

CONTEMPORARY ISSUES OF EDUCATION

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UNEMPLOYMENT



What is Unemployment

- General Sense - Unemployment means lack of jobs even for those who are able and willing to work at the prevailing wage.
- Measurement point of view – the unemployment may be defined as the gap between the potential “**full employment**” and number of employed persons.

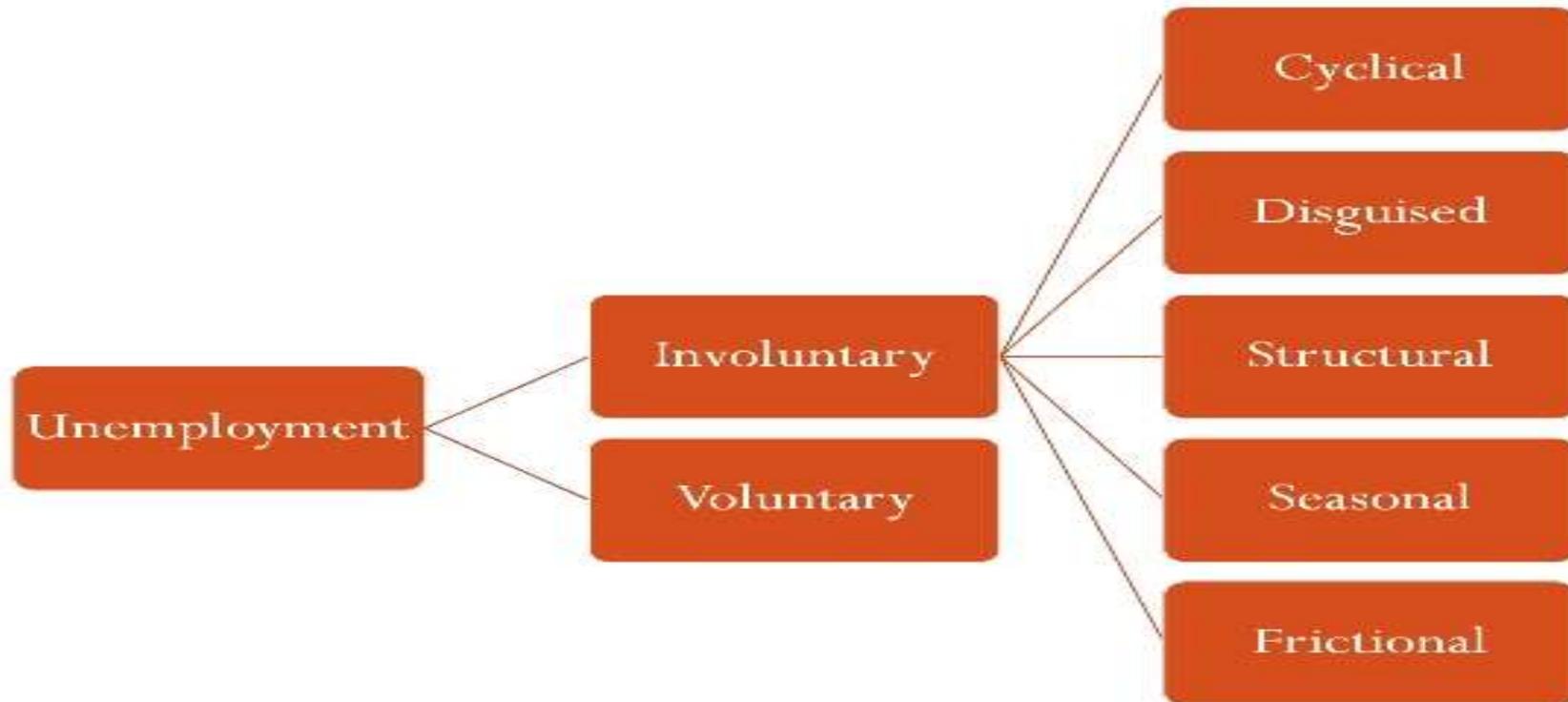
Full employment

- Full employment is a condition of the national economy, where all or nearly all persons willing and able to work at the prevailing wages and working conditions are able to do so.
- $\text{Unemployment} = \text{Labor force} - (\text{no. of employed} + \text{frictionally unemployed})$

Measurement of unemployment rate

- Unemployment Rate = $(\text{Number of unemployed}) \div \text{labor Force} \times 100$
- In India NSSO(National sample survey organization), uses three concepts of unemployment:
 - Usual status of unemployment (1 year)
 - Current weekly status of unemployment (1 day)
 - Current daily status of unemployment (1 hour)

Classification of Unemployment...



