

# A Study on the Current Trend of Unemployment in India: Educated Unemployment

Praveen S. Kambar<sup>1</sup>, Ciciel Dewan<sup>2</sup>

<sup>1</sup>Employee of Employees State Insurance Corporation, Regional office-Bangalore.

<sup>2</sup>Student of Master in Sociology, Kolkata, Ignou.

DOI: <https://doi.org/10.24321/2349.2872.201808>

## Abstract

Job deficient growth is one of the major challenges the country India is facing. Rising unemployment rate creates many super structural problems for India. Its intense nature and drastic consequences has become a serious problem in recent years. At the same time the problem is very extensive; it has attracted wide attention and discussions in the country. Unemployment has many faces but the dimension that has ruptured the economic growth of India is the problem of educated unemployment where educated youth on mass-scale are finding it hard to get a job or work. The number of unemployment, especially among educated persons began to increase with alarming rapidity. Today, our country is facing mass-unemployment among the educated youth. Many educated people are knocking at the gates of offices just for the posts of Groups C and D and get disappointed by their job profile. Numerous cases of suicide among the unemployed young men have been a phenomenon of our time. The present paper tries to find out current scenario and the major reasons for growth of educated unemployment in India. The paper also provides solutions and measures to be taken in order to eradicate unemployment in India.

**Keywords:** Capitalist, Geometric, Arithmetic, Underemployment, Automation, Mechanization, Privatization and Commodification

## Introduction

Problem of unemployment among educated youth is growing. For every vacancy, there are hundreds of applicants. Out of many candidates who are interviewed, only few get the job. A student dedicates several years of his life in studies. It is a worry-some condition that even after getting Bachelor's, Master's Degree or other required qualification, these youth population are facing unemployment problem.

It is the responsibility of the State to provide work to the people. However due to lack of resources and improper management the state is unable to solve this issue on a large scale rather trying to provide employment under various schemes at provisional level on mere wage scale.

But the number of the unemployed people in India is increasing at an alarming rate. More than one-third of the total population still lives below the poverty line. The defection education system that produces graduates and post-graduates like pins is one of the main causes for the problem of educated unemployment. After taking their degrees they have one and only one aim – to knock at the doors of Government or commercial offices.

Mind of a village boy or the son of an agriculturist is so badly affected by four years of academic life in the city that he would consider it below his dignity to fall back to his paternal profession as a University graduate. He would prefer to live in the city as a clerk drawing a salary which may be ten times less than the amount which he can earn by improving his father's agricultural profession.

**Corresponding Author:** Ciciel Dewan, Student of Master in Sociology, Kolkata, Ignou.

**E-mail Id:** [ciciel0911@gmail.com](mailto:ciciel0911@gmail.com)

**Orcid Id:** <https://orcid.org/0000-0002-1215-562X>

**How to cite this article:** Kambar PS, Dewan C. A Study on the Current Trend of Unemployment in India: Educated Unemployment. *J Adv Res Humani Social Sci* 2018; 5(4): 21-25.

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It is really a matter of severe concern that though willing to work, a large number of our youths find no scope of employment. Thousands of young people remain idle even after completing their studies.

## Current Scenario

Unemployment Rate in India increased to 6.10 percent in 2018 from 3.52 percent in 2017. Unemployment Rate in India averaged 4.12 percent from 1983 until 2018, reaching an all time high of 8.30 percent in 1983 and a record low of 3.41 percent in 2014. The unemployment rate in India have doubled between July 2017 and April 2018, whereas the number of jobs in the country in the last financial year 2017-18 also fell to 406 million from 406.7 million in the previous year, data from the Centre for Monitoring Indian Economy show. The unemployment rate in the country rose from 3.39% in July 2017 to 6.23% in March 2018, and is projected to reach 6.75% in April 2018, according to the CMIE data. Similarly, the ILO released a report "World Employment and Social Outlook Trends - 2018". As per the report, it is projected that the number of unemployed persons in India are expected to rise from 18.3 million in 2017 to 18.6 million in 2018 and 18.9 million by 2019. At the same time, unemployment rate is expected to remain 3.5% during the same period. While the economists have recently raised concerns over not enough jobs being created, the government has rejected the worrying employment scenario, saying that there is a lack of comprehensive data on job creation.

## Educated Unemployment

During 80s and 90s India's problem was unemployment but now it is both unemployment underemployment with low wages and working below their qualification and skills. The nature of India's job market has changed as more educated people enter into it. Also, a new feature of the economy is the high rate of open unemployment, which is now over 5% contributing to unemployment overall. The increase in unemployment is clearly visible all across the country; States like Chhattisgarh, Gujarat and Karnataka are generating employment opportunities and are exceptions to the trend of rising unemployment nationally. According to the report of Centre for Monitoring the Indian Economy CMIE, unemployment among educated citizens also went up. For educated rural females, the unemployment rate ranged from 9.7 percent to 15.2 percent during 2004-05 to 2011-12 which raised to 17.3 percent in 2017-18, for rural educated males, the rate was 10.5 percent in 2017-18. The labour force participation rate (LFPR), which is indicative of the share of the population looking for jobs, came down from 39.5 percent in 2011-12 to 36.9 percent in 2017-18. Over the past decade, there is a huge educational dividend.

