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Unemployment in India: causes and possible solutions

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Objectives of thesis

Indian economy, being the world's fastest growing major economy, surpassing China (as IMF reports), forms nearly 60% of its GDP thank to domestic private consumption. According to World Bank, India continues to remain the world's sixth-largest consumer market. On the other hand, on the 2019 Global Hunger Index ranked India as 102nd out of 117 countries, being categorized as 'serious' in severity: with 17.5% of the total world's population, India has a 20.6% share of world's poorest.
The existing situation predetermined the interest to the issue of unemployment rate in India and forced to find the answers to the questions that will become objectives of this Master Thesis:
1. What are the strongest sides of the Indian economy?
2. Does economic growth affect unemployment in the country?
3. What is the relationship between education and unemployment?
4. What sectors of the economy employ the highest number of population?
5. How has Covid-19 affected unemployment rate in India?
6. What policy interventions were implemented to reduce unemployment rate?

Methodology

Descriptive analysis, thematic synthesis and regression analysis along with comparative techniques will be applied in the present Master thesis.

The proposed extent of the thesis

60-80 pages

Keywords

India, Unemployment rate, Economic growth, Covid-19

Recommended information sources

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Declaration

I declare that I have worked on my diploma thesis titled " Unemployment in India: causes and possible solutions" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break the copyrights of any person.

In Prague on 31/03/2021 _____

Pritesh Sarvaiya

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Unemployment in India: causes and possible solution

Abstract

In this study various factors have been considered to explore unemployment in detail. The unemployment is affecting various parts of the world and increasing poverty in these parts. To assess the causes of unemployment a detailed study has been presented in this report where unemployment and factors causing it in the various parts of the world are discussed. The report concentrates on Unemployment in India with an evidence report of data sets from 2010 to 2020. Impact on the country because of the recent pandemic Covid-19 has been also presented in a detailed study. The main gaols to conduct this research is to identify and understand the relationship between education and unemployment and the economic sectors employing the highest number of the population. The research will be conducted using descriptive analysis, thematic synthesis and regression analysis along with comparative techniques will be applied in the present Master thesis. The findings from this research shows that there is a positive relationship between education and unemployment as one variable may affect the another and is proven in the Indian Economy since past few decades. The research analysis various factors such as education, income gap, gender discrimination, low wage rates, inflation rates, etc. which impacts on the unemployment rate. The conclusion on job scenario provides that it is changing and is also expected to change positively in upcoming years.

Keywords: Indian Unemployment rate, Economic growth, Covid-19, technological advancement, Unskilled labour, lack of knowledge, discrimination, poverty.

Nezaměstnanost v Indii: příčiny a možná řešení

Abstrakt

V této studii byly zvažovány různé faktory, které podrobně zkoumají nezaměstnanost. Nezaměstnanost ovlivňuje různé části světa a zvyšuje chudobu v těchto částech. Za účelem posouzení příčin nezaměstnanosti byla v této zprávě představena podrobná studie, která pojednává o nezaměstnanosti a faktorech, které ji způsobují v různých částech světa. Zpráva se zaměřuje na Nezaměstnanost v Indii a obsahuje důkazy o souborech dat z let 2010 až 2020. Dopad na zemi kvůli nedávné pandemii Covid-19 byl rovněž představen v podrobné studii. Hlavními vězni, kteří budou tento výzkum provádět, je identifikovat a porozumět vztahu mezi vzděláním a nezaměstnaností a hospodářskými odvětvími, která zaměstnávají nejvyšší počet obyvatel. Výzkum bude prováděn pomocí deskriptivní analýzy, v této diplomové práci bude použita tematická syntéza a regresní analýza spolu s komparativními technikami. Zjištění z tohoto výzkumu ukazují, že existuje pozitivní vztah mezi vzděláním a nezaměstnaností, protože jedna proměnná může ovlivnit druhou a je prokázána v indické ekonomice od posledních několika desetiletí. Výzkum analyzuje různé faktory, jako je vzdělání, rozdíl v příjmech, diskriminace na základě pohlaví, nízké mzdy, míra inflace atd., Které ovlivňují míru nezaměstnanosti. Závěr týkající se pracovního scénáře stanoví, že se mění a očekává se, že se také pozitivně změní v příštích letech.

Klíčová slova: Indická míra nezaměstnanosti, ekonomický růst, Covid-19, technologický pokrok, nekvalifikovaná pracovní síla, nedostatek znalostí, diskriminace, chudoba.

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List of Abbreviations

NEP- New Economic Policy

ICT- Information and Communication Technology

GDP- Gross Domestic Product

IMF- International Monetary Fund

NSSO- National Sample Survey Organization

MoSPI- Ministry of Statistics and Policy Implementation

ILO- International Labour Organisation

CXO- Customer Experience Officer

OECD- Organisation for Economic Co-operation and Development

CWJLS- Central Washington Junior Livestock Show

PSA- Positive Self-evaluation

NO- Non-work Organisation

DFL- Distance from Job Losses

JD- Job Devaluation

SHG- Self Help Group

NGO- Non-Governmental Organisation

PMRY- Pradhan Mantri Rozgar Yojana

NRY- Nehru Rozgar Yojna

FDI- Foreign Direct Investment

NREGA- National Rural Employment Guarantee Act, 2005

AI- Artificial Intelligence

FICCI- Federation of Indian Chambers of Commerce and Industry

NASSCOM- National Association of Software and Service Companies

BFSI- Banking, Financial Services and Insurance

TPP- Trans Pacific Partnership

BRICS- Brazil, Russia, India, China, and South Africa.

IoT- Internet of Things

VR- Virtual Reality

ML- Machine Learning

RPA- Robotic Process Automation

CMIE- Centre for Monitoring Indian Economy

WESO- World Employment and Social Outlook

BJP- Bhartiya Janata Party

CEO- Chief Executive Officer

ET- Economic Times

LPR- Labour Participation Rate

UER- Unemployment Rate

ILO- International Labour Organization

1 Chapter: Introduction

As India became the world's largest democracy in 1947, India was confronted with the twin challenges of unemployment and hunger. To fix these questions, it introduced a socialist development model. As a result, it implemented a central planning framework to sustain overall development while combating inflation and unemployment. 3.5 percent annual expansion, on the other hand, was inadequate. India made a radical change in its economic strategy by launching the New Economic/Industrial Policy (NEP) in July 1991, embracing market-led economic growth (Division of Labour Force Statistics, 2021). The NEP displaced the public sector's domination by undermining the government's oppressive policies, liberated most sectors from government influence. This NEP allowed for increased foreign trade and investment and globalization, privatization, tax reforms, and inflation-control initiatives.

The government's key goal in implementing the NEP was to boost economic development and reduce unemployment and poverty. By 2004, India had established itself as an information and communication technology (ICT) centre with a large pool of qualified IT staff. Indians with IT expertise can be found in almost every nation on the globe. Other sectors in India that saw increased activity included manufacturing, vehicles, pharmaceuticals, clothing, commerce, and tourism. Within a decade, India had achieved astronomically high GDP growth rates. India's average quarterly GDP growth was 7.45 percent in the decade following the NEP's implementation, with a record peak of 11.8 percent in December 2003. Interestingly, the banking, tech, and ICT industries, mainly employing young people, were the major contributors to the increased GDP (South Asia Regional Office International Bank for Reconstruction and Development, 2010).

The goal is to explore the existing situation predetermined the interest to the issue of unemployment rate in India. Indian economy, being the world’s fastest growing major economy, surpassing China (as IMF reports), forms nearly 60% of its GDP thank to domestic private consumption. According to World Bank, India continues to remain the world’s sixth-largest consumer market.

The existing situation predetermined the interest to the issue of unemployment rate in India and forced to find the answers to the questions that will become objectives of this Master Thesis. The research focuses on strongest sides of the Indian economy, effects of economic growth, relationship between education and unemployment, sectors of the economy employ

the highest number of populations. Further, how Covid-19 affected has the unemployment in India and policy interventions that were implemented to reduce unemployment rate has also been discussed.

The global financial crisis of 2008, on the other hand, was a major setback that affected nearly every country, including India. Huge numbers of jobs suffered unemployment in the years after that, when firms couldn't afford to have them due to declining export orders (Nadeem, 2019). Reverse migration of India's trained workers working in the developing world has also occurred. Despite this, the bulk of the returnees were capable young people. Indian economy, being the world's fastest-growing major economy, surpassing China (as IMF reports), forms nearly 60% of its GDP thank domestic private consumption. India is now the world's sixth-largest consumer market, according to the World Bank. On the other hand, India ranked 102nd out of 117 countries in the 2019 global hunger index, with an intensity rating of 'serious.' With 17.5 percent of the global population, India has a 20.6 percent share of the world’s poorest.

2 Chapter: Goals and Methodology

2.1Goals

The research aims to identify the current scenario of employment in India and economic growth affecting unemployment in the country. The aim it to understand the relationship between education and unemployment and the economic sectors employing the highest number of the population. The research also focusses on achieving the information about COVID-19 affected unemployment in India and the policies interventions implemented to reduce the unemployment rate.

2.2 Methodology

Descriptive analysis using graphs and economic reports data along with comparative techniques will be applied in the present Master thesis. The data selected for the thesis to be interpreted on unemployment in India is from 2001 to 2019.

The descriptive analysis will be based on the information collected which will be interpreted in the form to provide evidence report for justifying the data collected. The analysis will present the unemployment rate, factors inducing unemployment in the country, impact of COVID-19 on the employment and further policies and changes government is focusing. This all information related to unemployment will be shown in the descriptive analysis of the theory.

Thematic synthesis methodology will be used to involve systematic coding of data and generating descriptive and analytical themes. The critical and higher order themes are generated in this methodology to explain the datasets. The thematic synthesis provides analysis of the information collated.

Regression analysis will be used to statistically present the set of variables for unemployment and its causes and factors. The changes and impact will be analysed using this method.

3 Chapter: Literature Review

3.1 Definition of Unemployment

As mentioned on CFI (2021), “Unemployment is a term which refers to the people who have a capacity of being employed and actively seeking job but are not able to find one”.

According to Pettinger (2019), “It is also referred to as a situation where a person is of working age but unable to find a job and is seeking full time employment”.

According to the U.S. Bureau of Labour Statistics, “people who don't have a job, have actively looked for work in the past four weeks, and currently are available for work” (AMADEO, 2021).

In the study of Krishna (1973), Unemployment happens when a job seeker is unable to find work despite their best efforts. Unemployment is a common metric for assessing a country's economic health. 1st unemployment is a crucial economic factor since it suggests a lack of resources. Many jobless workers mean less monetary production than if anything else were to happen.

Furthermore, unlike idle resources, jobless specialists are required to maintain resource usage at all times throughout their unemployment. This implies that in a high-unemployment economy, the yield is lower without a corresponding decrease in the demand for essential use. Unemployment that is both high and productive will signal real economic distress, as well as social and political upheaval (Krishna, 1973). The percentage of people who have been unemployed for the longest time is referred to as the unemployment rate, the standard formulae is:

$$\textit{Unemployment rate} = (\textit{Unemployed Workers}/\textit{Total workforce}) \times 100 \ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Job and unemployment are defined by the accompanying movement circumstances with an individual, according to the Public Sample Survey Organization (NSSO) (Krishna, 1973). The NSSO, which is part of the Ministry of Statistics and Policy Implementation (MoSPI), measures India's unemployment using three methods:

The Daily Status Approach estimates an individual's unemployment status for each day of a reference week using this technique. For one hour in a day, a person who has no productive turnout, in any case, is depicted as jobless.

Weekly Status Approach technique requires a list of those who did not have lucrative jobs or were jobless in any situation for an hour at any point previous to the study's start date.

The Usual Status Approach provides estimates of unemployed or had no meaningful jobs for a substantial period over the previous 365 days (Krishna, 1973).

Another way to measure unemployment is the following four points:

- If someone is exceptionally occupied in the year for about a time less than the normal working hours.
- If someone earns less than the desirable amount.
- If someone is willing to work more than the work, he/she is doing at present, or may be searching for more work if it is accessible to them (Krishna, 1973).
- If someone is not able to give their best at the workplace and is in the condition to get pushed from the current job or may be lacking some productivity as compared to others.

The above four criterion mat be referred to as; (1) time bound norms, (2) the income norms, (3) willingness norms, (4) productivity norms.

The Time factor: in few surveys it was found that the time factor played an essential role in deciding whether a person is employed or not (Krishna, 1973). If a person able gainfully give his or her time to the workplace then he may be called as an employed person, whereas if he was unable to gainfully give his or her time to workplace then he or she may be called as an unemployed.

Further Krishna (1973), also provided that the income factor: it is also an important criterion to check whether a person is employed or not. A person must have a bare minimum income to fulfil his basic needs for livelihood.

The willingness criterion: it may be possible that a person may or may not be willing to work more than his threshold time limit (Krishna, 1973). The willingness may also depend on the pay-scale of the job if the job offers good pay-scale then the employee may have a will to work more than the required time, but if not provided the good pay scale then they may not think to work productively.

The Productivity Factor: few employees may lack productivity which may lead to their resignation or leading to removal from current position. To maintain the position in the company one must give his best to overcome the average productivity norm (Krishna, 1973).

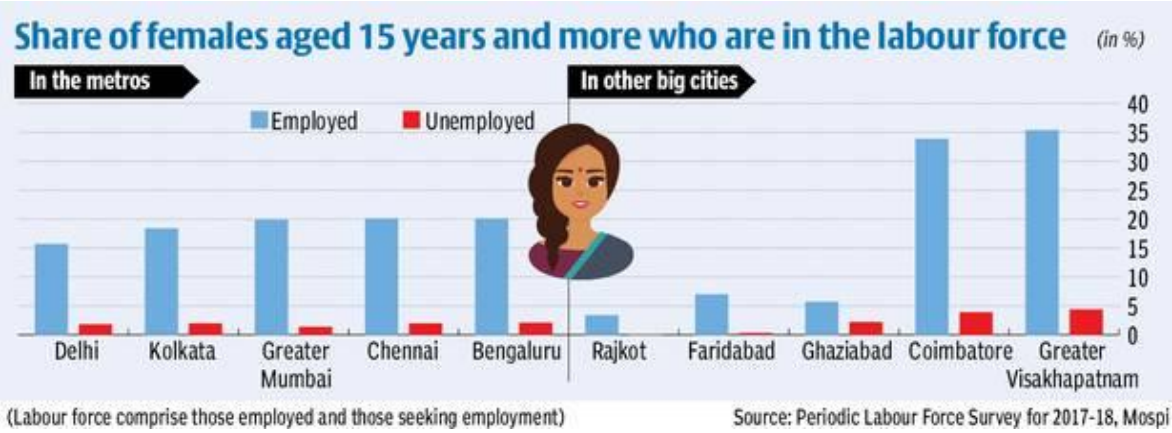

Figure 1: Employed and Unemployed scenario of females in Metro cities of India

Source- Edwin (2019)

3.1.1 How Is Unemployment Defined and Measured?

In the words of Sabnavis (2019), every month, the federal government's Labour Statistics Office conducts a random survey of 60,000 people across the country. Unemployed workers are counted if interviewees state that they are both unemployed and looking for work. Employees who refuse to continue looking for work are considered employed and thus are not counted as unemployed. People leaving the workforce account for nearly half of all unemployment (Sabnavis, 2019). Ironically, anyone who drops out – because they are discouraged, have household responsibilities, or are sick – has a lower unemployment rate, but the unemployment rate only includes people who are unemployed.

Not everyone is unemployed in the same way. Joblessness, whether long-term or short-term, can be debilitating. It can be frictional, that means that someone is between jobs, or structural, which means that the skills of someone are no longer required because of technological changes or an industry downturn.

Sabnavis (2019) said that unemployment is not a major issue. In June 2005, for example, one out of every six teenagers are unemployed. Furthermore, the average length of unemployment is short. In June 2005, the week was 16.3. The average unemployment rate

is even lower. In June 2005, it was 70 weeks, which means that half of all ratings are 7 weeks or less (Sabnavis, 2019).

