the National Sample Survey Organization, the unemployment rate — the number of person unemployed per 1,000 persons in the labour force — was 17 in the rural areas and 45 in the urban areas. Moreover, the survey also found that the unemployment rates for females was higher than that for males and was highest among urban females.

Broadly speaking, urban unemployment may be classified into (i) industrial unemployment, and (ii) educated unemployment/ underemployment.

**i) Industrial Unemployment:** The size of the industrial unemployment is not known because the necessary data for its estimation is not available. A disquieting phenomenon, however, is that over the past years unemployment in the industrial sector has increased. This is the result of extremely low growth rates of employment in the organized manufacturing sector. It is observed that employment elasticity has significantly declined in manufacturing during the last two decades. There are many factors that have contributed to this decline. First, there has been a large increase of the economically active population in the country, while the economy has failed to grow at the pace commensurate with the growth of labor force. Secondly,

population in the urban areas has grown faster than in rural areas, because of migration on a large scale from villages to cities. The industrial growth in India has been very modest, and thus could not absorb all those who migrate to cities with the hope of getting some job or the other.

- ii) Educated Unemployment:** Educated unemployment is, by and large, a part of urban unemployment. It is a very serious and menacing problem, yet the size of the unemployment remains largely unmeasured. Not only are their conceptual difficulties in estimating it, but the kind of statistical information that is required for its estimation is also not available. Hence the quantitative base for analyzing the problem of educated unemployment is weak. Nonetheless, on the basis of fragmentary information available, it is not difficult to understand the basic issues involved in the problem. According to the Ministry of Labor and Employment, the number of educated unemployed was around 2.44 lakh in 1951. It rose to 9.2 lakh in 1966 and to 32.8 lakh in 1972. The Planning Commission's estimates suggest that at the beginning of 1980, approximately 34.72 lakh-educated persons were unemployed. Using the same approach as in the Sixth Plan, unemployment among the educated people works out to 47 lakh in 1985 and 68 lakh in 1992. According to Ninth Five Year Plan- "National Sample Surveys shows that over the period 1983 to 1993-94, the proportion of those educated to a level of secondary school or higher among the unemployed persons increased from 47 per cent to 64 per cent. While a high proportion of the literates among unemployed shows un-utilization of scarce resources put in for education of the people, it also indicates a mismatch between the kind of job opportunities that are needed and those available in the job market. Clearly the increase of literates among the unemployed and further among the literate unemployed, of those with higher level of educational attainment points to the need for skilled jobs rather than the simple low productive manual labour that an illiterate has to resort to for a living".

Thirdly, there are emerging trends of underemployment of those who are seeking job on part-time basis, while they pursue their studies. Such job seekers, if they do not get jobs of their satisfaction, could be called underemployed. There could be many others, who have completed their education, but are not able to get job to the best of their abilities and capacities. There are many causes of educated unemployment. The defective educational system, with its theoretical bias, lack of aptitude and technical qualifications for various types of work among job seekers and maladjustment between demand and supply of educated workers are some well-known causes of educated unemployment.

Our education does not prepare the minds of young generation to become self-employed, on the contrary, it makes them dependent on government vacancies which are hard to come. Five year plans has introduced several employment generating schemes and programmes over the years but in the absence of proper implementation and monitoring have failed to achieve the required targets.

In this section, you studied unemployment in urban areas, now answer the questions given in *Check Your Progress 2*.

**Check Your Progress 2**

**Note:** a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the different kinds of unemployment found in urban areas?

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**3.4 GROWTH IN URBAN EMPLOYMENT/ UNEMPLOYMENT**

The state wise data pertaining to urban workers for the years 1971–2001 may be seen in 1.A and the index of the urban workers for the same years can be seen in Table 1.B. Assam, Mizoram and Jammu and Kashmir have not been included in the table due to non availability of comparable data. Uttaranchal, Jharkhand and Chattisgarh have been included in the respective states from which these were carved out after the 1991 Census, to make the data pertaining to Uttar Pradesh, Bihar and Madhya Pradesh comparable. The state of Goa includes the data in respect of Daman and Diu also, as it was earlier part of the Union Territory known as Goa, Daman and Diu.

Looking at the statistics furnished in Table 1.B, it may be observed that only Lakshadweep registered a decline in index of urban workers during 1991–2001. With regard to increase in index of urban workers during 1991–2001 over increase in number of workers during 1981–91, it is seen that all the states and union territories, except five, had higher increase in index of urban workers. Of the five states, where the increase in urban workers during 1991–2001 was lesser than the increase during 1981–91, Lakshadweep, Pondicherry and Tripura are very small, while Kerala and Andhra Pradesh are bigger states.

