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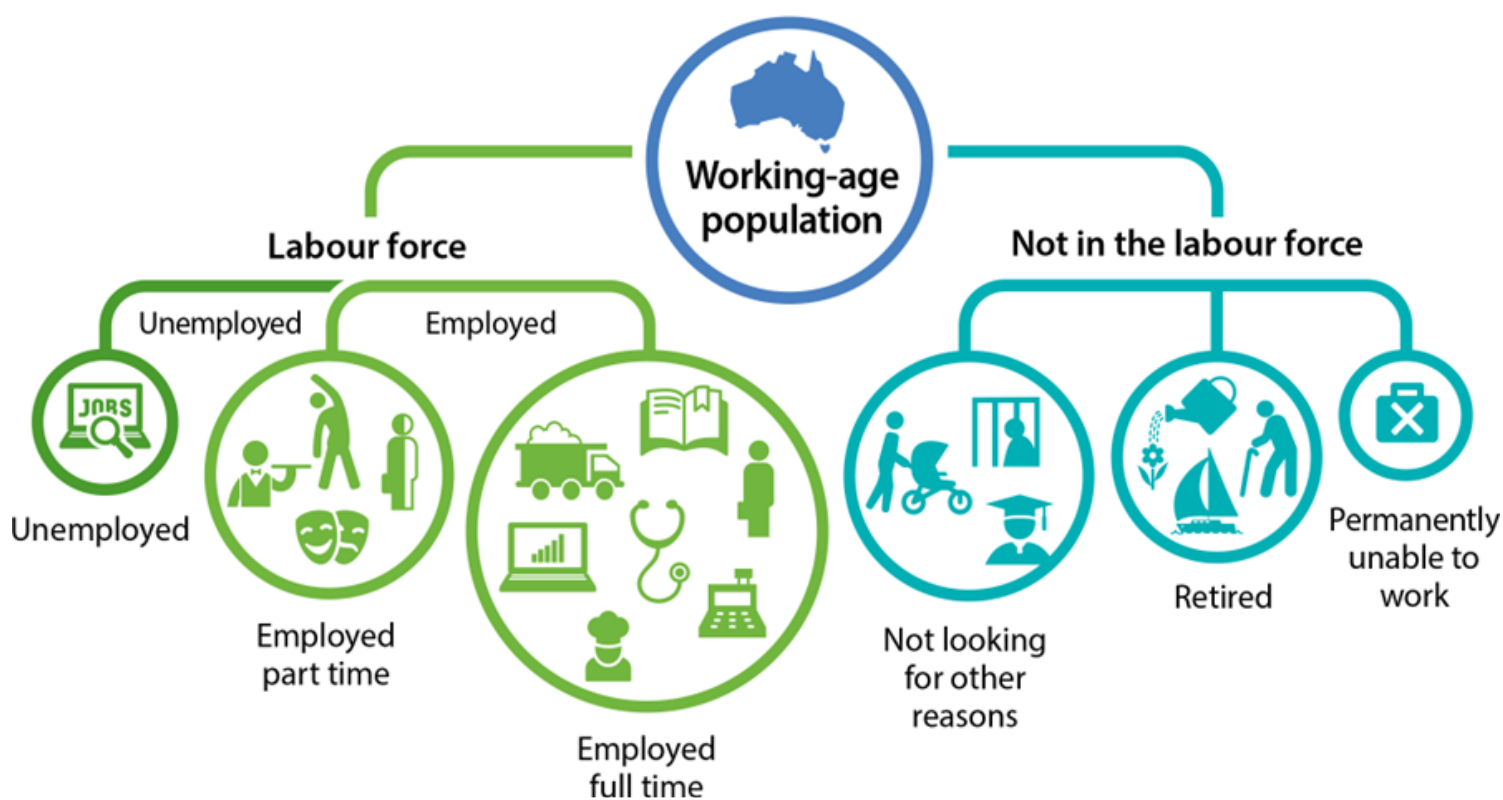
UNEMPLOYMENT IN INDIA

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International Labour Organization (ILO) Definition:

According to ILO, Unemployment refers to all persons above a specified age who, during the reference period, were without work, currently available for work, and actively seeking work.