Many economists believed that unemployment was not a major issue based on these figures. They see a few weeks of unemployment as an opportunity to move from job to job. However, despite being accurate, these figures are misleading. Sabnavis (2019), also discussed that the fact that many people leave the labour force, at least temporarily, because they cannot find appealing jobs, is the main reason why unemployment periods appear to be brief. Because the person was unemployed, withdrew from work, and re-entered the workforce for a short time, two short types of unemployment often mean a long period of unemployment.

Even though most unemployment spells are brief, people who have been unemployed for a long time experience the majority of weeks of unemployment. Take a look at the following example to see why (Sabnavis, 2019). Assume that 20 unemployment rates start for a week each week, but only one starts for 20 weeks. Then a completed unemployment period would take only 1.05 weeks on average. However, half of all unemployment (i.e., half of the total 40 weeks of work for 21 people) would occur over the course of 20 weeks.

In the real world, there is something similar to this example. In June 2005, for instance, 42,9% of those unemployed were under five weeks unemployed, but 16,9% were over six months unemployed (Sabnavis, 2019).

We need to look at the causes of recorded long-term unemployment to fully understand unemployment. In the words of Sabnavis (2019), welfare and unemployment insurance are two causes, according to empirical evidence. These programs of government support contribute in two ways to long-term unemployment.

First, government assistance raises unemployment by motivating people who don't want to work to do so even if they don't want to. For example, the requirement for social welfare recipients to register as part of the labour force forces people who would not otherwise be considered workers to do so. Even though these individuals are better described as unemployed rather than active job seekers, this requirement effectively increases the employment rate.

Sabnavis (2019), discovered that requiring people to register for jobs actually increased unemployment by 0.5 to 0.8 percentage points. Many of these people would not be classified as unemployed if they were not actively looking for work. Unemployment insurance, on the

other hand, raises the unemployment rate by encouraging people to claim they are looking for work in order to receive benefits.

Incentives and the option to stop working are the second means by which government support programs contribute to long term unemployment. The 'reservation wage' for each unemployed person is the minimum car that they insist on before they take a job. Unemployment insurance and other forms of social assistance increase the wage for the reserve and make the unemployed even more unemployed (Sabnavis, 2019).

Consider a jobless person who is accustomed to earning $15 per hour. Unemployment insurance covers about 55 percent of this person's earnings, or $8.25 per working hour. If he has a federal tax rate of 15% and a state tax rate of 3%, he will pay $1.49 for unworked taxes per hour and $6.76 per hour for non-working, after taxes (Sabnavis, 2019). When a person took a job that paid $15.00 per hour, the government would deduct 18% of their earnings and $11.15 per hour worked to pay social security taxes. In comparison to the two payments, the individual may decide that an hour of leisure is worth more than the additional $4.39 that the job would pay. If this is the case, the individual's reservation salary will rise to over $15.00 per hour thanks to unemployment insurance (Sabnavis, 2019).

Unemployment therefore may not be as expensive as previously imagined by the unemployed. But the cost of taxpayers' unemployment is very high, as Harvard economist Martin Felstein pointed out in the 1970's. Consider a person with $15 an hour or $8.25 an hour in employment insurance. Consider the above scenarios. The difference between working and working net incomes cost this unemployed person only $4.39 per hour in unemployment benefits. The unemployed gained leisure, worth more than $4.39 per hour, in compensation for this cost (Sabnavis, 2019).

On the other hand, Ramaswamy (2015), The other taxpayers, on the other hand, paid $8.25 in unemployment benefits per hour and received only $1.49 in tax back. They also donated $3.85 in lost tax and social security income, which would have cost that individual $15.00 in a $1 hour worked. The net loss for other taxpayers is $10.61 per hour (8.25-dollar 1,49 dollar + $3.85 dollar). When you multiply this by millions of unemployed workers and each hundred hours worked, you get millions of dollars in taxpayer costs (Ramaswamy, 2015).

The study of Ramaswamy (2015), discussed that unemployment insurance also allows an individual to work for a longer period of time. An unemployment insurance company,

estimated that the number of Over the next three months, unemployment is expected too nearly double. Unemployment would drop by over half a percentage point if unemployment insurance were abolished, resulting in a reduction of about 750, 000 unemployed people. This is made more so by the fact that only about half of the unemployed are covered by insurance, owing to the fact that many of them lack the necessary qualifications (Ramaswamy, 2015).

In the Union industry, higher union wages than competitive market rates are likely to cause job losses. Furthermore, those who lose their high-paying trade union jobs are more likely to reject lower-paying jobs. For example, between 1970 and 1985, the state's 20% union rate was 1.2 percent higher than the unemployment rate in a hypothetically unionized country, which was averaged across the fifty states and the District of Columbia. In that context, 1.2 percentage points represents approximately 60% of the increase between 1970 and 1985 in normal unemployment (Ramaswamy, 2015).

There is no doubt that government intervention and labour unions contribute to some long-term unemployment. However, attributing most unemployment to government economic interventions or the unwillingness of the unemployed to work is a major blunder (created by some conservative economists).

Further Ramaswamy (2015), provided that unemployment was and continues to be closely linked to the macroeconomic situation. The Great Depression in the US, when unemployment 25%, is a classic example of the damage caused by credit crises. Many economists have since agreed that cyclical unemployment fluctuations are caused by changes in employment demand rather than changes in workers' willpower and unintentional unemployment during recessions.

Although cyclical fluctuations are frequently overlooked, demand rather than supply factors are responsible for much of the unemployment. In the early 1990s, for example, the decline in computers and other industries in which New England was specialized resulted in a high unemployment rate in New England (Ramaswamy, 2015). The dot-com bust in the early 2000s resulted in high unemployment in Northern California.

According to new research, while workers who lose their jobs are unable to sell them due to a loss of skills or other factors, even temporary drops in demand can have a long-term impact on unemployment. As a result, the majority of unemployed students support the

government playing a more active role in training, retraining, and maintaining a stable labour market.

3.1.2 The Natural Rate of Unemployment

Ghoshal (2019), pointed that long before Milton Friedman and Edmund Phelps proposed natural or tolerable unemployment without inflation, political leaders had convinced themselves that the concept of unemployment was the lowest tolerable They struggled for low joblessness, not nil. Over the years, we have redefined what constitutes an acceptable low unemployment level. At the beginning of the 1960s there was both a desirable and achievable low unemployment rate. The unemployment rate has risen steadily over the years, averaging around 7% (Ghoshal, 2019). It has recently dropped to 5%. I believe that a drop in the apparent natural unemployment rate over the last few years is due to a drop in transitional unemployment, which is caused by fewer people working and working for shorter periods of time.

Union power, as well as international competition, was eroded by domestic regulatory action and inaction. Salary increases in the high-salary industry have been slowed by international competition. Another factor lowering unemployment is a decrease in the proportion of unemployed people receiving unemployment insurance benefits.

As further understood in the discussion with Ghoshal (2019), Unemployment is not a brand-new phenomenon. It existed prior to the classical period, but it was not until the post-World War II period that its influence became apparent. From his book "Unemployment and the Economists," according to Bernard Corry, it was Keynes who first emphasized this so-called "market literary," That other economists clarified later. During the classical period, the problem of unemployment was not a priority. Poverty, on the other hand, has been given more weight. Despite this, the issue of poverty and unemployment was prioritized at the end of the nineteenth century (Ghoshal, 2019). Because a fully employed economy would increase profits in national revenues during and after the war, unemployment became a major concern in the mid-twentieth century, particularly during and after World War II.

Ghoshal (2019), indicated that the unemployment theory is explained by two theories: neoclassical theory and general theory. The neoclassical theory examines labour-market demand and supply standards, and views unemployment as an event of imbalance' caused by wage prevalence that is higher than the level that distinguishes the labour market.

Minimum wage, syndicate negotiations, and wage efficiency are some of the reasons why labour markets cannot be adjusted for full employment (Ghoshal, 2019).

Ghoshal (2019), comparatively argued that Keynes' theory, on the other hand, shows that the balance between aggregate demand and supply is too low for the entire workforce's production services. The solution is to boost aggregate demand by combining fiscal and monetary policies like tax cuts, increased government spending, and faster monetary growth. Unemployment has a variety of effects and causes around the world. Although unemployment is widely recognized as one of the most serious problems of the modern era, studies conducted by the ILO in 1996 found that a certain percentage of unemployment can be "healthy." You believe that a country's economy's rising unemployment rate is normal or acceptable for a balanced economy.

However, the ILO recognizes that everyone wants to work because none of us wants to be socially or individually worthless. "The current high unemployment levels may represent an economic equilibrium based on the "natural rate" theory, but it is certainly not a socially acceptable equilibrium." "The mental consequences of unemployment are enormous, leading to social problems that impose destruction on themselves and cause long-term harm to societies." Since the turn of the twentieth century, unemployment has become a major concern around the world (Ghoshal, 2019).

However, economists claim that "They are not in control of policies, so the failure of the economic system to create employment for all cannot be pilloried." Gender mainstreaming has recently become a major factor in determining what constitutes unemployment. The fact that during industrialization, males worked full-time in labour while females worked part-time or on a seasonal basis was initially a male-driven phenomenon. However, the role of women in the workplace has grown in importance in recent years, evolving from a stereotype of housekeepers to being equally capable and willing to work in the fields as men.

Both , OECD and ILO gathered info from a variety of countries, including developed, transitional, and developing countries, and found that youth unemployment is significantly higher. It also suggests that unemployment is significantly higher for young people with less education, followed by women with disabilities and young women (Ghoshal, 2019). From the perspective of country experiences, it demonstrates one of the main causes of poor country performance. Based on the available data, it was suggested that, in comparison to the general population of young people, the focus should be on developing policies to reduce

youth unemployment. According to the ILO's Global Employment Trend Report, young people were two to eight times more likely than adults to be unemployed before the global economic crisis began.

As a result, it is concerning that the economic crisis has had a particularly harsh impact on young people as they enter the labour market. According to ILO studies, the number of young people out of work will increase by 4.9 million to 17.7 million between 2008 and 2009. Youth unemployment rates are expected to rise from 12.2 percent in 2008 to between 13.0 percent and 15.1 percent in 2009. The projected increase in the unemployment rate for adults, who make up the majority of the labour force, is from 0.5% to 12% (Ghoshal, 2019). With the continued rise in the impact of youth unemployment, the consequences of many negative effects on individuals and society as a whole have become a major source of concern.

The effects of unemployment are not transient; rather, they cause a sudden disorder within society that begins at the most insignificant level and extends the 'ripple effect,' which has a wide-ranging impact beginning with society, then the nation, and finally the world. Youth unemployment has both long-term and short-term consequences. Early theoretical literature recognized that the effects of youth unemployment on the market are critical for assessing public policy that affects the youth labour market over time. Its impact will be negative, resulting in lower levels of human resources, lower wage rates, and reduced worker participation in the future (Ghoshal, 2019).

Ghoshal (2019), claimed that policies such as raising the minimum wage and increasing employment benefits could have significant positive effects, but that there would be hidden costs if the effects lasted a long time. Additional problems are more common among longstanding unemployed boys, including higher blood pressure, alcohol abuse and increased crime rates. This leads to an increase in health symptoms, decline in health behaviour and increasing drug abuse in youth unemployment.

As understood by the study of Ghoshal (2019), it is critical for young people with longer or shorter periods of unemployment to have a clearer understanding of the consequences in order to take a better approach to its core problems and mitigate their incidences. There are other issues that are front and centre in our daily lives, with theories lurking in the background (Ghoshal, 2019). These are the realities of youth unemployment, which must be addressed immediately or have far-reaching consequences for society, the nation, and the

entire world. In general, socially distressing outcomes associated with youth unemployment include drug and alcohol abuse, as well as premature pregnancy in young girls. Furthermore, school dropouts, those with poor school careers, and working-class minorities are among the most vulnerable segments of society.

Bhutan's circumstances are no different from the rest of the world, but due to the small population of only 700,000, the incidences appear to be less severe, and it is clear that this is an area to be considered. Regardless of the theory, other countries' incidences show that youth unemployment causes major public health problems, exhibiting both physical and mental symptoms that persist into adulthood (Ghoshal, 2019). For the next 14 years, this research was conducted in Sweden and Germany. Idleness and risky behaviour are two other terrible consequences of youth unemployment.

According to the previous literature, government agencies and non-governmental organizations all over the world have taken numerous initiatives. However, because the problems are so bad, the efforts are overwhelmed by them. As a result, it is very true to say that the number of unemployed young people is steadily increasing, and that the need for agencies to improve their existing initiatives, and possibly improve them with dynamic methods and ideas, has become critical. This does not mean that only agencies should be held accountable; it is also the responsibility of every individual to help eliminate or, at the very least, curb these problems in some small way.

Work is at the centre of our lives, or at least consumes a significant portion of our time. The introduction of mobile phones and personal digital assistants broadened the scope of work. "From the office" denotes that you are no longer disconnected. "A statistical rarity, the two-parent, one-wage family has undergone social and economic changes." The perception of job security has become obsolete for many jobs by externalizing and reducing decisions. "Unemployment is just an undesirable economic event amongst a range of stressors," Sometimes occurring in the workplace and being more stressful than the prospect of unemployment, this includes increasing workload, boss or partner problems and business failure.

Involuntary Job Loss

In the study of CFI (2021), it is described that work loss has been shown in numerous studies to have negative effects on physical and psychological well-being. In a larger study on the

physical health effects of stress, the effects of unintentional unemployment on the physical and mental health of 30 young men who have been unemployed. These jobless men have reported more sick days and doctor visits, as well as "more signs that those who continued to work were somatised, depressed, or worried." The study of semi-skilled and untrained workers found strong links between joblessness, financial stress and general health changes. Unintentional job loss has a number of negative consequences. Self-esteem and anxiety are both lower, according to research. Lower life quality, fewer opportunities, negative effects on family relationships, and increased future concerns. CFI (2021), informs that a story about a person who said that 2001 was remembered for assaults on the WC and job losses, which made him feel even worse. Using language and stages of grief to help unemployed families navigate their transition (negation, guilt, loss of sole right, immobilization).

CFI (2021), provided that the changing relationship between employees and their employers was coined with new terminology. We found our way into our discourse through downsizing, restructuring, displacements, reduction of force, and even "right dimensioning." Whatever the blow of involuntary unemployment, For the people involved, the experience remains emotionally powerful and often painful. The reactions and answers to work loss cover a broad range of emotions and the more the loss is important in life.

"Market mediated links" have vanished, according to long-standing employer paternalism toward their employees. When workers' fortunes were tied to companies, layoffs were seen as a function of business conditions. In today's economy, job losses are just as likely to occur if the company performs well (CFI, 2021). In this case, all of the usual unemployment side effects, such as feelings of treason and anger, as well as the fear of becoming obsolete, are present. "The experience of workers in job reductions, relocations, and changes was characterized by a significant difference between the objective conditions and the subjective meanings of employment and being employees, not simply, or primarily, associated with losing jobs."

Job Loss and Well-Being

Further CFI (2021), also describes that intuitive results show that meaningful work can be a source of psychological and physical well-being, but that losing jobs can be detrimental to both. More than 100 variables related to unemployment well-being were discovered in a meta-analysis of health-care research conducted during joblessness, grouped into five main

categories: central employment roles, coping resources, cognitive evaluations, coping strategies, and the demographics of human and human capital.

Variables that contribute to the physical and psychological well-being of unemployed people are divided into five categories. The central role of work is an example of "the role's general relevance to an individual's sense of self." People who hold a prominent position in the workplace rely on their work to provide them with meaning and accomplishment throughout their lives (CFI, 2021). Personal resources are internal structures that range from self-esteem and emotional stability to self-efficiency and control. Subject to "core self-assessment," those structures were grouped together.

CFI (2021), report shows that the less an unemployed person is in control of his environment and emotions, the less psychological and physical well-being is affected by unemployment. In a longitudinal research on unemployed car workers, both unemployment and continuing unemployment have shown depressive symptoms. Social resources represent positive social interactions with friends and family. A social group can alleviate the unemployment blow by providing support and continuity and act as a mediator of unemployment stress.