**Table 1 A: State wise Distribution of Urban Workers – 1971 -2001 (excluding Assam, Jammu and Kashmir and Mizoram)**

Sl. No.	State	Urban Workers			
		1971	1981	1991	2001
1	A& N Islands	11,745	18,107	26,068	42,202
2	Andhra Pradesh	2,582,000	3,896,503	5,512,906	6,720,971
3	Arunachal Pradesh	8,916	17,181	40,262	80,892
4	Bihar (incl. Jharkhand)	1,594,688	2,298,415	2,846,180	3,761,476
5	Chandigarh	77,108	147,292	196,799	300,219
6	Dadra & Nagar Haveli	0	2,900	4,922	22,580
7	Delhi	1,116,937	1,865,844	2,704,072	4,244,170

8	Goa (incl. Daman & Diu)	73,466	117,734	177,039	268,714
9	Gujarat	2,066,499	3,120,925	4,305,002	6,262,209
10	Haryana	466,463	826,497	1,148,332	1,925,879
11	Himachal Pradesh	82,736	114,900	157,141	220,110
12	Karnataka	2,108,225	3,306,049	4,455,214	6,406,988
13	Kerala	935,455	1,308,349	2,274,011	2,612,777
14	Lakshadweep	0	4,357	7,952	7,347
15	M.P. (incl. Chhattisgarh )	1,906,020	3,135,776	4,533,125	6,195,490
16	Maharashtra	4,996,505	7,071,693	9,877,187	13,911,920
17	Manipur	37,575	133,348	172,834	222,126
18	Meghalaya	47,596	78,743	106,591	147,615
19	Nagaland	25,894	42,040	68,131	106,357
20	Orissa	561,820	975,363	1,256,628	1,689,519
21	Pondicherry	50,807	85,503	155,708	214,889
22	Punjab	903,895	1,385,970	1,801,606	2,767,123
23	Rajasthan	1,174,255	1,973,329	2,836,151	3,910,232
24	Sikkim	7,778	21,356	14,507	24,041
25	Tamil Nadu	3,768,685	5,112,576	6,360,260	10,318,514
26	Tripura	39,371	62,251	121,840	177,114
27	U.P. (incl. Uttaranchal)	3,428,337	5,431,183	7,490,998	9,943,066
28	West Bengal	3,303,288	4,305,128	5,534,735	7,592,048
	<b>India</b>	<b>31,376,064</b>	<b>46,859,312</b>	<b>64,186,201</b>	<b>90,096,588</b>

*Source: 1. Census of India 1971, Series I, India, Part-II – A (i), General Population 2. Census of India 1981, Series I, India, Part-II – B (i), Primary Census Abstract –General Population 3. Census of India 1991, Volume I, Series I, India, Part-II – A (ii), Union Primary Census Abstract 4. Census of India 1991, Series I, India, Part-II – B (i), Volume I, Primary Census Abstract –General Population 5. Census of India 1991, Series I, India, Part-II – B (i), Volume II, Primary Census Abstract –General Population 6. Census of India 2001, Primary Census Abstract (on CD)*

**Table 1.B: State wise Index of Urban Workers – 1971-2001 (excluding Assam, Jammu and Kashmir and Mizoram)**

Sl. No.	State	Index of Urban Workers				Increase in Index of Urban Workers during 1991 -2001	Increase in Index of Urban Workers during 1991-2001 over Increase during 1981 -1991
		1971	1981	1991	2001		
1	A& N Islands	100	154	222	359	137	70



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2	Andhra Pradesh	100	151	214	260	47	-16
3	Arunachal Pradesh	100	193	452	907	456	197
4	Bihar (incl. Jharkhand)	100	144	178	236	57	23
5	Chandigarh	100	191	255	389	134	70
6	Dadra & Nagar Haveli	0	100	170	779	609	539
7	Delhi	100	167	242	380	138	63
8	Goa (incl. Daman & Diu)	100	160	241	366	125	44
9	Gujarat	100	151	208	303	95	37
10	Haryana	100	177	246	413	167	98
11	Himachal Pradesh	100	139	190	266	76	25
12	Karnataka	100	157	211	304	93	38
13	Kerala	100	140	243	279	36	-67
14	Lakshadweep	0	100	183	169	-14	-96
15	M.P. (incl. Chhattisgarh )	100	165	238	325	87	14
16	Maharashtra	100	142	198	278	81	25
17	Manipur	100	355	460	591	131	26
18	Meghalaya	100	165	224	310	86	28
19	Nagaland	100	162	263	411	148	47
20	Orissa	100	174	224	301	77	27
21	Pondicherry	100	168	306	423	116	-22
22	Punjab	100	153	199	306	107	61
23	Rajasthan	100	168	242	333	91	18
24	Sikkim	100	275	187	309	123	211
25	Tamil Nadu	100	136	169	274	105	72
26	Tripura	100	158	309	450	140	-11
27	U.P. (incl. Uttaranchal)	100	158	219	290	72	11
28	West Bengal	100	130	168	230	62	25
	<b>India</b>	<b>100</b>	<b>149</b>	<b>205</b>	<b>287</b>	<b>83</b>	<b>27</b>