Groups in the Labour Market



TYPES OF UNEMPLOYMENT:

Classical unemployment: Classical unemployment is caused when wages are 'too' high. Classical unemployment is also called real wage unemployment.

Seasonal unemployment: Seasonal unemployment exists because certain industries only produce or distribute their products at certain times of the year. Industries where seasonal unemployment is common include farming, tourism, and construction.

Frictional unemployment: Frictional unemployment, also called search unemployment, occurs when workers lose their current job and are in the process of finding another one.

Structural unemployment: Structural unemployment occurs when certain industries decline because of long term changes in market conditions. Structural unemployment is a natural outcome of economic development, technological

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advancement and innovation that are taking place rapidly all over the world in every sphere.

Disguised Unemployment: It is a situation in which more people are doing work than actually required.

Key Causes Behind unemployment:

Rapid Population Growth & Demographic Pressure : A surging labor force surpasses the pace of job creation.

Skill and Education Mismatch : Educational institutions often fail to equip students with practical or industry-relevant skills. Many engineering graduates, for instance, are deemed not job-ready.

Example: Only ~45% of engineering grads meet industry standards; placement rate under PMKVY remains low (~20%).

Slow Industrial and Manufacturing Growth: Industrial sector growth has been insufficient to absorb new entrants into the labor force. India's GDP may rise without proportional employment generation often termed as "Jobless growth"

Dominance of Informal Sector & Lack of Security: Majority of jobs lack stability, benefits, or formal recognition, leading to underemployment or exclusion from labor metrics.

Rigid Labour Laws & Regulatory Hurdles: Excessive legal complexity discourages formal hiring and pushes firms toward informal employment.

Decline of Cottage and Village Industries: Large-scale industrialization has overshadowed small-scale, artisanal livelihoods, displacing many skilled artisans.

Low Investment & Infrastructure Gaps: Insufficient capital for job-intensive ventures, especially in rural and smaller cities. Weak infrastructure also deters business establishment.

Social and Cultural Barriers: Caste-based restrictions, gender norms, and joint-family structures inhibit access to employment.

Example: Certain communities barred from particular job categories; women discouraged from working.

Technological Displacement: Automation and AI are replacing traditional roles, particularly in manufacturing.

Example: Shift toward capital-intensive, tech-driven production marginalizes manual labor.

INITIATIVES TAKEN TO TACKLE UNEMPLOYMENT:

1. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005

Provides 100 days of guaranteed wage employment in rural areas to enhance livelihood security.

Example: In FY 2022–23, more than 6.5 crore households availed employment under MGNREGA (MoRD data).

2. Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

Aims at skill development and vocational training for youth, aligned with industry needs.

Example: Over 1.37 crore candidates trained under PMKVY by 2023 (Ministry of Skill Development & Entrepreneurship).

3. Make in India

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Seeks to boost manufacturing sector growth and attract investment to create jobs. Targets industrial unemployment and promotes “jobful growth.”

Example: FDI inflows rose significantly, and sectors like electronics & defence manufacturing saw new jobs (Invest India report, 2023).

4.Skill India Mission (2015)

Umbrella initiative to skill over 40 crore Indians by 2022 through programs like PMKVY, SANKALP, UDAAN.

Example: Over 1.3 crore youth trained under Skill India (MSDE data, 2023).

5.Production Linked Incentive (PLI) Scheme (2020)

Incentivizes companies in 14 sectors (electronics, pharma, textiles, etc.) to expand manufacturing and generate jobs.

Example: PLI in mobile manufacturing attracted Apple and Samsung suppliers, creating thousands of jobs in Noida and Tamil Nadu.

Conclusion

Unemployment in India is a multidimensional challenge linked to population growth, structural shifts, and skill mismatches. Tackling unemployment requires a multi-pronged approach—strengthening labour-intensive manufacturing, improving skill alignment with industry, fostering entrepreneurship, and ensuring social security for informal workers. A sustained focus on these reforms will not only generate jobs but also advance India’s vision of becoming a \$5 trillion economy and meeting SDG-8 (Decent Work & Economic Gr