The link between financial resources and perceived wellness is strong because "having financial resources improves access to other major resources." The variability of each work loss perception is described by cognitive assessment. "...the individual employee displaced plays a critical role in coping with his personal meaning of job loss." It has been discovered that problem-based coping behaviours are related to the perceived intensity of layoff emotions and are negatively related to layoffs' self-reported blame level (CFI, 2021).

Individual efforts, particularly those that are beyond the ability to handle standard thoughts or behaviours, are included in strategies for dealing with stressful events or situations. Problem-solving strategies are typically divided into two categories: thoughts and behaviours, with the latter emphasizing emotion (CFI, 2021). In the event of a job loss, they include job search efforts. "'Human capital is the productive potential of an individual's knowledge and actions."

CFI (2021), report also provides that aspects of human capital such as education level and occupation contribute to the cognitive assessment of job losses and future behaviour in job search. The meta-analyses revealed a negative relationship between the central role of work and mental health, supporting the hypothesis that people whose jobs were closely linked to

their sense of self would be less affected by unemployment than those with a lower central role. Coping and mental health during unemployment have been linked in positive ways, both as a group and as separate variables for coping with resources (personal, social and financial). Unemployment stress was found to be negatively linked to mental health, while positive expectations of reemployment related to improved mental health (CFI, 2021). Among coping strategies, behaviour-searching employment has been found to be negatively linked to mental health, reflecting the discouragement of job-search. Surprisingly, both problematic and emotional coping strategies have been linked to improved mental health (The Economic Times, 2019).

Coping with Job Loss

Discussion with Pettinger (2019), indicated that because there is so much literature on coping, this discussion can and should be limited to studies on job losses. The impact of coping behaviour interventions has been studied in a number of ways. The group job search program participants have more chances to return to work and were less likely than those who have not participated in the program to show depressive symptoms at a two-year follow-up. Compared to a control group, people who participate in specific jobs combined with behavioural modelling and positive strengthening reported higher motivation for continuing work research and higher quality rework. Pettinger (2019), discovered that job-search intensity is related to reemployment, and that depressive symptoms reduced employment scope and quality by preventing job-searching behaviour.

Further report of Pettinger (2019), shows that a variety of internal and external factors influence coping behaviour in the aftermath of involuntary job loss. According to one study, more acute use of cope-settling and positive reassessment is associated with psychological resistance (characterized by higher beliefs in one's environmental control capacity, greater commitment to the task at hand, and an ease of seeing change as an opportunity). Furthermore, there are various perspectives that develop models to explain a variety of coping behaviours. A detailed summary of an important sample of the models is provided below. As a basis for further research, a cognitive model of job loss was proposed. In the model, the person evaluating the loss is responsible for causality, reversibility (is the discharge temporary?), intensity (was the end of my fault or not?) (Pettinger, 2019).

The cognitive evaluation, combined with the emotional excitement caused by the movement, results in an unusual reaction to the loss of work. Personality traits, particularly self-esteem

and the locus of monitoring, as moderators of cognitive evaluation and emotional excitement, as well as external forces, such as general economic conditions and social aid. All of these factors have an effect on coping strategies. This model classifies coping strategies as active, palliative or prevention of stress. The strategy results are restricted to satisfactory rework, persistent unemployment or under-employment and the results are believed to have an influence on the attitudes of the individual towards work, general well-being and quality in family and social relations (The Economic Times, 2019). Job Loss Scale Coping is a suggested 20-item scale (CWJLS).

In five different situations, the CWJLS divides 20 items into five coping scales: proactive, non-network, positive self-assessment, job losses, and job devaluation (for example, remember that job is not all). Proactive job search is one of the activities directly related to finding a job (PS). Maintenance, for example, working on money-saving methods that keep one busy but have nothing to do with finding a job, is included in Nonwork Organization (NO). Thinking about and looking for ways to apply one's skills and qualifications is part of positive self-evaluation (PSA). Avoiding unemployment thoughts and remembering that job loss is not the end of the world are part of the distance from job losses (DFL) (The Economic Times, 2019). Job devaluation has bolstered the importance of having a job in comparison to other job devaluation (JD). They were divided into two categories: control or problem-solving coping strategies (PS, NO, and PS) and escape coping strategies (PS, NO, and PS) (DFL, JD). The researchers discovered evidence to back up their theory of using multiple coping mechanisms at the same time and dealing with time changes.

In the report of The Economic Times (2019), according to their model, the dislocated person perceives a loss of balance in one or more of four areas of life are used by people to restore and maintain balance in the life aspects of job loss. After the termination, a person assesses the impact of loss of employment on these four life aspects and identifies the management objective (e.g., a new job which will provide a living wage, a social outlet and meaningful work). The evaluation results in a series of behaviours moderated and informed by the sense of efficiency of the individual and the available coping resources (The Economic Times, 2019). The outcomes are evaluated and aid in the identification of additional coping behaviours. The outcomes are assessed. The process is iterative, with the goal of restoring balance (former levels or reviews) (The Economic Times, 2019). In addition, certain parts of the process are mutually exclusive and the results of another process are generated. This

model can take account of other results than rework (home stay, work part time, etc.). The social and psychological equilibrium may compensate for the loss of the financial balance.

In the report of Pettinger (2019), the attributive model of job loss management was developed to predict coping strategies based on the individual's understanding of the cause of job losses. Thomson's model can be useful as a predictor of coping strategies in a limited way. However, although the model is theoretically based, he does not mention research that supports his model. Although Thomson's model is less focused than the others mentioned here, there is little more information about how people deal with unintentional unemployment has been revealed. A life model to cope with job loss, which they believe will be useful in defining the relationship between coping history and outcomes. In this model, coping strategies are divided into seven aspects of life. It is concerned with your self-perception.

Coping on the psychological level

Physical health is in charge of dealing with overall health or symptoms. Coping has something to do with the displaced worker's life purpose. Spiritual coping is concerned with one's connection to a higher power. The structure and order of daily life are addressed in daily coping (The Economic Times, 2019). Financial coping refers to the amount of money earned or the ability to pay bills. The focus of social coping is on social networks or interpersonal relationships. While the authors' research with employed government employees supported the proposed structures, more research is needed to confirm the model's value in explaining coping strategies in response to job losses.

Propose a cognitive model that incorporates both positive and negative outcomes and divides outcomes into short and long-term outcomes, extending the Leana and Feldman models (1988). In addition to reversibility, causality, and intensity concepts, the cognitive assessment includes a perceived equitable ending of the Leana and Feldman model. Coping with symptoms is one of Gowan and Gatewood's coping strategies, which refers to "individual attempts to reduce negative outcomes from job losses by participating in social, legal, and community service work." Coping with symptoms can be beneficial or detrimental (The Economic Times, 2019). The symptoms are distinct from other methods of dealing with problems and emotions in that they are not intended to solve or redefine the problem. The Gowan and Gatewood model's short-term effects include rework and a reduction in the psychological effects of unemployment.

As per The Economic Times (2019), long-term effects are similar to the model's life-facetten, though Gowan and Gatewood use well-being as a balance and disrupt the financial aspect. This model is used by Gowan, Riordan, and Gatewood (1999) as a framework for the effects of involuntary employment. In summary, their model assumes that access to coping-related sources influences and informs cognitive evaluation and coping strategy, that cognitive evaluation and coping policies are mutually reinforcing, that re-use and increased or decreased distress are immediate outcomes of coping behaviours, and that long-term outcomes are designed to maximize social and physical performance.

They also collected information on the relationship between coping resources and job coping policies, distances and non-work involvement, and cognitive assessment and the three coping strategies. They gathered information as well. Finally, the authors looked at the link between job search activities, distancing activities from work and non-work, and the model's short-term outcomes, such as distress levels and re-employment (no reaction to job losses). The findings of the study backed up the authors' cognitive model of job loss management. Employees were surveyed by Gowan, Riordan, and Gatewood after Eastern Airlines was closed (1999). The questionnaires were completed four months after they were closed, and then again six months later (The Economic Times, 2019).

The components of their research were almost as important as the correlations discovered by Gowan *et al.* The cognitive reversibility assessment had no correlation with social support or financial resources coping resources. There was no link between the emotionally oriented distancing coping strategy and education or finances. There was no link between job reversibility and non-work activities. The lack of a link between work management and successful reuse was perhaps the most surprising finding. Because these variables are unrelated, more research is needed to better understand the Gowan, Riordan, and Gatewood model (The Economic Times, 2019).

There are seven forms of unemployment in India. The following are the different types of unemployment:

Disguised Unemployment: This is a form of unemployment in which the number of workers working is greater than the number of people required. Uncovering latent unemployment is normally achieved in the unorganized industry or the agriculture sector.

Structural Unemployment: This type of unemployment occurs when a worker's qualifications do not meet the market's job supply. Because of their low educational standard, it is critical to provide them with proper training. Many people in India do not get jobs that match their qualifications or do not get jobs due to a lack of requisite skills (The Economic Times, 2019).

Seasonal Unemployment: Unemployment occurs when individuals are unemployed during specific seasons of the year, such as when laborers in India are barely employed.

Vulnerable Unemployment: Unemployed citizens are those that fall under this group. People are employed, but only on an ad hoc basis, with no structured work contracts in place, and no records of their employment are maintained. It is one of the most prevalent categories of unemployment in India.

Technological unemployment refers to when workers lose their work as a result of technological advances. According to World Bank data from 2016, the proportion of Indian workers affected by automation increased by 69 percent year over year.

Cyclical Unemployment: The economic cycle causes unemployment, with the number of unemployed jobs rising through recessions and falling as the economy grows. India's cyclical unemployment rates are marginal.

Frictional Unemployment: This happens when individuals are unemployed for a brief time while looking for work or moving employers. The time gap between workers is known as frictional unemployment or Search unemployment. Since the source of unemployment is not a labour shortage but rather the workers' own decision to leave their jobs in search of greater opportunity, frictional unemployment is referred to as voluntary unemployment.

3.2 Causes of Unemployment

Below are the main sources of unemployment in India:

- Large population.
- The working population lacks vocational skills or has inadequate educational standards (AMADEO, 2021).

- Private investment has slowed in labour-intensive industries, particularly after demonetization.

- Transitioning between the three sectors is problematic due to poor agricultural production and a shortage of alternative employment options for agricultural workers.

- Small enterprises are made unviable due to regulatory complications, inadequate state funding, and lack of infrastructural, financial, and industry linkages, resulting in cost and enforcement overruns (AMADEO, 2021).

- Inadequate infrastructure growth and low manufacturing sector commitments are limiting the secondary sector's job prospects.

- Because of a lack of requisite qualifications or skills, the country's large population is correlated with the informal sector, and this data is not captured in job figures.

- The primary cause of chronic unemployment is that schools and colleges' schooling does not meet existing industry requirements.

- Regressive social norms that prevent women from seeking/maintaining jobs (AMADEO, 2021).

3.2.1 Impact of Unemployment

As provided by Edwin (2019), Unemployment in any nation has the following effects on the economy. The issue of unemployment contributes to the issue of hunger. The budget is burdened with increased borrowing because unemployment decreases production and reduces people's consumption of goods and services. Antisocial features will readily entice unemployed people. This causes them to lose confidence in the country's political ideals. People who have been unemployed for a long time are more likely to partake in illicit and dishonest activity to make money, which causes crime in the region. Unemployment affects the country's economies when the unemployed should have been productively employed become reliant on the remaining working population, increasing the state's socioeconomic costs. A 1% rise in unemployment, for example, cuts GDP by 2% (Edwin, 2019).

Unemployed people often become addicted to drugs and alcohol or attempt suicide, resulting in a lack of human capital for the region.

3.3 Roots of unemployment in India

India's unemployment problem is the result of a variety of factors. The following are the major roots of unemployment:

Biggest populated country

In the report of Edwin (2019), the most profound cause of India's widespread unemployment is the country's fast population growth since the early 1950s and the subsequent rise in its labour force. With a population growth rate of 2.5 percent per year, nearly 4 million people are added to the labour force every year, according to estimates (Edwin, 2019).

Underdevelopment

Edwin (2019) also provided that the Indian economy remains underdeveloped, even though the nation has many untapped and underutilized natural resources. Financial operations are also limited in size and volume. The non-agricultural sector is increasing slowly, especially the new industrial sector, which can create a large number of jobs.

Furthermore, capital accumulation's sluggish pace is to blame for roadblocks in the agricultural, industrial, and infrastructure sectors in realizing their growth potential. As a result, underdevelopment is largely to blame for the sluggish growth of work opportunities.

Slow Rate of Growth

India's economy is growing at a very slow pace, and the real rate of growth is far below the target rate. As a result, the expanded job opportunities provided under subsequent programs could not keep up with the annual increases in the labour force, resulting in a massive and growing unemployment backlog after each program.

Insufficient Industrial Development

In the study of Edwin (2019), the country's industrial growth is woefully inadequate. Instead, economic development's promise has never been truly understood. The manufacturing sector has been unable to gain momentum and create sufficient job opportunities in the area due to a lack of infrastructure, proper technology, scarcity of industrial raw materials, power shortages, and labour-intensive investment.

3.4 Different forms of unemployment

Classical unemployment

According to Sabnavis (2019), if actual salaries for a job are set higher than the market-clearing stage, there are more job seekers than vacancies, resulting in classic or true wage unemployment. Many economists conclude that the more the government intervenes in the economy to attempt to change the lives of unemployed people, the greater unemployment gets. Minimum wage rules, for example, lift the expense of laborers with little qualifications above market equilibrium, causing individuals who choose to work at the going rate but can't because the wage enforced is higher than their worth as employers to become unemployed (Sabnavis, 2019).

Cyclical unemployment

When the economy's aggregate demand is insufficient to create opportunities for anyone who wishes to work, cyclical unemployment exists. Demand for most goods and services falls, requiring reduced demand and, as a result, fewer jobs. Incomes are sticky, unable to reach the equilibrium standard, resulting in mass unemployment (Kannan and Raveendran, 2009).

Structural Unemployment

a) In the words of Sabnavis (2019), Chronic unemployment happens when a labour market cannot produce jobs for anyone that wants one due to a skill gap between unemployed workers and the qualifications needed for available positions.

b) Persistent cyclical unemployment may also encourage systemic unemployment to rise: As an economy faces lengthy periods of low aggregate demand, many unemployed workers become frustrated, and their skills become "rusty and redundant." Debt problems also lead to homelessness and a downward spiral into poverty.

c) Seasonal unemployment is similar to systemic unemployment in that it is associated with specific types of jobs, such as manufacturing and migratory farm work (Sabnavis, 2019).

Frictional Unemployment:

a) Further discussed by Sabnavis (2019), the term "frictional unemployment" refers to the time between jobs when an employee is looking for a new career. It's also known as "hunt unemployment," and it can be voluntary depending on the unemployed person's conditions.

b) Since occupations and employees are heterogeneous, there may be a disparity between supply and demand, resulting in frictional unemployment. Skills, salary, work hours, location, mood, taste, and some other factors may all lead to a mismatch. Graduating students and former stay-at-home moms may even experience a period of tumultuous unemployment (Sabnavis, 2019).

Long term Unemployment:

This is generally described as being unemployed for more than a year. It serves as a key predictor of social isolation. Long-term unemployment may cause older employees to retire early at 62, resulting in decreased social security benefits (Ghate, 2012).

3.5 Remedies for removing unemployment in India (Solutions)

In the study of Ghate (2012), in a country with such a large population as India, unemployment is a big problem. As a consequence, any alternatives must be suggested to the problem. It is preferable to define these steps separately for rural unemployment and the problem of urban unemployment to propose effective solutions to this problem.

3.5.1 Remedies to Rural Unemployment Problem

Due to the unusual nature of rural unemployment, it is advisable to recommend some unique solutions to this issue. Following are some of these measures:

Expanding Volume of Rural Works:

Further in the discussion with Ghate (2012), one of the most important remedial measures to fix unemployment is to increase work opportunities, especially in rural areas. This increase in the number of jobs must occur soon to alleviate the unemployment backlog and provide openings for additional workers to join the workforce (Ghate, 2012). This increase in job volume must be accomplished in both wage and non-wage sectors.