*Source: Compiled from the data given in Table 1 A*

The distribution of states by “increase in index of urban workers during 1991–2001 over increase in index during 1981–1991” is given in Table 1.2. As seen from this table, even Arunachal Pradesh and Dadra and Nagar Haveli relatively gained more than the bigger states. The increase in index of urban workers during 1991–2001 over increase in index of urban workers during 1981–1991 was more than 100 points in Arunachal Pradesh, Sikkim and Dadra

and Nagar Haveli and was between 90–100 points in Haryana (98 points). In five states viz., Lakshadweep, Kerala, Pondicherry, Andhra Pradesh and Tripura, the index either remained the same or declined. In Uttar Pradesh, Madhya Pradesh and Rajasthan the increase in index was between 10 and 20. In seven states viz., Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya, the increase in index varied from 20 to 30.

Looking at the figures furnished in Table 1.B, it is seen that the number of urban workers more than doubled during 1971–2001 in all the states and union territories.

**Table 1.2: Distribution of States by increase in Index of Urban Workers during 1991-2001 over increase in index of Urban Workers during 1981 – 1991 (excluding Assam, Jammu and Kashmir and Mizoram)**

Range of increase in Index	No. of States	Names of States
= Zero	5	Lakshadweep, Kerala, Podicherry, A.P. and Tripura
>Zero –10	0	
10 –20	3	U.P., M.P. and Rajasthan
20 –30	7	Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya
30 –40	2	Gujarat and Karnataka
40 –50	2	Goa and Nagaland
50 –60	0	
60 –70	2	Punjab and Delhi
70 –80	3	Andaman & Nicobar Island, Chandigarh and Tamil Nadu
80 –90	0	
90 –100	1	Haryana
100 & above	3	Arunachal Pradesh, Sikkim and Dadra & Nagar Haveli
<b>Total</b>	<b>28</b>	

*Source: Compiled from the data given in Table 1.1*

### 3.4.1 State's Share in Growth in Urban Employment at All-India Level

The state wise increase in urban workers during 1981–91 and 1991–2001 and their percentages to the respective all India totals are given in Table 1.3. In the last column of the table, the percentage increase in the share of the state is given. The percentage share in the increase in number of urban workers has increased in 15 states/U.T.'s namely Orissa (2.9%), Goa including Daman and Diu (3.4%), Gujarat (10.5%), Bihar (including Jharkhand) (11.7%), West Bengal (11.9%),

Karnataka (13.6), Arunachal Pradesh (17.7%), Delhi (22.9%), Andaman and Nicobar Islands (35.5%), Chandigarh (39.7%), Punjab (55.3%), Haryana (61.6%), Tamil Nadu (112.2%), Sikkim (200%) and Dadra & Nagar Haveli (484%). In Tamil Nadu, Sikkim and Dadra and Nagar Haveli, the share of urban workers has increased by more than 100%, revealing thereby that these states have relatively been benefited more by the economic reforms. The highest increase is accounted for by Dadra and Nagar Haveli.

**Table 1.3: Decadal increase in Number of Urban Workers – 1981 -1991 & 1991-2001 (excluding Assam, Jammu and Kashmir and Mizoram)**