Voluntary

- A person is out of job because of his own desire to not to work on the prevalent or prescribed wages.

Involuntary

- 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.

Kinds of Unemployment

- **Frictional Unemployment** – defined as the no. of unemployed persons under the condition that the no. of job vacancies equals the no. of job seekers who somehow fail to get the job.
- It is said to exist when job vacancies equal the job seekers and yet some persons are unemployed.
- **Structural Unemployment** – arises due to structural change in dynamic economy making some workers go out of the job. Under structural unemployment, a person either goes out of the job or remains unemployed for prolonged period of time till he acquires new skills.

Contd....

- ▶ **Natural Unemployment** – It is the lowest rate of unemployment that an economy can sustain over the long run. When the economy is said to be at full employment, it is at its natural rate of unemployment.
- ▶ **Cyclical Unemployment** – cyclical unemployment is the result of businesses not having enough demand for labour to employ all those who are looking for work. When business cycles are at their peak, cyclical unemployment will be low because total economic output is being maximized. When economic output falls, the business cycle is low and cyclical unemployment will rise.

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- **Disguised unemployment:** Unemployment that does not affect aggregate output. Disguised unemployment exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero.
- **Underemployment:** usually refers to that state in which the self employed working people are not working according to their capacity.
- **Seasonal unemployment:** Seasonal unemployment occurs at certain seasons of the year. Refers to a situation where a number of persons are not able to find jobs during some months of the year.

Contd....

- **Open Unemployment**: is a condition in which people have no work to do. They are able to work and are also willing to work but there is no work for them.

Causes of Unemployment

- **Rapid Population Growth**
- **Economic Inflation**
- **Economic Recession**
- **Changing Technology**
- **Demand for highly skilled labor**
- **Global Competition**
- **Illiteracy**
 - Over 70% of total labour force is illiterate or educated below primary level
 - Agriculture – backward farming 70 % population depend on it

Effects of unemployment

- **At individual level**
 - Mental stress
 - Loss of self esteem
 - Directly linked to poverty
- **At social level**
 - Civil unrest
 - Law and order problem (naxalist , thefts etc)

Year	Youth unemployment rate in india (%)
2020	23.75%
2019	23.34%
2018	22.85%
2017	22.72%
2016	22.58%
2015	22.34%
2014	22.07%
2013	21.85%
2012	21.39%
2011	20.84%
2010	20.3%
2009	19.67%
2008	18.5

Indian Unemployment Rate Back Down After COVID-19 Shock

Average unemployment rate in India (2016-2020)



* Third week of June

Source: Centre for Monitoring Indian Economy



statista

Policies to reduce Unemployment

- **NREGA**
- **Sampoorna Grameen Rozgar Yojna**
- **Swarna Jayanti Gram Swarozgar Yojna**
- **Prime Minister's Employment Generation Programme**
- **National Food for Work Programme**
- **Prime Minister's Integrated Urban Poverty Eradication Program (PMIUPEP)**
- **The Swaran Jayanti Rozgar Yojana**
- **Jawahar Gram Samridhi Yojana**

NREGA

- ▶ National Rural Employment Guarantee Act was enacted in 2005 as a job guarantee scheme
- ▶ The Act came into force on February 2, 2006 and was implemented in a phased manner. Rs 30,000 crores has been allocated as budget for NREGA in 2012 – 2013.
- ▶ The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage.