Since large-scale businesses cannot have enough employment opportunities, more focus should be put on agriculture and associated manufacturing, small-scale and cottage industries, the unorganized informal market, and the services sector.

Modernisation of Agriculture:

In almost all nations, the agriculture sector will be modernized to eliminate the issue of rural unemployment. This will result in a large farm surplus, which would serve to support the rural economies and increase job opportunities. Efforts can also be made to improve wasteland areas and diversify farming activities (Bhalotra, 1998).

Development of Allied Sector:

Ghate (2012), also provide that Rural unemployment can be successfully addressed by expanding the allied sector, including practices such as dairy farming, poultry farming, beekeeping, fishery, horticulture, sericulture, agro-manufacturing, and others. Both of these activities can create a lot of jobs and self-employment in the country's rural areas.

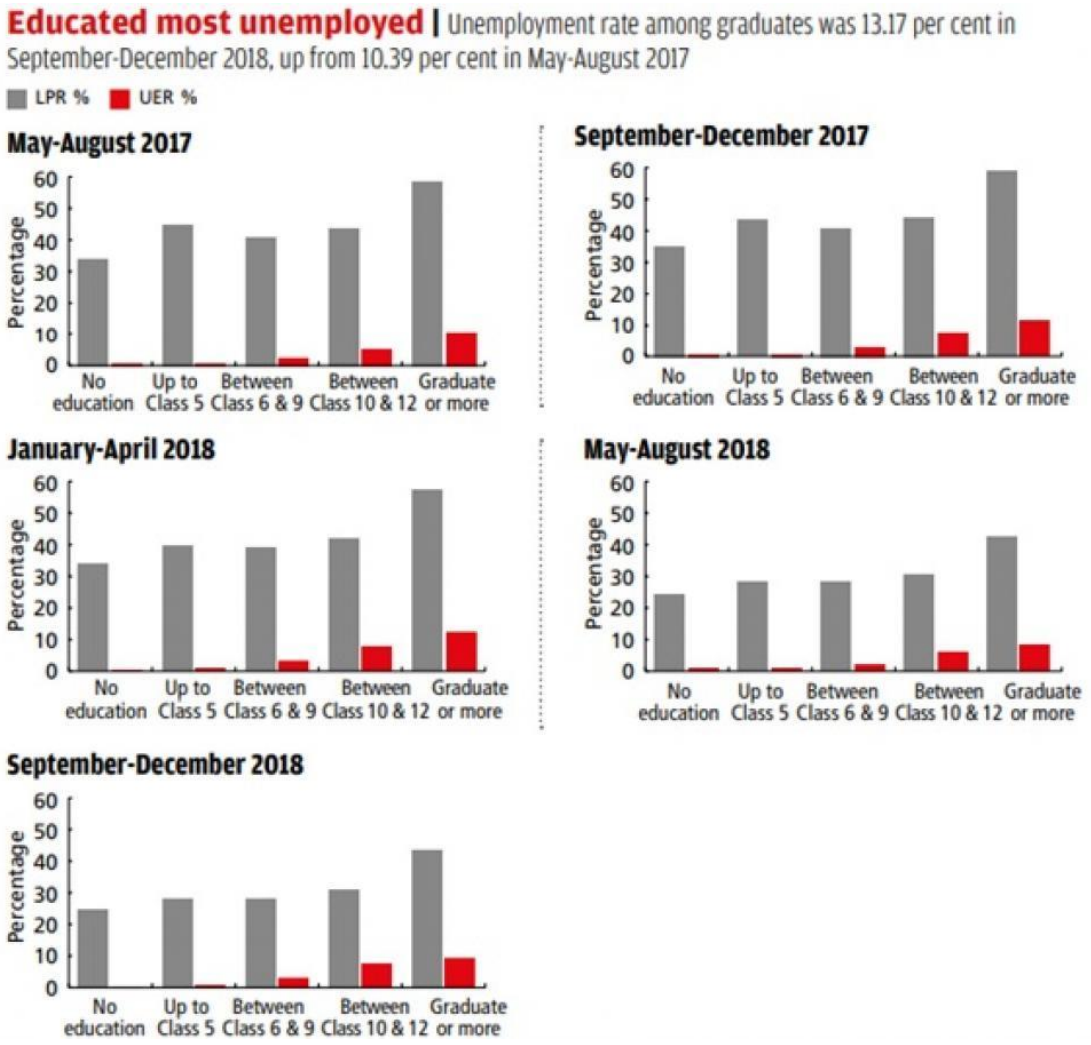

Figure 2: Educated most unemployed in 2017-2018

Source- Kisan Mitra (2019)

LPR- LPR refers to Labour Participation rate calculates the percentage of people who are labour force. This is the rate which determines the Labour workforce employed and working.

UER- Unemployment Rate is a percentage of labour force which is not employed and not working currently. This rate determines the unemployment in the country.

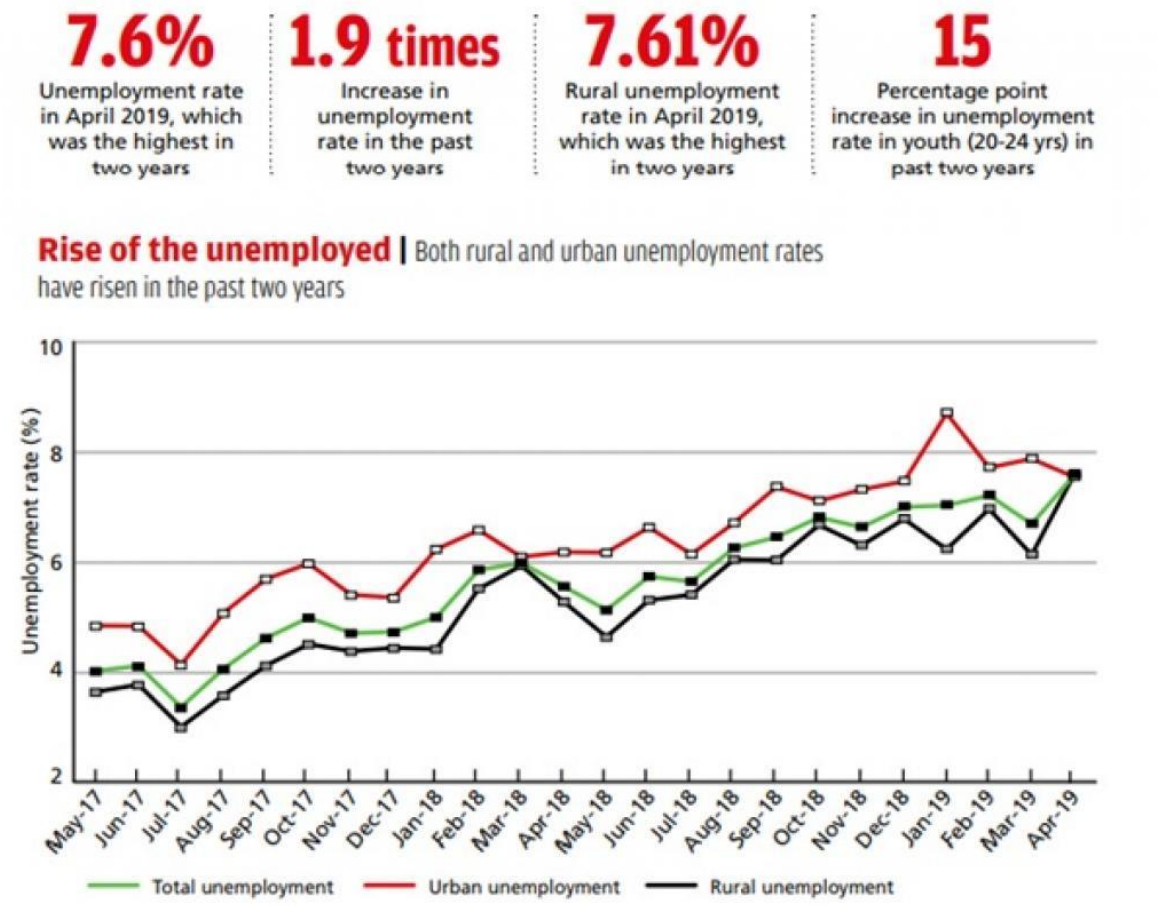

Figure 3: Rise of unemployed in last two years

Source- Kisan Mitra (2019)

Development of Rural Non-Farm Activities:

As per the study of Biswas (2016), creation of rural non-farm operations, such as rural industries, decentralized and cottage small scale manufacturing, agro-based industry, rural informal sector, and services sector, the extension of rural infrastructure, housing, health, and educational services in rural areas, and so on, to create jobs opportunities in rural areas should be carried out throughout the world with strong government participation (Biswas, 2016). The government has followed this policy for creating rural jobs since the Eighth Plan.

Rural Development Schemes:

Both the federal and state governments should work tirelessly to implement and enact rural development programs, ensuring that the advantages of such development reach the target classes of residents promptly.

*Decentralization***:**

As discussed with Matho *et al.*, 2018), it would be important to disperse manufacturing sites around small towns dependent on the local endowment, prohibiting jobs from commuting from rural to urban areas to reduce the scale of rural unemployment.

Extension of Social Services:

Expanding social services in rural areas, especially in education, medical care, and other sectors, is also important, as this would greatly contribute to the development of rural communities in general. Inadvertently, a situation like this would inspire people to look for themselves (Matho, *et al.* 2018).

Population Control:

Family welfare programs should be prioritized to control population development, particularly in rural and backward areas (Matho, *et al.* 2018). This will help to solve the country's growing rural unemployment problem.

SHGs and Micro Finance:

Adequate action should be taken to promote self-help groups (SHGs) as a source of self-employment. In this regard, microfinance flows from NGOs to SHGs may play an important role in addressing rural unemployment (Bhalotra, 1998).

3.5.2 Remedies to Urban Unemployment Problem

To address the issue of urban unemployment, the country should take many crucial steps. Following are some of these measures:

Rapid Development of Industries:

Matho, *et al.*, 2018), also provided that immediate steps must be taken to increase manufacturing productivity to address the issue of urban unemployment. In this respect, urgent steps must be made to develop and modernize existing sectors while simultaneously cost-effectively developing new industries.

However, Sabnavis (2019), contributed that established basic and heavy manufacturing in the fields of iron and steel, plastics, defence materials, heavy machinery, power production,

atomic energy, and others should be modernized, and new factories in new and existing sectors should be developed to create a significant number of work prospects for current and future generations (Sabnavis, 2019).

Revamping Education System:

Contribution from Kambhampati (2002), provides that the Indian educational system is also largely behind the times, struggling to fulfil the demands of today's markets and institutional systems. Instead of placing so much focus on general education, vocational education should be prioritized, as it will allow the younger generation to invest in small-scale and cottage industry and the service sector.

The motivation for Self-Employment:

To change the younger generation's mind-set, especially in urban areas, both government and non-government organizations must work together to encourage young people to accept the path of self-employment in the face of dwindling job opportunities through institutional carrier counselling (Kambhampati, 2002).

Development of SSIs:

Given a large number of unemployed, developing a large number of small-scale and cottage businesses using a labour-intensive approach is critical. Developing those SS. Is for the manufacture of need-based goods will go a long way toward creating a lot of jobs in urban and semi-urban areas (Kambhampati, 2002).

Development of Urban Informal Sector:

Since the informal sector employs many city residents, adequate steps must be taken to improve and modernize the sector to expand it and create more such employment opportunities for the growing number of unemployed city residents.

Revamping the Role of Employment Exchange:

Further Kambhampati (2002), shows that the most of the country's vast government-run Job Exchange scheme, it's crucial to move the position of such exchanges from registration and placement to empowering and directing the younger generations toward self-employment.

Banking Support:

Scheduled commercial banks should make sensible proposals for the establishment of SSIs, various service sector divisions, and the growth of the urban informal sector, all while retaining a sympathetic approach to resolve the problem of urban unemployment.

Works of National Interest:

Supported by Kambhampati (2002), it is informed that to address the issue of urban unemployment, it is critical to begin work of national importance that will create sufficient job opportunities in urban areas.

Changing Pattern of Investment:

Attempts can also be made to transform the investment trajectory into both economically and socially sustainable and efficient to create job opportunities.

Government Support:

To fix urban unemployment, the government should propose workable urban job growth schemes, such as PMRY, NRY, and others, to assist unemployed people in starting their enterprises (Kambhampati, 2002).

Growing Participation of FDI:

To fix the issue of urban unemployment, the government should pursue a strategy similar to that of China, which promotes the free flow of foreign direct investment (FDI) into our country, enabling it to engage in an increasing number of significant industrial and infrastructure projects (Ramaswamy, 2015).

3.5.3 General Remedies to Unemployment Problems

Special Employment Programmes:

Mukherjee (2014), provided that to fill the gap between the need for and actual generation of job prospects, special workforce services must be introduced as a stopgap measure before the economy matures to the point that anyone can find work.

These forms of special jobs services could be able to offer seasonal employment to the unemployed. Such projects would help backward groups such as landless farmworkers, marginal farmers, rural artisans, and indigenous people living in remote and hilly areas.

The systems may be structured to provide direct wage jobs, such as on rural capital works, or to provide assets or resources to individuals who wish to work for themselves. The government's latest attempts to introduce NREGA are a significant step in the right direction (Mukherjee, 2014).

Raising the Rate of Capital Formation:

Mukherjee (2014), also provided that to alleviate the issue of unemployment in general, the country's capital creation rate must be increased. To increase the number of jobs, the rate of capital accumulation must be increased.

In the capital goods market, capital creation will directly generate jobs. Increasing capital formation aids the country in increasing its capital stock, which in turn increases worker productivity by increasing the amount of capital available per worker (Mukherjee, 2014).

Manpower Planning:

Human resource management must be performed properly and scientifically to address the unemployment crisis. This is critical for ensuring the expansion of job opportunities as well as the realization of economic prosperity (Mukherjee, 2014). All of this necessitates careful personnel preparation, which necessitates the following measures.

3.6 Future dimensions and Scope of employment scenario in India

As provided by Devlin (2019), the planet is on the verge of a fourth mechanical revolution. Troublesome improvements brought on by mechanical advancements are fundamentally upsetting the current labour market, with effects ranging from job growth to job displacement and increased work productivity to the filling of skill gaps. This thesis explores four future scenarios concerning the potential effects of 4IR technologies on India's future of work. Situations are fictional yet possible potential stories that help pursue the current dynamic's paths to future outcomes (Devlin, 2019). They have a method for predicting potential vulnerability and identifying optimal arrangement paths.

Devlin (2019), informed that many 4IR progressions are yet to unfold in the Indian context, making it difficult to forecast longer-term sway; additionally, there is a lack of knowledge on India's job demand trends and industry conditions. As a result, conventional approaches stop short of exposing the possible impact of 4IR advancements on India's labour market.

Adopting 4IR innovations has brought tremendous viability and proficiency benefits to a select world-class, mainly proprietors and managers of major engineering companies, in the Technocracy Rules case. Computerization has resulted in a vast scope of work dislodging in the organized region. Only those with requisite training and skill have been able to take advantage of new advanced economy opportunities (Devlin, 2019). Regardless, occupational observation is on the rise, leaving even skilled workers fearful of their prospects. Many small to medium businesses have been bought out by large multinational corporations, while others struggle to reach more basic, more experienced developments. While an increasing number of people are acquiring new freedoms due to computerized stages, most people's incomes and working conditions are worsening.

In the discussion with Devlin (2019), high mechanical reception has been made to comply with cultural priorities in the AI for All circumstance by growth policy, tax assessment, and social region projects. Although large-scale manufacturing has shrunk, dispersed assembly is increasing, especially among small and medium businesses, and growth in the aid sector is concentrating on hyper-nearby arrangements. India's knowledge-driven assistance sector employs a large number of information researchers (Devlin, 2019). The stage economy is changing, and new forms of proprietorship have been developed to assist labourers. The Green Economy is gaining traction, as are innovative companies. New tax revenues are aiding in the creation- of skilling and training services for labourers of all ages.