As school and college enrolments and completion rates have risen. The creation of work with these degrees has happened in a slow pace.

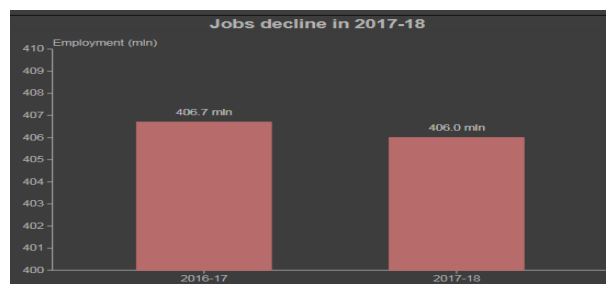


Figure 1.Data: Centre for Monitoring the Indian Economy (CMIE)

The study by CMIE points out that the relationship between growth and employment generation has become weaker over time. There have been softer recruitments in the corporate sector with just 2-3% growth rate, while jobs in the public sector have not increased.

The World Bank has put forth a different view, in a comprehensive report on India's economy, it said that India needs to create a lot of salaried jobs (formal jobs) to meet the working population demands of the country and step up its growth to a middle-income country. The ratio of GDP growth to employment growth is now less than 01. India's unemployment rate stood at a 45-year high of 6.1 percent during 2017-18, according to National Sample Survey Office's (NSSO) periodic labour force survey (PLFS). The report added that the unemployment rate was at its highest level since 1972-73, the period since when the data is comparable. The employment survey report added that unemployment rate was higher in urban area at 7.8 percent than the rural area at 5.3 percent. According to the NSSO report, there was a significant decline in the labour force participation rate (LFPR).

According to the survey, the rate of unemployment among rural males in the age group of 15-29 years was at 17.4 percent, more than three times the 2011-12 rates of 5 percent. A similar trend was seen in females in the same

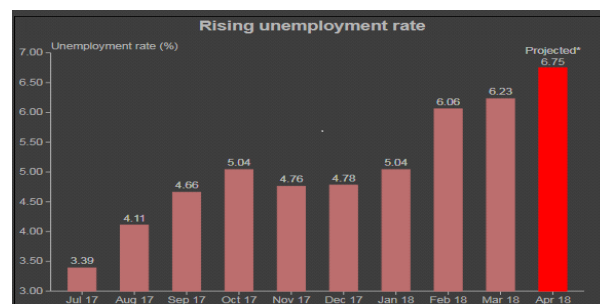


Figure 2.Data: Centre for Monitoring the Indian Economy (CMIE)

age group, where the rate jumped from 4.8 percent in 2011-12 to 13.6 percent in 2017-18. The rate of joblessness for urban youths was a whopping 18.7 percent for males and 27.2 percent for females.

### Causes of Educated Unemployment in India

- **Alarming growth rate of population:** The most important factor is the alarming growth of population. The population of our country has exceeded 1.21 billion. We see that the population is growing fast but there is no expansion of corresponding avenues of employment and the main reason is that the expansion of resources are not aligned with the expansion of population. In Malthus term, the natural resources grows at an arithmetic rate i.e. 1,2,3,4,5... but population grows at a geometric rate i.e. 1,2,4,8,16,32... The population of our country is ever-rising leading to phenomenon of 'population explosion'. The abnormal rise in population has intensified the problem of unemployment in India.
- **Defective Education System:** The approach to the system of education in India is also criticized. It is not satisfactorily related to the socio-economic needs of our people. Since the western system of education was introduced in this country; people have all along shown a general tendency towards general higher education. A certain degree of general education was also considered essential for securing services in public offices and jobs in merchant offices. The lure of lucrative opportunities in liberal profession have all along attracted the bulk of the young men with the result that gradually all these lines have become crowded.
- **Lack of Industrial and Technical Training:** Lack of industrial and technical training is also one of the major causes, contributing to the mass- unemployment among the educated young men in India. There are a very few technical and engineering institutions in the country, and, secondly, technical education is so costly that common people cannot afford to get their wards admitted in these institutions.
- **Lack of development of Cottage Industries:** India is predominantly agricultural country. A good network of cottage industries can absorb millions of unemployed educated youth of rural areas. This will also reduce the urban migration and increase opportunities for rural youths. However government policies and their schemes have neglected the importance of cottage industry so far and still did not have prominent place in budget or Five Year Plan.
- **Inadequate growth of economic opportunities:** In comparison with the growth of population, the

economic opportunities in the country in trade, industry, commerce and agriculture have not proportionately increased, with the result that there are more young men seeking employment than there are opportunities to absorb them.