Sl. No.	State	Increase in Urban Workers during 1981 -1991		Increase in Urban Workers during 1991 -2001		% age increase in the Share of State
		Absolute	% age to All India Total	Absolute	% age to All India Total	
1	A& N Islands	7,961	0.05	16,134	0.06	35.5
2	Andhra Pradesh	1,616,403	9.33	1,208,065	4.66	-50.0
3	Arunachal Pradesh	23,081	0.13	40,630	0.16	17.7
4	Bihar (Incl. Jharkhand)	547,765	3.16	915,296	3.53	11.7
5	Chandigarh	49,507	0.29	103,420	0.40	39.7
6	Dadra & Nagar Haveli	2,022	0.01	17,658	0.07	484.0
7	Delhi	838,228	4.84	1,540,098	5.94	22.9
8	Goa (Incl. Daman & Diu)	59,305	0.34	91,675	0.35	3.4
9	Gujarat	1,184,077	6.83	1,957,207	7.55	10.5
10	Haryana	321,835	1.86	777,547	3.00	61.6
11	Himachal Pradesh	42,241	0.24	62,969	0.24	-0.3
12	Karnataka	1,149,165	6.63	1,951,774	7.53	13.6
13	Kerala	965,662	5.57	338,766	1.31	-76.5
14	Lakshadweep	3,595	0.02	-605.00	0.00	-111.3
15	M.P. (Incl. Chhattisgarh )	1,397,349	8.06	1,662,365	6.42	-20.4
16	Maharashtra	2,805,494	16.19	4,034,733	15.57	-3.8
17	Manipur	39,486	0.23	49,292	0.19	-16.5
18	Meghalaya	27,848	0.16	41,024	0.16	-1.5
19	Nagaland	26,091	0.15	38,226	0.15	-2.0
20	Orissa	281,265	1.62	432,891	1.67	2.9
21	Pondicherry	70,205	0.41	59,181	0.23	-43.6

22	Punjab	415,636	2.40	965,517	3.73	55.3
23	Rajasthan	862,822	4.98	1,074,081	4.15	-16.8
24	Sikkim	-6,849	-0.04	9,534	0.04	200.0
25	Tamil Nadu	1,247,684	7.20	3,958,254	15.28	112.2
26	Tripura	59,589	0.34	55,274	0.21	-38.0
27	U.P. (Incl. Uttaranchal)	2,059,815	11.89	2,452,068	9.46	-20.4
28	West Bengal	1,229,607	7.10	2,057,313	7.94	11.9
	<b>India</b>	<b>17,326,889</b>	<b>100.00</b>	<b>25,910,387</b>	<b>100.00</b>	<b>0.0</b>

*Source: Compiled from the data given in Table 1 B*

Assessing the employment situation in India has remained tricky because of the complex nature of the labour market characterized by part-time workers, seasonality of work, underemployment and social factors which restrict many women from joining the labour force. A large majority of the female workforce has always remained under utilized. At the all-India level, the work participation rate is 50% for males while it is about 17% for females. Even among the women who are available in the labour market, a large majority could not find work throughout the year. Of the 25 million 'usually employed' people who could not find work throughout the year, an overwhelming 64% are women. Overall, about 84% of the days of people employed throughout the year are used in economic activities. The loss in workdays is far more for the usually employed female workforce, who could not work throughout the year because of various social and economic reasons which result in the loss of more than one-third of the total person days available.

The visible lack of work measured through unemployment and underemployment statistics doesn't quite give a true picture. Being employed alone doesn't guarantee even a passport out of poverty in India as shown by the fact that 41.6% of the population earns less than the international poverty line of \$1.25 a day in purchasing power parity (PPP) terms.

### **3.5 POLICIES AND PROGRAMMES TO REDUCE UNEMPLOYMENT IN INDIA**

With this background, to solve the problem of unemployment and underemployment following measures are required to be considered seriously. First, there is an urgent need to rethink the pattern of investment and choices of technology. Second; the promotion of micro and small enterprises will be crucial for a labour surplus country like India. Third, there is a need to create small industrial clusters, new growth centers in small towns and villages, which can increase employment opportunities and provide flexibility to the economy. Fourth, reorientation of educational system in terms of its content and quality will also be an important remedy for unemployment problem. Needless to mention that public expenditure on education and skill development should be enhanced. Fifth, the scope and reach of public work programmes need to expand. A balanced blend of active measures (i.e., policies designed to improve the access of the unemployed to the labour market and jobs, job related skills and training to

improve their employability) and passive measures (i.e., unemployment insurance and related social security benefits) need to be formulated. However, effective implementation and monitoring these policy changes will be of utmost importance to accomplish the desired outcomes.