The report of Business Today (2019), shows that equivalent abundance conveyance and social union through class and sex have been prioritized in the Equity First situation over mechanical appropriation and high monetary growth. Because of the protectionist business environment, large multinational corporations (MNCs) and private firms have left India. While this has stifled economic growth and reduced private enterprise's immense reach, collective support for friendly government aid and defence plans, along with strong unemployment insurance and skilling measures, ensures professional stability. Ladies' collaboration in the labour force has been helped by appreciation and the growth of the concerned market, culminating in fruitful work in the assistance sector. Despite low levels

of inventive appropriation, the advanced and stage economy is strong at the local level, relying primarily on professional, helpful models (Business Today, 2019).

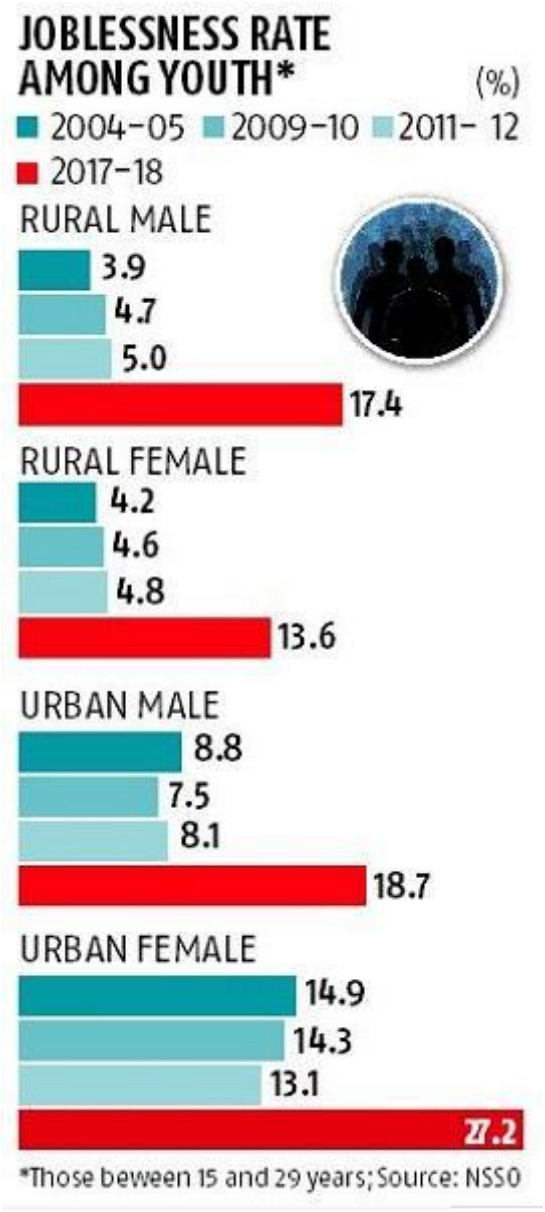

Figure 4: Jobless rate in Rural and Urban Region of India

Source- Business Standard (2019)

As contributed by Business Today (2019), The Indian economy, which is experiencing low growth and high disparity, has been permanently ruined by comrade private sector and state disrespect in the Fracture situation. The extreme water scarcity has harmed agriculture and the manufacturing industry, leading India's physical and technological infrastructure—from online links to street frameworks—to deteriorate (Business Today, 2019). Receiving cutting-edge technologies and remaining serious is impossible for most ventures and organizations,

resulting in their failure. The state withdraws from college funding, social government support, and skill-building programs. Joblessness rises, causing job anxiety, and the government condemns any association movement, establishing a reconnaissance state. In the organized region, the defence area is rapidly becoming the most effective boss. Casual and illegal business is common, although women withdraw further into various forms of overlooked jobs.

Business Today (2019), also informed that since the beginning of the Industrial Revolution, when the assembly was fixed with the growth of 'businesses' as Mechanical Technology dominated the major manufacturing plants, innovation has been reshaping jobs. This revolution shattered cultures, replacing high-quality craftsmanship with the creation of sequential building systems. With the invention of electricity in the 1800s, electrical stimulation made job division and large-scale production possible. The third mechanical revolution of the 1900s brought with it computerized, IT-enabled arrangements that smoothed out automated work while reducing manual labour dependency (Business Today, 2019). The fourth modern upheaval has enhanced the availability of real automated systems, which are regulated by remarkable inventions and professional intelligence specialists, to create a fully integrated community.

Business Today (2019), reported that in 2017, FICCI and NASSCOM teamed up with EY to conduct a report called "The Future of Work in India – A 2022 Outlook." This survey was the primary research study on the fate of occupations in five main areas of the Indian economy in detail: IT-BPM, retail, materials and clothing, vehicles, and BFSI. The study was based on a survey of over 100 Indian CXOs in these five modern regions. The 'Eventual Fate of Workers in India – A 2022 Outlook' study forecasts a roadmap of change in the Indian labour market over the next three years (Business Today, 2019). It also offers an analysis of expected job growth trends over the next five years, new position jobs that will emerge, and the abilities and skills necessary to compete in this increasingly evolving world. This study explored the fundamental drivers of disruption and their effect on providing ascensions to many megatrends that transform the Indian occupation scene from a wide perspective (Business Today, 2019). The study broke down the key factors for the arising innovative trends centered on numerous rounds of interactions with significant stakeholders and thus recognized three critical forces behind the present disturbance: globalization, appropriation of remarkable advancements by Indian industry, and segment shifts. The interaction of these three fundamental forces has given rise to a series of twelve megatrends

deciding the fate of Indian occupations. According to the review responses, the top megatrends profoundly influencing the job scene in India are the growing working class, the formation of extraordinarily improved stock chains, and the dispatch of savvy related products and administrations. In general, the study offers an encouraging outlook for India to use the next 2-3 years to affect massive scope shifts and a specialized and competent instruction system in project mode (Business Today, 2019). Different allies, such as the government, business participants, and the scholarly community, have used the study as a basis of vantage point in their journey to prepare for the anticipated disruption. Following our investigation, we established three forces that fundamentally directed the transformation of the Indian economy, which we refer to as the 'critical powers.' Globalization, appropriation of drastic advancements by Indian industry, and segment shifts are among these influences.

Globalization:

While analysing the report of Gaur *et al.*, 2020), it has been collected that for a long time, globalization has been defying the status quo. Globalization has accelerated in recent years, resulting in increased trade and business sector growth. Nonetheless, marvels such as the recent ascension of patriot conclusions in the west, the scuffling of the Trans-Pacific Partnership (TPP) economic union, and so on are causing the planet to become more multi-polar. These trends disrupt current plans of action by creating new contenders, reordering supply chains, and lowering value focus. The subsequent waves, which will include the emergence of BRICS as a major monetary square and a more multi-polar society, will become more complex, necessitating adaptable plans of action to respond to global movements (Gaur *et al.* 2020).

Adjusting innovation:

For a long time, the reception of extraordinary developments has disrupted serious strategies and plans of action. E.g., the Industrial Revolution destroyed institutions and resulting in major job displacement. Progressive IT upheavals (PC on the internet, mobile, social) have democratized information-enabled buyers and spawned a slew of new businesses for our lives. The Virtual Reality (VR), IoT, AI, Machine Learning (ML), Big Data, and Robotic Process Automation (RPA) are the next generation of technological advancement (Gaur *et al.* 2020).

Segment Changes:

Segment shifts have determined transformative reconstruction in humanity's history. Sarkar (2019), provided that Asia and Africa will become financial independence engines due to relatively higher birth rates in the long run. In the vast majority of produced nations, maturing populations will shift and grow everything from medical care to the soil. Millennial-dominated labour forces are re-examining the workplace world. Similarly, urbanization is the financial and political clout of cities, even though it puts a burden on their ability to fill promptly. Relocation and movement would also have a huge impact on labour forces and the economy (Sarkar, 2019).

3.7 Effects of Covid-19 on employment rate

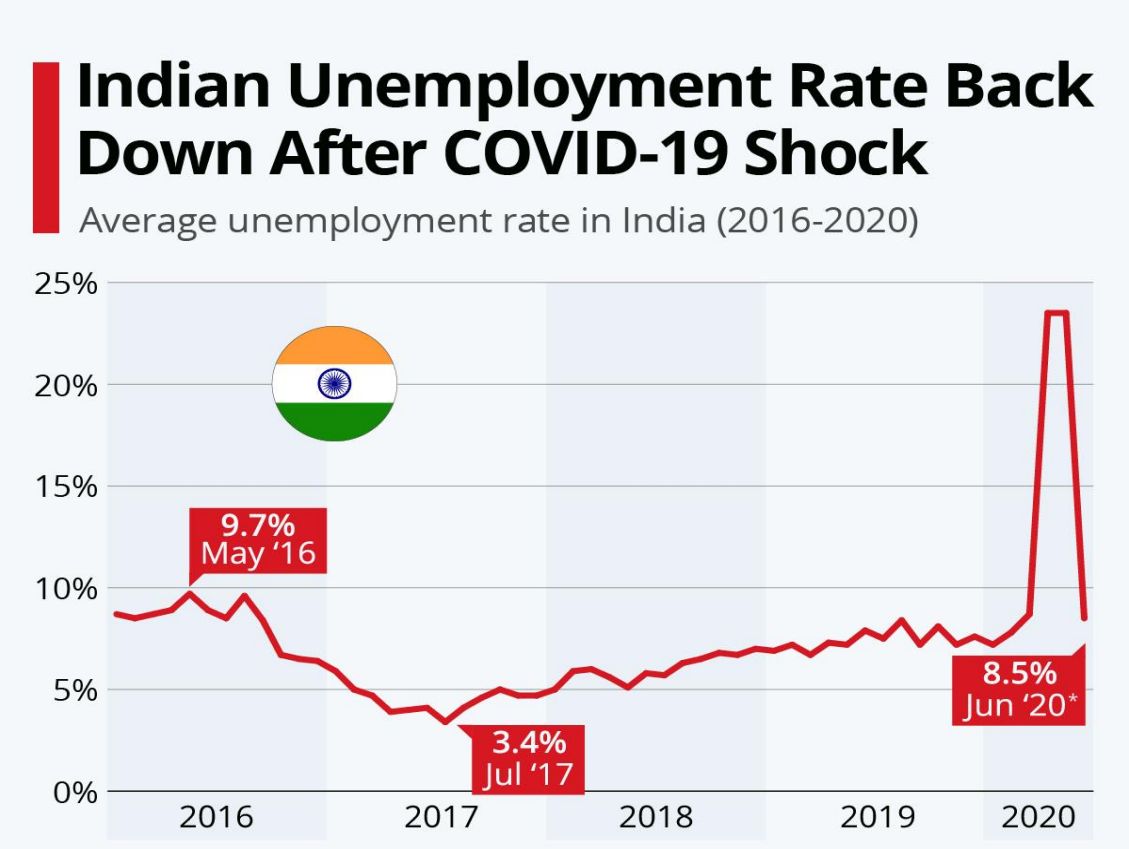

Figure 5: Indian Unemployment Rate After COVID-19 pandemic shock

Source- Buchholz, (2020)

It has been noticed, that Indian unemployment rate has increased post COVID-19 outbreak in the country and lockdown. According to the various reports it has reached 23.5 % in the month of April and May (Buchholz, 2020). The recorded jump of 5.1% in the third week of June from the year 2017 which was 3.4% reached to 8.5 % in the year June 2020. It was highest in the five years as five years back the highest rate of unemployment was recorded at 9.7% in May 2016 (Buchholz, 2020).

Following the country's COVID-19 epidemic and eventual lockout, India's unemployment rate skyrocketed. In April and May, it hit 23.5 percent overall (average of rural and urban rates), according to the Centre for Monitoring Indian Economy.

According to the ET (2020), the pace was back to 8.5% soon in end of June 2020. According to CMIE, this is comparable to the rate before the COVID-19 crisis, when the monthly unemployment rate hovered about 7-8 percent. In May of 2016, the five years' peak occurrence before the coronavirus pandemic was 9.7% (Buchholz, 2020).

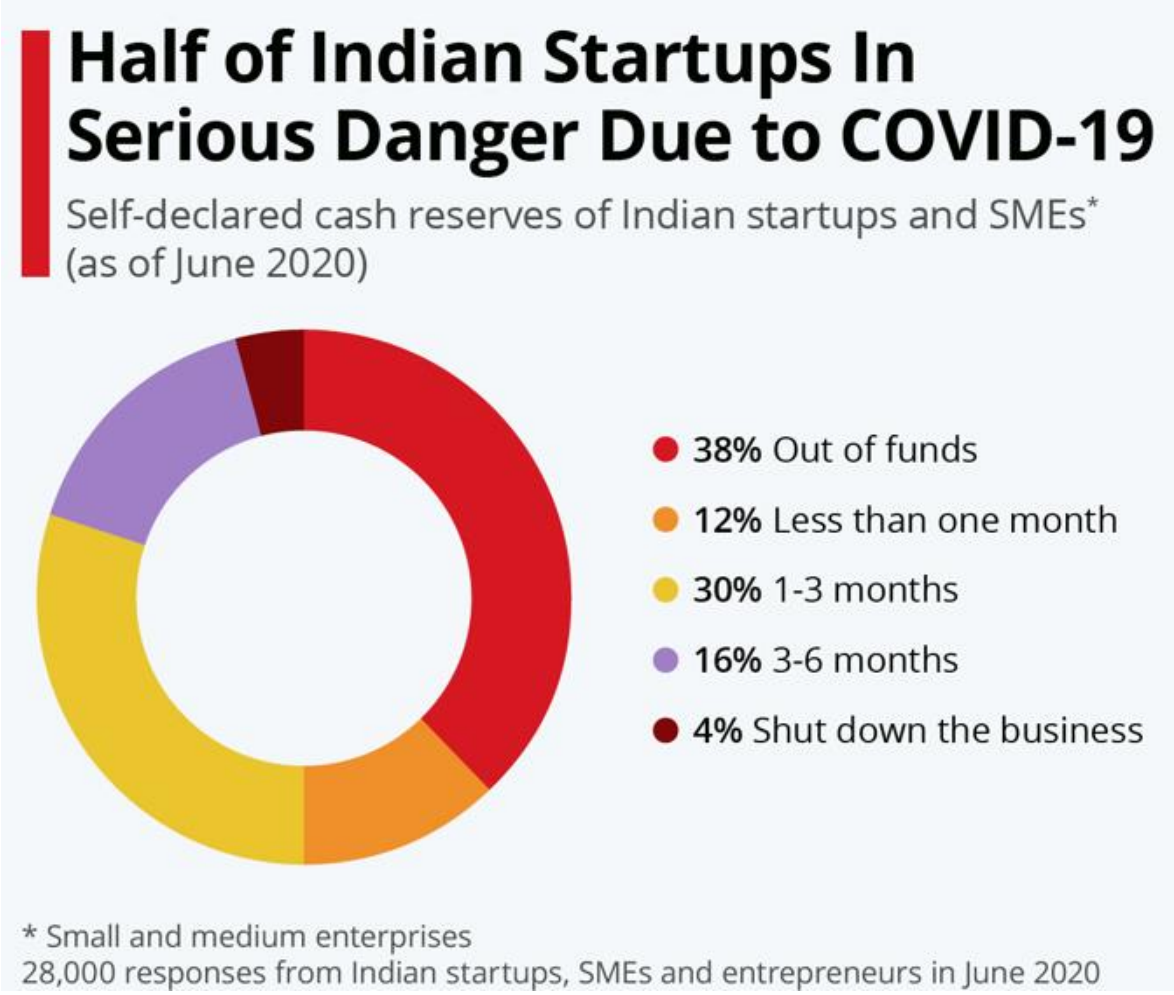

Figure 6: Start-ups in Danger due to COVID-19

Source- Buchholz, (2020)

4 Chapter: Analysis (Practical Part)

4.1 Unemployment in India

As shown in the figure below, Indian Economy is strongly working in the employment in the agriculture sector. This shows the strongest sector in the economy. With this the agriculture contributes about 53 % of employment more than the half of the country's employment is generated from this sector. This makes most of the international economies depending on Indian Economy. With this the Construction and manufacturing sector have seen a boom since last few years and this shows that there is high rate of development going on in the country. These sectors are also expected to have high rate of employment generation in upcoming years.