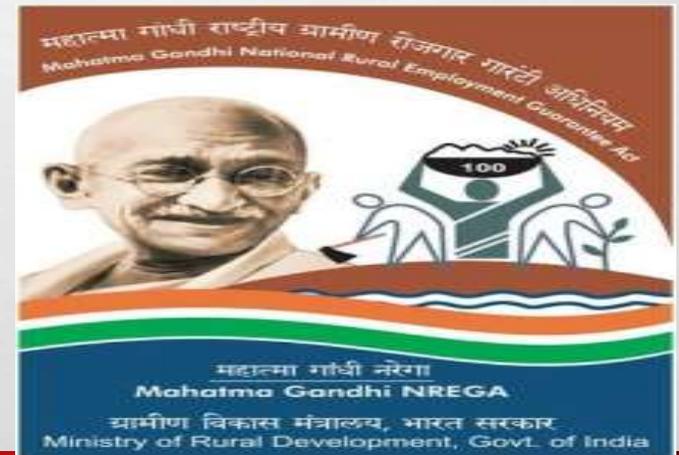
Effects of NREGA

- **About 4.39 crore households** have been provided employment of 156.01 crore person days of which 82.58 crore (53 per cent) were availed of by women, 34.56 crore (22 per cent) SCs, and 24.90 crore (16 per cent) by STs.
- **Minimum wages under NREGS** have gone up from Rs 65 in 2006 to Rs 85 per day in 2008 and Rs 115 in 2011.
- **4 out of 5 jobs** created are in the area of water conservation, land development and drought-proofing



MNREGA

On September 5th 2005 with assent of the president of India a new policy came into existence which worked towards providing livelihood security in rural areas of India. It started with the name "NREGA" which stood for National Rural Employment Guarantee Act and then an additional letter "M" was prefixed making it "MNREGA" Mahatma Gandhi National Rural Employment Guarantee Act. MNREGA is an employment scheme which provides social security by guaranteeing a minimum of 100 days paid work per year to all the families whose adult members opt for unskilled labor-intensive work.



Key Features

1. To provide job security to all adult members for at least 100 days in a financial year
2. To create permanent wealth such as roads, ponds, wells.
3. Employment is provided within a range of 5 kms from residence of applicants.
4. Minimum wages will be provided.
5. Applicants will be given unemployment allowances, if work is not provided within 15 days of application.

Sampoorna Grameen Rozgar Yojna

- SGRY launched on 25 September, 2001 by merging the on-going schemes of EAS and the JGSY with the objective of providing additional wage employment and food security, alongside creation of durable community assets in rural areas.
- preference is given to BPL families for providing wage employment under SGRY
- The annual outlay for the programme is **Rs.10,000** crore which includes 50 lakh tonnes on food grains.
- In this scheme Minimum wages are paid to the workers through a mix of minimum five kg of food grains and at least 25 per cent of wages in cash.



EAS: Employment Assurance Scheme ; **JSJY:** Jawaharlal Gram Smridhi Yojna

Swarna Jayanti Gram Swarozgar Yojna

- Launched as an integrated programme for self-employment of the rural poor with effect from 1 April 1999.
- The objective of the scheme is to bring the assisted poor families above the poverty line by organising them into Self Help Groups (SHGs)
- The focus of the programme is on establishing a large number of micro-enterprises in rural areas with the help of self help group
- For 2011-2012 the Central allocation for the scheme is **Rs.2914 crore.**

Prime Minister's Employment Generation Programme

- Prime Minister's Employment Generation Programme (PMEGP) came into effect by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rozgar Yojana (PMRY) & Rural Employment Generation Programme(REGP).
- PMEGP is a central sector scheme administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME).
- Objective of providing self-Employment to Educated Unemployed youth and to develop entrepreneurial skill and attitude among rural & urban unemployed youth. Also to achieve the goal of rural & urban industrialization.
- The Scheme has been implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME

Possible Solution of unemployment

- **Frictional unemployment Solution**

If unemployment benefits were reduced unemployed workers might become more willing to work (shift the aggregate supply of labour to the right)

Improve awareness of available jobs

- **Structural Unemployment solution**

Adult retraining programmes

Government gives subsidies to firms that provide training for workers

Enhance geographic mobility by building affordable housing or give subsidies/tax breaks

Set up apprenticeship programmes to allow people to gain skills

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- **Seasonal unemployment solutions**

 - Encourage people to take different jobs in their off season

 - Reduce unemployment benefits

 - Greater flow of information

- **Disguised unemployment**

 - Create employment opportunities in the urban areas and rural area

Thank you!