Various government schemes have been undertaken in India to tackle the problem of urban unemployment. But these programmes have multiple objectives comprising the reduction of poverty, generation of employment, and the provisioning of crucial basic services. The employment programmes can broadly be categorized into two types: self employment, and wage employment programmes. Some of the important employment generation programmes are described below:

### **3.5.1 Recent Initiatives by the government**

#### **a) Revised Swarna Jayanti Shaheri Rozgar Yojana (SJSRY)**

The SJSRY programme that began in December 1997 was built upon the successful strategy of community organization in the UBSP Programme. SJSRY is aimed at providing gainful employment to the urban unemployed and underemployed poor through encouraging the setting up of self-employment ventures or provision of wage employment. It identifies three instruments for employment generation: capacity building and credit assistance for micro enterprises, opportunities for earning wages under municipal works, and intermediation in household savings.

#### **b) Kudumbashree**

Kudumbashree, the State Poverty Mission of the Government of Kerala, aims at empowering women from poor families by improving their skills, identifying economically viable micro-enterprises, providing access to credit for the enterprises and establishing market linkages to ensure sustainability of incomes. The inclusion of socio-economic parameters into social development efforts also suggests a shift in government thinking towards recognizing other forms of vulnerability, particularly of housing, basic services and education. Under this program, which is regarded as a highly successful framework for poverty alleviation and built upon the entrepreneurship model and the strategy of community organization developed under Urban Basic Services Programme (UBSP) and SJSRY, Community Development Society (CDS) groups from low-income settlements are provided loans for a range of group enterprises through NABARD (National Bank for Agricultural and Rural Development) and commercial banks. Also, funds under both SJSRY and National Slum Development Programme (NSDP) are utilized under the program to complement local and State resources, to provide housing with basic sanitation services at household level to all the urban poor. Housing and other services are provided using various loan options, both with and without subsidy and with flexible payment plans.

### **3.5.2 Some Examples of Successful NGO Initiatives**

#### **a) Self Employed Women's Association (SEWA)**

A large number of NGOs have been engaging with city governments to improve the city's environment in partnership with communities. Self

Employed Women's Association (SEWA), established in 1972 as an independent trade union comprising of women workers, is an offshoot of the Textile Labor Association, country's oldest and largest union of textile workers founded by Mahatma Gandhi. The Association provides support to self-employed women and mobilizes them to organize into sustainable groups and collectively demand their rights. Its activities include banking, cooperatives, home based production, trading, marketing, housing, health care and child-care.

#### b) Sri Padmavathy Mahila Abyudaya Sangam

Sri Padmavathy Mahila Abyudaya Sangam (SPMS) is a federation of poor women self help groups (SHGS), set up in 1992, with the objective of promotion of savings, credit and income generation activities for poor women through self-help groups.

In this section, you studied unemployment in urban areas and measures to tackle unemployment in urban India, now answer the questions given in *Check Your Progress 3*.

#### Check Your Progress 3

**Note:** a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is kudumbashree?

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### 3.6 LET US SUM UP

Rising unemployment and underemployment are two crucial problems that many developing economies face. The problem of unemployment has serious socioeconomic implications. While at the individual level, unemployment leads to malnutrition, illness, mental stress, depression, and deterioration of human values, at the level of the economy it implies underutilization of existing human capital. A high incidence of unemployment adversely affects growth, not only via social unrest and political instability, but also through various other means. This unit has analyzed the types, the trend, and various dimensions of the urban unemployment problem. Magnitude and pattern of unemployment have also been discussed. We further discussed the unemployment problem in relation to levels of education and the incidence of poverty. Estimation of underemployment has also been analyzed.

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### 3.8 CHECK YOUR PROGRESS -POSSIBLE ANSWERS

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#### Check Your Progress 1

**1) What is voluntary unemployment?**

**Ans.** Voluntary unemployment is characterized by a situation when people are either not interested in any gainful employment, or are willing to work only at a wage rate higher than that prevailing in the labour market.

**2) Explain the nature of disguised unemployment in India.**

**Ans.** Many people seem occupied on farms or publicly owned enterprises on full time basis even though services they render may actually be much less than full time. Social pressure on private industry may also result in substantial amounts of disguised underemployment. If available work is openly shared among those employed, the disguised disappears and underemployment becomes apparent.

## Check Your Progress 2

1) What are the different kinds of unemployment found in urban areas?

**Ans.** The different kinds of unemployment found in urban areas are:

- i) Unemployment among unskilled industrial (blue collar) workers
- ii) Unemployment among educated persons (white collar)
- iii) Students etc. seeking jobs on part time basis.

## Check Your Progress 3

1) What is kudumbashree?

**Ans.** Kudumbashree, the State Poverty Mission of the Government of Kerala, aims at empowering women from poor families by improving their skills, identifying economically viable micro-enterprises, providing access to credit for the enterprises and establishing market linkages to ensure sustainability of incomes.