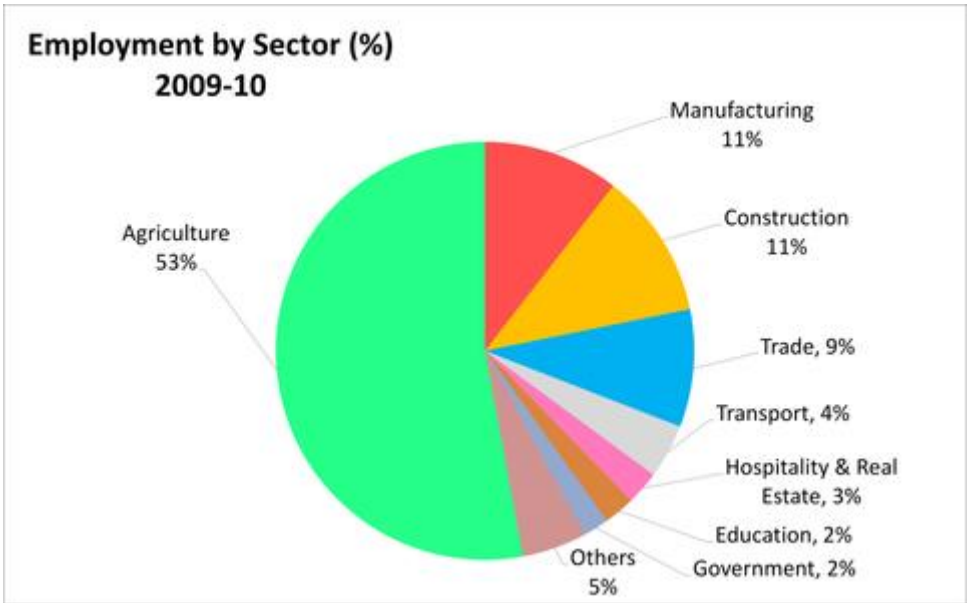

Figure 7: Employment in different sector

Source- South Asia Regional Office International Bank for Reconstruction and Development., 2010).

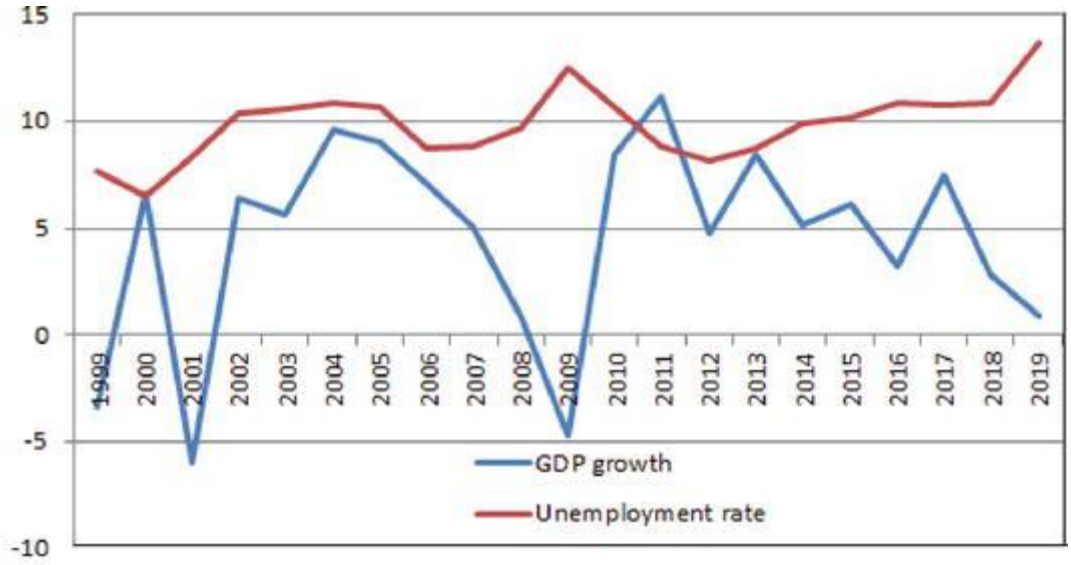

Figure 8: Relationship between unemployment rate and inflation rate

Source- (Dayıoğlu and Aydın, 2020)

As demonstrated in the above figure, Indian economy shows that GDP development and joblessness rate has no trade between these two factors in the long haul. The normal effect of approaches to drop down the joblessness rate on swelling will be for present moment. Likewise, approaches which are focused on value security ought to be relied upon to affect joblessness.

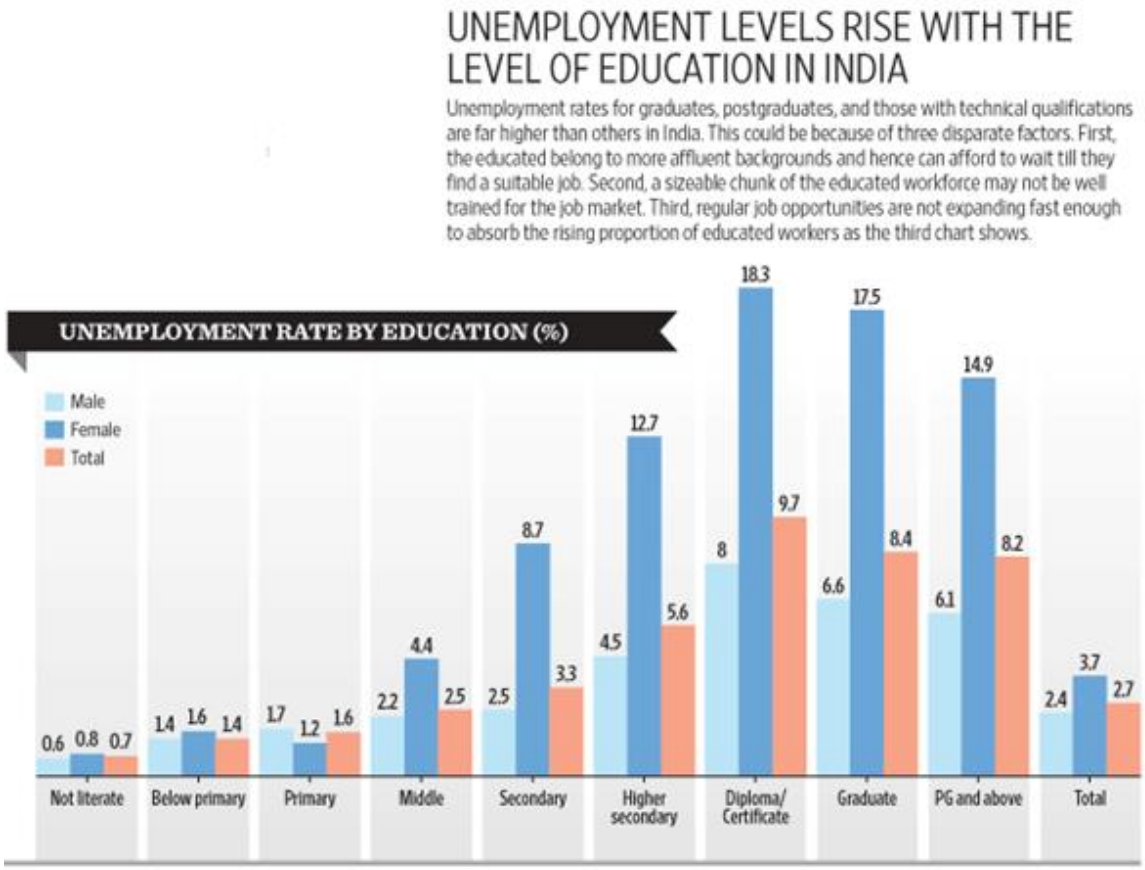

Figure 9: Rise of Employment in India

Source- World Economic Forum (2017)

The current Indian education system is riddled with flaws, as it makes no allowance for technical and vocational education. Many matriculate undergraduates and graduates complete their studies every year, widening the gap between career opportunities and employment seekers in the educated middle class (Edwin, 2019). Due to a lack of vocational education and career advice, many trained youths are unable to pursue self-employment, causing alienation and dissatisfaction among them (Kumar, 2019).

India's unemployment rate was about 2.8 percent from the 1980s to the mid-2010s, according to official Indian government statistics based in part on NSSO data, which the World Bank defines as "a figure that has seen little variation since 1983." According to various Indian governments, the number of unemployed people in India gradually rose between 1983 and 2005; from about 7.8 million in 1983 to 12.3 million in 2004–5, the number of people in the United States has increased dramatically (South Asia Regional Office International Bank for Reconstruction and Development, 2010). According to the World Bank, the official Indian government's "low straightforward unemployment rates can also be deceptive," and the

official data does not reflect the Indian population's unemployment and underemployment truth (Yojanas Info, 2021; South Asia Regional Office International Bank for Reconstruction and Development, 2010). For decades, the Indian government has used strange words and definitions to describe those it considers "unemployed." "Only those people who spent more than six months of the year looking for or being qualified for jobs" and have not worked in the formal or informal sector during that period are classified as unemployed. Alternative approaches, such as the new weekly or monthly description of unemployment, are somewhat stronger (SAROIBRD, 2010).

According to a World Bank report, using the new normal status definition, India's unemployment rate increased from "7.3 percent in 1999–2000 to 8.3 percent in 2004–5" The Indian government began defining current status working as someone who was gainfully occupied [for pay or no salary] on at least one day, regardless of the hours of service" he may have put in on that "gainfully occupied" day [or days] during the reference week in 1958–59 (Krishna, 1973). According to this official procedure, after 1958, if an individual was not "gainfully engaged in that reference week and was eligible for work for at least one day in that reference week," he was classified as "current status unemployed" (Krishna, 1973).

4.2 Current statistics on unemployment in India

The National Sample Survey Office (NSSO) has been a key governmental agency in India for studying wages, jobs, and unemployment rates by sample surveys at both the national and state levels. It does not publish employment or unemployment figures every quarter or year, but rather once every five years (Shaw, 2013). The most recent official NSSO jobs and unemployment surveys and reports were conducted in 2004–2005, 2009–2010, and 2011–2012 (Papola, 2014). The survey was initiated in 2011-2012 by the former PM Manmohan Singh's Congress-led government because it was felt that the higher unemployment numbers in the 2009-2010 report may have been affected by low monsoons and that an earlier survey would provide more accurate results (Shaw, 2013). Between 2012 and 2017, no NSSO survey was conducted, and a new survey was launched in 2017–2018. The BJP-led government of Narendra Modi has not officially released this paper, but it has been leaked to the media (Hirway, 2002); (WESO, 2019); (Sharma, 2006).

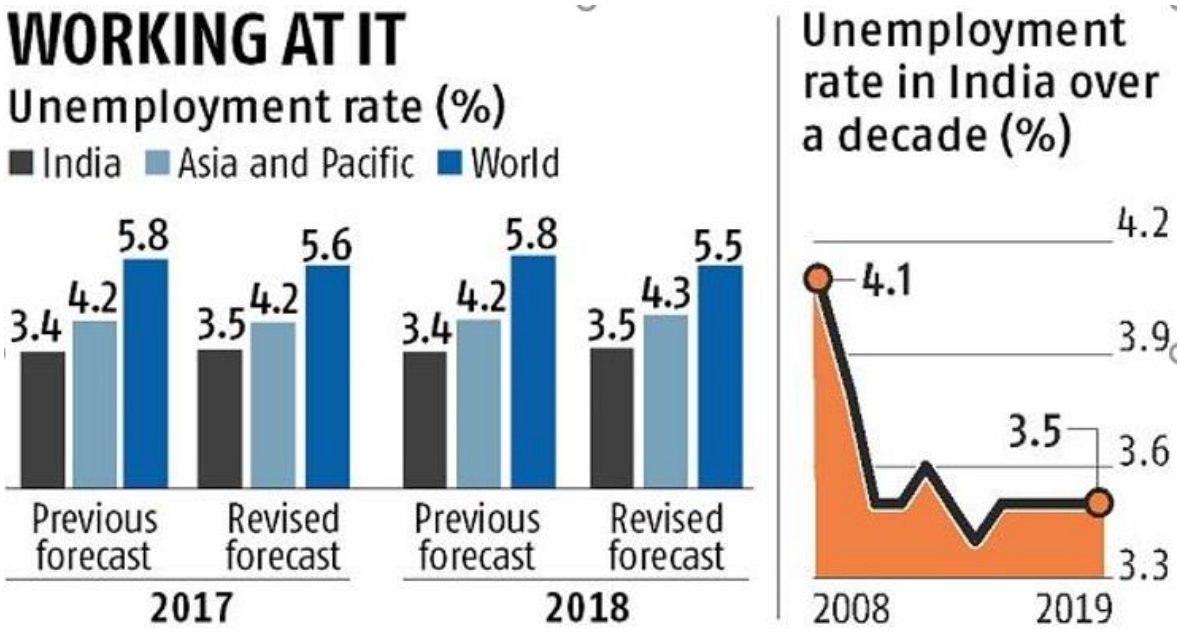

Figure 10: Unemployment in India over a decade

Source- Kühn, (2019)

The unemployment rate was over 2.5 percent higher in December than in November, at 6.5 percent. The company's founder and CEO, recently said that unemployment gradually increased in the weekly estimates during December (Vyas, 2018). “It's made worse by the fact that the increase in unemployment is accompanied by high inflation, which has hovered about 7% in recent months. Furthermore, the significant rise in unemployment exacerbates concerns about the recovery process

Following the global financial crisis, India's economic growth slowed. In 2008–2009, growth declined slightly to 6.8%, but then rebounded to 7.4% in 2009–2010. 1 For the 2011–2012 fiscal years, the average GDP growth rate was about 6.5 percent, and by May 2012, it had fallen to 5.37 percent. The rising number of eligible young Indians, on the one hand, and the slowing Indian economy, on the other, have created discontent among the youth, who are unable to find decent jobs that fit their qualifications (South Asia Regional Office International Bank for Reconstruction and Development, 2010).

Unemployment occurs when a person who is willing to work fails to find a new work line that will provide him or her with a living. Unemployment has long been regarded as India's most pressing issue. With many jobless youths in the country, it is not easy to imagine a better India.

The reasons for this unemployment condition include a large population, a faulty educational system, an excessive emphasis on farming, poor productivity in the horticulture sector, a lack of elective freedoms for rural laborers, an inexperienced labour force, and so on. Even though educational levels have recently improved, technological innovation remains a critical problem. India has the world's largest youth population. Since about 65 percent of India's population is under 35, the impact of a shrinking monetary economy and a lack of available positions is particularly severe in India.

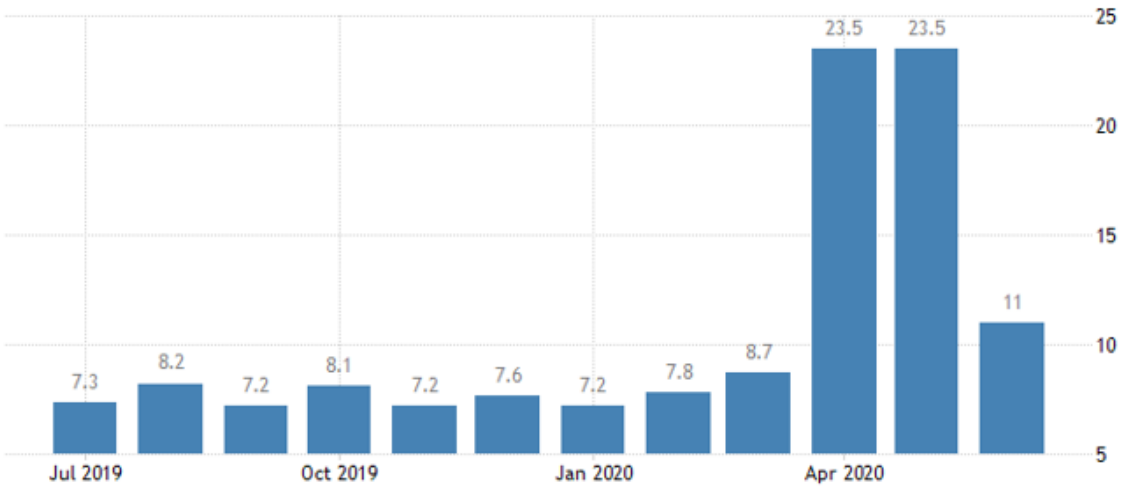

Figure 11: Centre for Monitoring Indian Economy

Source- Reddit Inc., 2020

Aside from the traditional strategies for controlling population increase or widening our education's reach to include expertise-based learning, there are a few other choices. The government should also promote and develop industrialization and horticulture-based projects, especially in rural areas, so that provincial applicants do not migrate to metropolitan areas (Ranade, 2019).