- **Unplanned Automation and Industrial Unrest:** Unplanned automation has thrown thousands of young people out of their work. Industrial unrest has also led to lockouts and layoffs. Mechanization and automation are major features of capitalist society with low cost of production making optimum output. Gandhiji already cautioned in his words that the replacement of manual labour with machine will create unemployment problem.
- **Mentality:** The educated young men are fascinated by the glitter of working in urban offices. Most of them do not want to settle in villages. They have a detrimental attitude toward living in village but prefer to starve in cities. This mentality of our educated young people has led to overcrowding in cities. Instead they can work in rural areas and can guide other people in this direction is a great move for growth. As such the rural-to-urban migration creating over crowding in cities leading to formation and expansion of slum areas. E.g. Mumbai known as the financial capital of India and in the heart of this city Dharavi is the largest slum area in Asia.

### Challenges

- Creation of Jobs is emerging as the major challenge before the government, as many of university graduates and highly qualified students pass out and wonder in search of Jobs.
- Lack of opportunities in rural areas is known fact, government and other stakeholders should plan focusing towards development of agriculture and rural industry.
- Most of the Jobs ask for experience which leads to fewer opportunities for freshers. Experience is an important criterion for a job but demand for this criterion is creating barrier for the new comers to get recruit and thus dilution of this criteria in certain field is required since most of the youths in this era of education gain experience by practical and on field visits.
- Changing the mentality of youths about creating self opportunities in rural areas is also a major challenge. A cultivator's son, after receiving University degree, does not want to follow his father's profession. He would prefer hardship in cities and towns, in search of clerical jobs. This has made our country's unemployment problem more acute and far more distressing.
- The system of University education is struggling to cater the need of students belonging to agriculturist

profession. Laying special stress on the latest methods of cultivation and farm-managing needs will encourage youths to develop farming as a profession.

- There are two or three govt. medical, engineering and agricultural colleges in every State, and even in these colleges, ordinary people cannot afford to get their children's education due to heavy fees. Moreover privatization and commodification of education have its reach more inaccessible for the marginalized section of society.
- No doubt, with the operation of our 'Five-Year Plans' there is a substantial need of technically-trained young men. But it must be noted that these newly sprung-up industries cannot offer employment to non-technically educated youth.

### Solutions and suggestions

- **Emphasis on establishing more Colleges and Universities:** More technical, medical and agricultural colleges should be established all over the country and Government aid and scholarships should be granted to the deserving student. Village boys, in particular, should be imparted training in cottage industries so that they might earn their livelihood by starting such industries in their villages.
- **Controlling Population:** To solve the problem of unemployment in India, the growth of population must be checked and the family planning programmes must be properly implemented. In the world India is the first country to propose the idea of "*Hum do, Hamare do*" which mean "*we two, our two*" the first initiative of family planning.
- **Emphasis on vocational training:** The system of present education should also be changed radically. Instead of giving only theoretical education the students should be given vocational training, so that they can start some work after they finish their education. These institutes prepare a student with skill and knowledge for a particular trade. There is growing demand for skilled people in various industries.
- **Encouraging Industrialization:** The country should promote industrialization so that more job opportunities can be created for the workers. The focus should be on heavy industries that employs thousands of man-powers of varied skills.
- **Development of cottage Industries:** The villages should become self-sufficient in their economy and the villagers would not run to the cities in search of jobs. This would ensure that the large-cities are not overcrowded with huge population. This can solve the problem of rural unemployment.
- **Better methods of agriculture:** Rural people should be taught better methods of agriculture. This will develop

agriculture as a profession. The cultivators can earn more by increasing the quantity and quality of crops. This can be done by implementing better irrigation methods, high quality seeds, etc.

- **Economic assistance:** Loan facilities should be extended among the unemployed youths so that they may set up small industries and build up new industries, form co-operative societies and go in for agriculture. Channeling government investment into employment-generating businesses can be emphasized.
- **Economic opportunities in agriculture:** The scope for employment of the educated young men in the field of agricultural is often forgotten. The introduction of better farming methods, cultivation of new crops, running of poultry farms, gardening, etc, are possible lines of work which young men with technical training and initiative may take up with profit.
- **Development of Tourism:** India's biggest emerging problem is unemployment and the country needs to invest more in the tourism sector which hires nearly 10 times as many people as any manufacturing industry that too skilled and unskilled people. This will offer people realistic and viable alternatives.

### Conclusion

Educated youth is the pillar of a nation's future destiny. A nation, whose educated young men walk pillar to post in search of a petty clerk's job, cannot make progress in the substantial sense of the term. To solve the problem a change of outlook is also needed. It is a fact that no government can provide employment for all the unemployed youths. However, there is a need for balanced development of economic opportunities. The unemployment problem, especially among the educated youth of India, should be given a serious consideration by the government, as the youth of today is to be the pillar of the nation in future. If the rising generation is demoralized and degenerated under the impact of unemployment then this will create a major hindrance for country's progress and it simply leads to underutilization of human capital.

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Date of Submission: 2019-02-05

Date of Acceptance: 2019-02-18