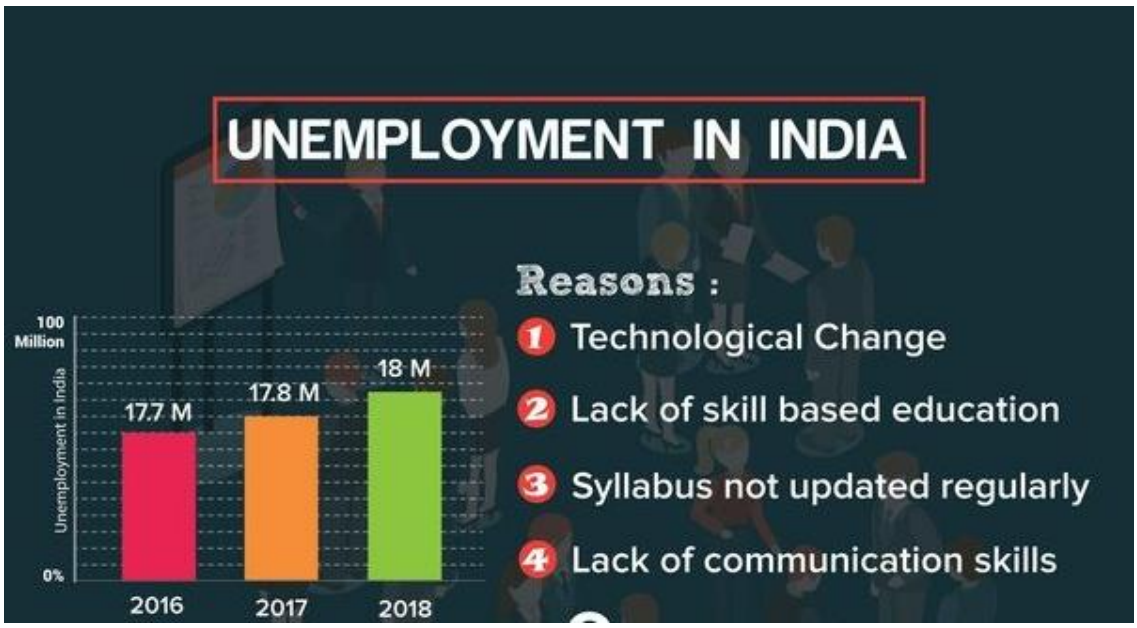

Figure 12: Unemployment in India

Source- Gantare, (2020)

Although, it has been assessed that there are many reasons for unemployment in India such as increased population, lack of interest in the industry, education system, preference to experienced candidates etc. But considering those, some recent causes for unemployment in India are explored and ascertained which are technological changes such as automation and robots taking place of employees (Gantare, 2020). Lack of skill-based education, syllabus not updated regularly and lack of communication skills are some important unemployment causes or reasons to be considered. The graph in the figure shows the unemployment in numbers in India changing from 2016-2018 because of such reasons. It has reached to 18 Million people unemployed in the year 2018.

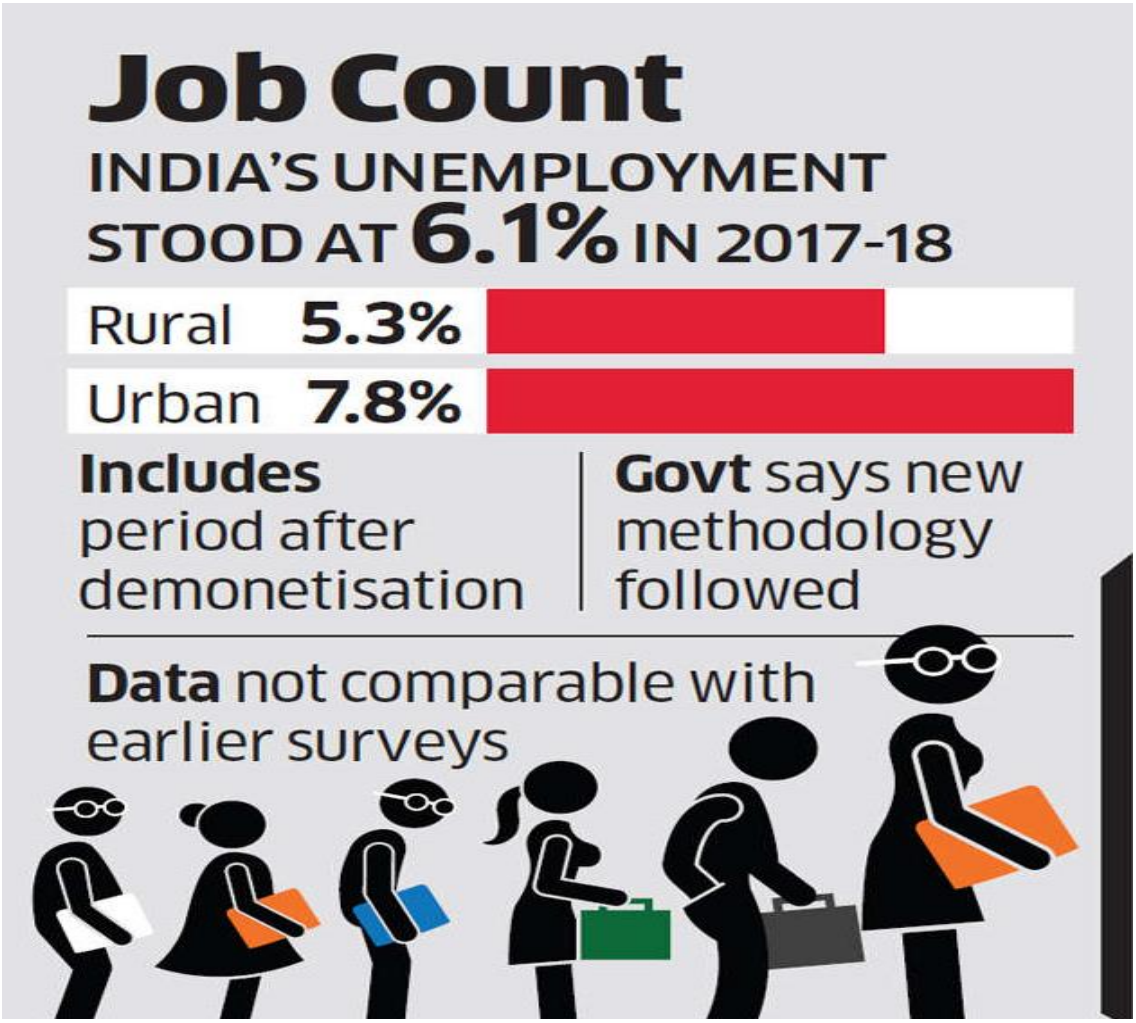

Figure 13: Job Count

Source- (ET Bureau, 2019)

The data for 2017-2018 is provided which shows that unemployment rate of India was recorded at 6.1% in 2017-18. The percentage where is showing 5.3% in rural and 7.8% in Urban. The demonetisation period is also included in this time. This is huge data for urban and rural areas in these years as India is considering to be developing at a high pace but jobs are very less according to the speed of development (ET Bureau, 2019).

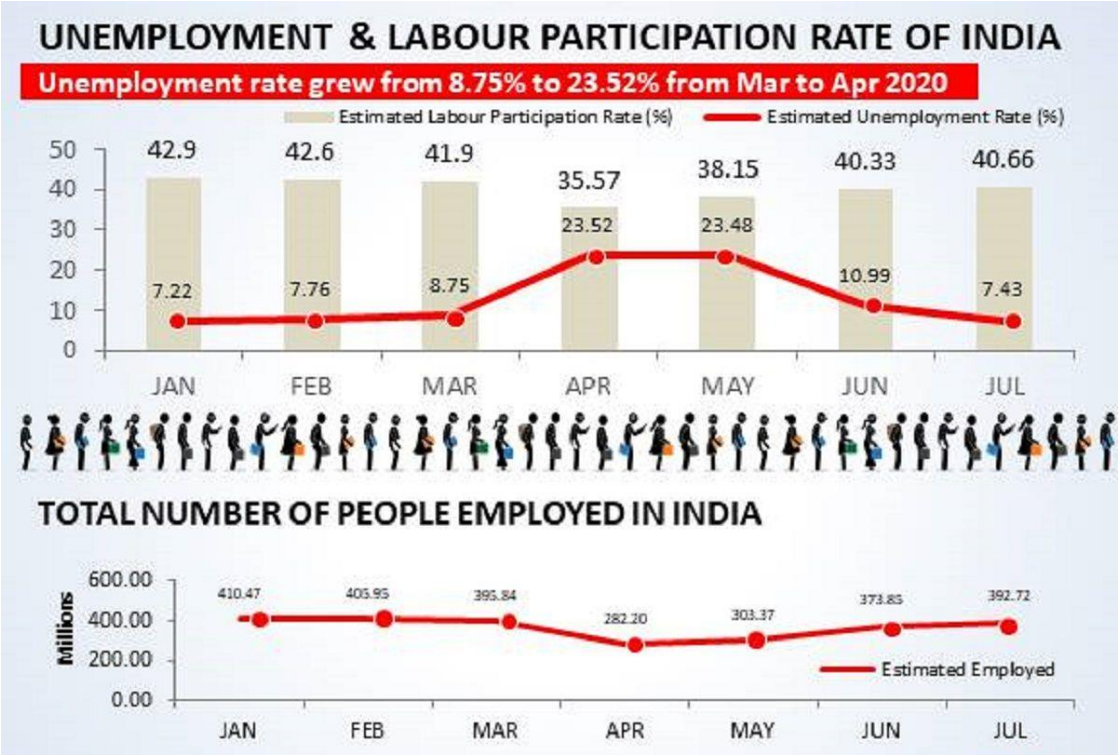

Figure 14: Unemployment and Labour Participation Rate of India.

Source- ET Now Digital, (2020)

India major states such as Bihar, Andhra Pradesh, Rajasthan, Telangana and Delhi all recorded combined unemployment rates higher than the national average unemployment rate of the country which is 12.19 %, 8.35%, 15.23%, 9.05%, and 20.3% respectively.

During the month of April and May, especially due to Covid-19 pandemic the spike in the unemployment rate is highly measured. This is a cause of lockdown and shutting down of various industries and companies (ET Now Digital, 2020). The CMIE calculates its overall unemployment rate and found that the agricultural employment is recorded for just 29% of the rural economy which is less.

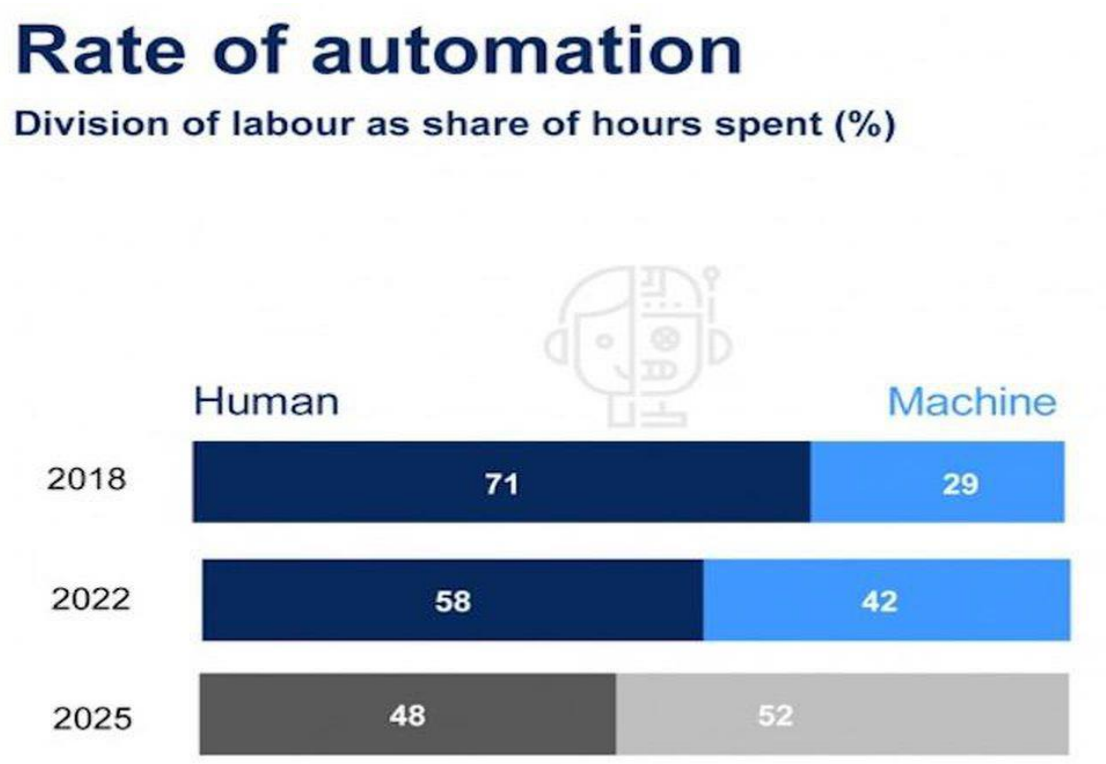

Figure 15: World Economic Forum's Automation Rate Graph

Source- Chowdhry, (2018)

Due to increasing automation in the industries and workplaces, the computers and machines are replacing the human employees with a high pace. The data presented here demonstrates that in the year 2018, World workplaces were equipped with 71% of human and 29% of machines (Chowdhry, 2018). As per the development of technology is increasing with huge speed, the forecasted status of machines and human work in the workplaces is assumed at 58% of human and 42% of machine. By the end of 2025, the scenario is going to change much more than this. The human percentage working in the offices will be 48% and 52% of machines will be operating in the organisations (Chowdhry, 2018). This data terrifies the economy as the development can be seen but the jobs and unemployment because of automation and robots replacing people will be created with high rate.

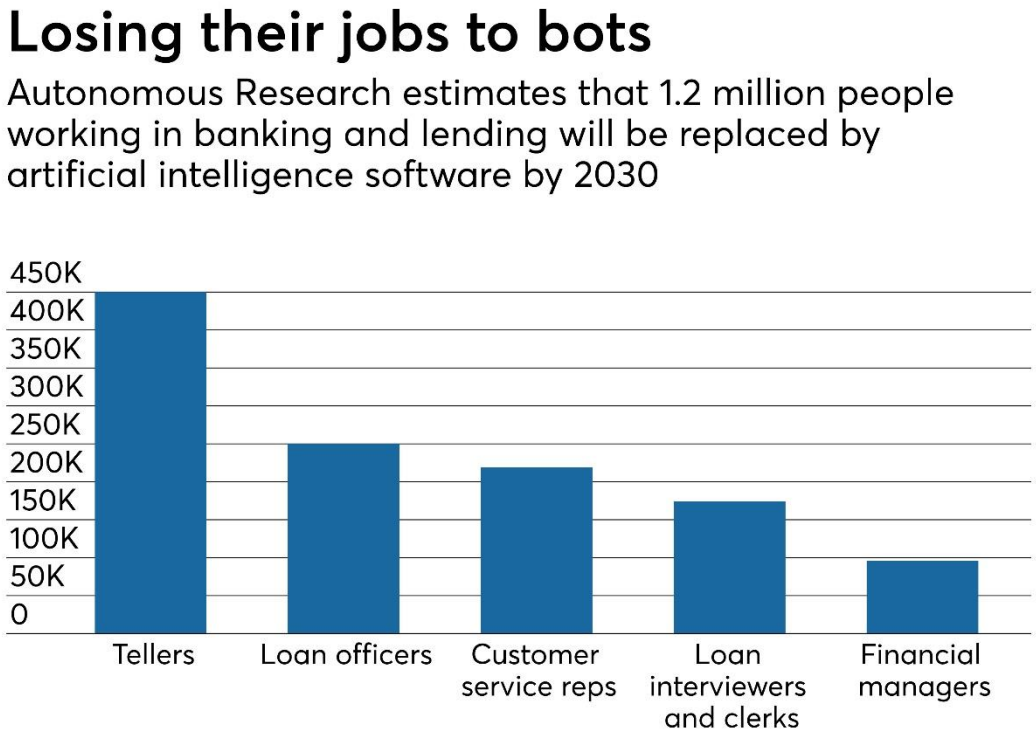

Figure 16: How AI is reforming jobs in banking

Source- Crosman, (2018)

Further, this has been analysed that AI is impacting the banking services majorly as there are lot of machines which has been introduced to work efficiently and effectively. Also, this helps the companies in quick working. The data shows that 1.2 million people from banks will be replaced by AI software by the year 2030 (Crosman, 2018). This estimation is based on current scenario and upcoming technological change in the country. This shows that the distribution of replacement will be highly in the lower-level job of tellers or tele callers. The data showed by Crossman interpreted that tellers in total 400 thousand numbers will lose their jobs as estimated. The 200 thousand loan officers whereas estimated to be replaced. There are customer service people who are about to lose their jobs because of automation (Crosman, 2018). The number is approximately 180 thousand employees. Loan and interviewers and clerks of about 120 thousand approximately will be replaced in the upcoming years by technology. The least chances of financial managers to be replaced will also be replaced by about 50 thousand employees by the year 2030, as estimated (Crosman, 2018).

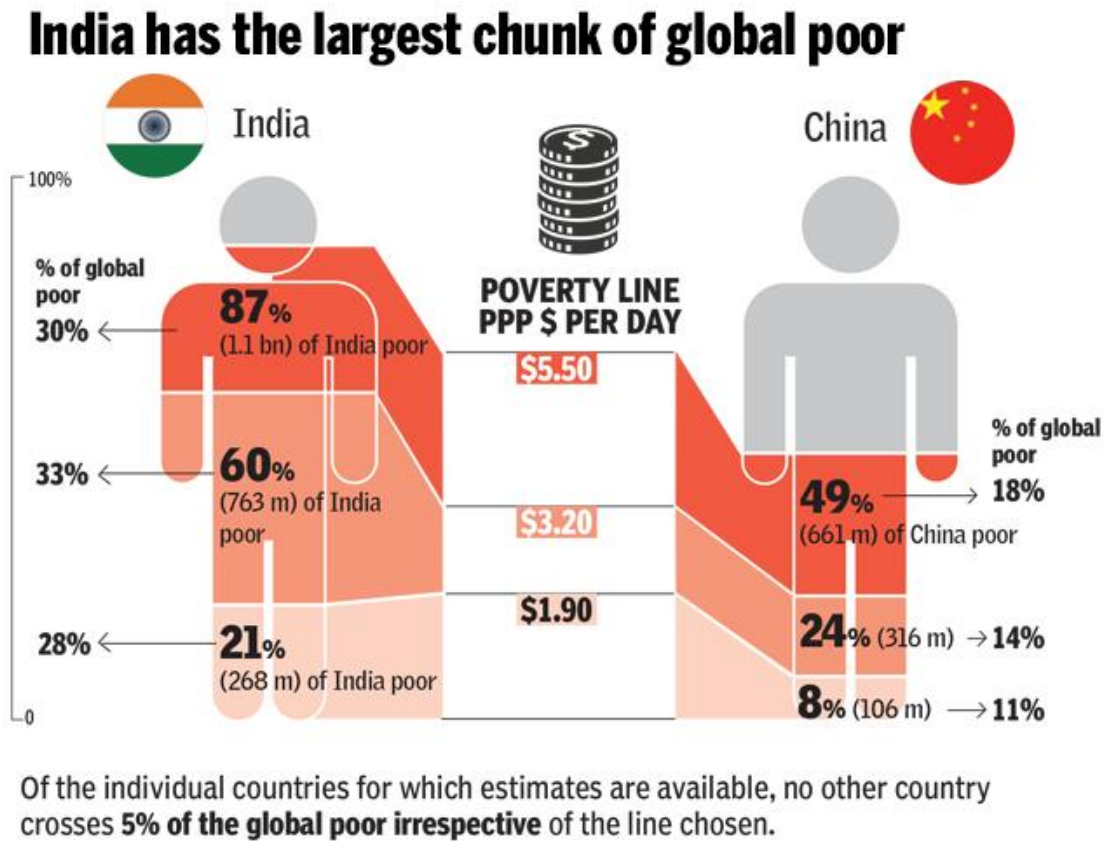

Figure 17: India has a larger chunk of Global Poor

Source- Shingne, (2019)

As per the reports of Shingne (2019), India has a larger chunk of global poor in comparison to China. As per the poverty line, 30% of global poor which is approx. 87% of India poor comes under $5.50 per day wage. This counts approx. 1.1 billion of the India poor. 60% which is 763 million of India poor can be count as earning $3.20 per day wage. This is about 33% of the global poor. This is highest percentage among the country's global poor. On the other hand, China in the category of $3.20 per day wage counts 14% of the global poor only. India is way higher than that. The 28% of global poor comes under $1.90 per day wage in India which is a minimum wage for the employees in India. This is compared with China and interpreted that in the category of $1.90 per day wage China include 11% of the global poor only (Shingne, 2019). The results clearly show the highest rate of global poor in India despite having less population that China.

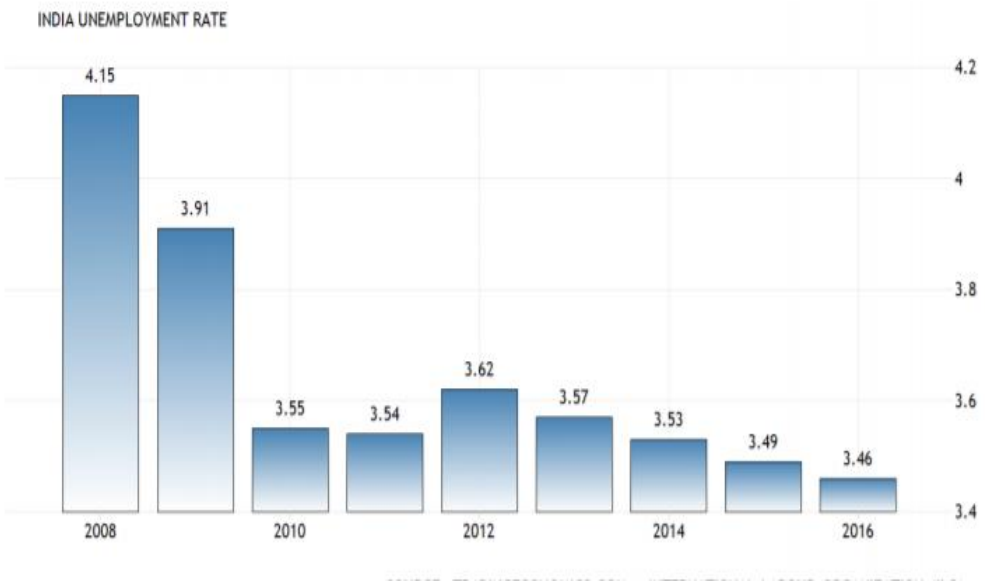

Figure 18: India Unemployment rate transformations from year 2008 to 2016

Source- Singh, (2018)

India unemployment rate fluctuated so much during 2008 to 2016. These 8 years have been crucial to understand the Indian economy. These 8 years have been also very crucial for the development of the country. This is because the unemployment shows the 2010 to 2016 a small ration of unemployment as comparison to 2008 and 2009. The unemployment rate of India in 2008 was 4.15 which is way higher than 3.46 in the year 2016 (Singh, 2018). The rise of unemployment can be seen in the period after 2016 but it was fluctuating after that as well.

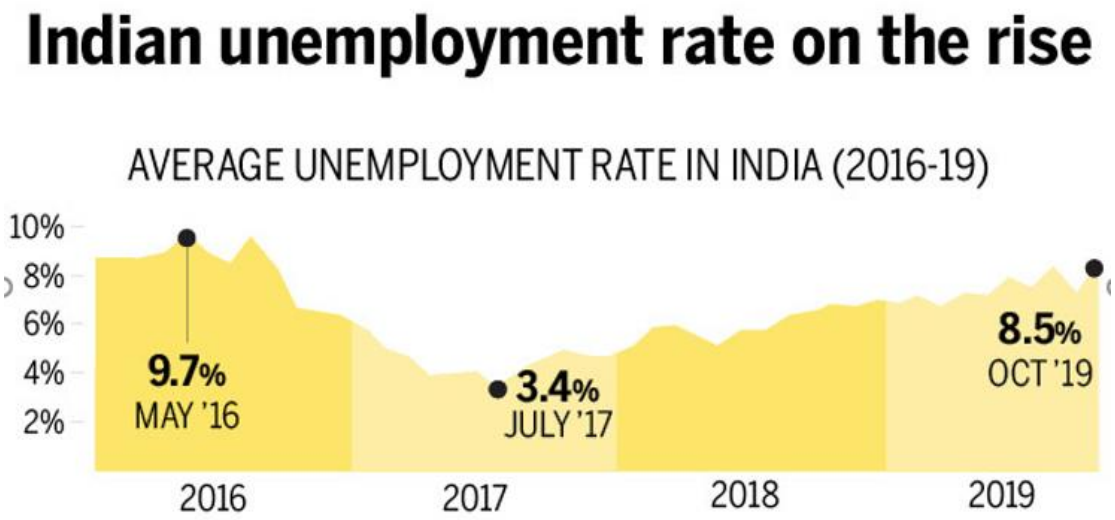

Figure 19: Employment rise in India 2016-2019

Source- The Times of India (2019)

According to CMIE, one explanation for the increasing unemployment rate in December was the partial stabilization of the LPR. It can be noted that the LPR had previously dropped to 40% in November 2020, down from 40.7 percent the previous two months. According to CMIE, the low LPR relieved labour market pressure by implying fewer workers is looking for work. This is why, in November, the unemployment rate dropped to 6.5 percent. The LPR did, however, make a partial rebound in December, rising to 40.6 percent. In December 2020, the number of unemployed people rose by 11.3 million to 38.7 million, up from 27.4 million in November (The Economist, 2013). The number of unemployed people has increased since the lockdown began. In 2019-20, 33.3 million people were unemployed on average. According to the CMIE poll, "the year's highest count was 37.9 million in March 2020, and it had been below 36 million before that." In December, the number of people employed fell by 4.8 million, from 393.6 million in November to 388.8 million in the month under consideration. "Because the unemployment rate had increased, the growth in workforce participation did not translate into a higher job rate. Finally, in December, a smaller proportion of the working-age population found jobs (The Economist, 2013).

Although the LPR rose over 37 percent, the unemployment rate rose from 7.1 percent to 8.8 percent, and the work rate fell from 34.50 percent to 34.40 percent. The number of working people in urban India decreased from 122.5 million to 122.4 million, while the number of unemployed people rose from 9.3 million to 11.9 million. The LPR rose from 41.5 percent

to 42 percent in rural India. On the other side, unemployment increased dramatically from 6.3 percent to 9 plus percent. As a result, the unemployment rate has declined from 38.9% to 38.2%. The working-age population decreased from 271 million to 266 million, while unemployed people increased from 18 million to 26.8 million (The Economist, 2013).

According to the latest data published by CMIE, India's unemployment rate rose to 6.9% in February 2021 from 6.53 percent the previous month. Despite an increase in the national unemployment rate, the report found that urban areas' unemployment rates fell. Unemployment in rural areas, on the other hand, increased during the month under investigation (The Economist, 2013). In February 2021, the urban unemployment rate fell to 6.99 percent from 8.08 percent in January, while the rural unemployment rate increased to 6.86 percent from 5.83 percent the previous month (The Economist, 2013).

Haryana had the highest unemployment rate of 26.4 percent, led by Rajasthan (25.6 percent) and Goa (21.1 percent). With a rate of 1.6 percent, Assam has the lowest unemployment rate, led by Madhya Pradesh, with 2.1 percent. According to CMIE numbers, the 30-day moving average unemployment rate was 7% on February 28, 2021. In the last six months, the unemployment rate has fluctuated significantly, ranging from 6.5 percent in November 2020 to 9.1 percent in December 2020 (Biswas, 2016). During these six months, the overall unemployment rate was around 7.4%, which was a little high. In normal times, the high monthly volatility of unemployment represents India's high proportion of informal workers.

From the several states and union territories of India, highest being Sikkim at 15.8%, followed by Telangana being at 3.3%, Madhya Pradesh being at 2.9%, Chandigarh having 2.8% unemployment rate, and the lowest being in Gujarat (1.2%) (Biswas, 2016). It is found in a research that basically southern part of India is well educated as the literacy rate there is very high, this fact may conclude that due to the high literacy rate there is low un-employment rate there in southern part of India (Biswas, 2016). The north Indian part is having a high un-employment rate as compared to the southern part of India. In India the major work force is believed to be employed in the primary sector. Under various studies almost 40% of the working population is self-employed, 35% (approx.) are casual workers, remaining 24% world as wage/salaried employee and some work on contract basis. There was a decrease in the unemployment rate in the year 2013 from 2012 (i.e., from 5.2% to 4.9%) (Biswas, 2016).

According to CMIE statistics, the unemployment rate fell to 6.5 percent in January 2021, down from 9.1 percent in December 2020, while the job rate increased to 37.9%, up from 36.9% (Biswas, 2016). The number of people working rose by almost 12 million in January, to 400.7 million, compared to 388.8 million in December 2020, the largest since the lockdown began in March 2020.

According to CMIE, one of the main causes of increasing unemployment last month was the farm sector's inability to accommodate the influx of additional labour. "For many people who have lost their jobs, farming is their last resort. However, it would not be able to consume labour in December. This is the month where the economy loses jobs. Since 2016, the number of people employed in agriculture in December has decreased relative to November in each of the last five years. Agriculture lost ten million jobs in December 2019," Vyas said. In December 2020, the tale was the same, with the industry losing 9.8 million jobs. As a result, the number of unemployed people increased by 11.3 million to 38.7 million in December, up from 27.4 million in November (Biswas, 2016). According to Mahesh Vyas, the drastic rise has driven the unemployment rate higher than it was before the lockout. The average number of unemployed in 2019-20 was 33.3 million.

While an increase in the labour force led to an increase in the unemployment rate last month, a fall in wages also contributed to the increase. In December, jobs plummeted by 4.8 million, or 36%, from 393.6 million in November to 388.8 million (Biswas, 2016).

In addition to the farm sector layoffs, the weakening job market has resulted in higher unemployment in urban and rural areas. Meanwhile, urban India's unemployment rate grew from 7.1 to 8.8%. The LPR has risen from 37.1 to 37.7% in urban India. The unemployment rate has also dropped to 34.4 percent (Biswas, 2016).

The NSSO surveys, according to the ILO, are India's most extensive since they include tiny villages in isolated corners and islands. This survey, on the other hand, employs unusual and India-specific language (Papola, 2014). It calculates a person's activity status using two methods: "normal status" unemployment and "new status" unemployment. According to an ILO study, these figures produce different types of unemployment numbers, with totals varying depending on criteria such as whether a person has "served for at least 30 days during the comparison span of 365" for paid or no pay, according to its methodological methodology, "every day for at least 1 hour during the 7 days preceding the date of the study," and an average for "person-hours served in the comparison week." Based on its

sample poll, it forecasts a wide range of jobs and unemployment rates, as well as the overall population of the country, gender distribution, and a host of other statistics. The NSSO approach has been criticized for its "absurd" findings and contradictions, despite being lauded for its breadth and effort (Bhalla, 2019); (Hirway, 2002); (Usami and Rawal, 2012).

India has never tracked and published work and unemployment data for its population on a monthly, quarterly, or annual basis, according to the Centre for Tracking Indian Economy Private Limited. According to Mahesh Vyas, this may have been a tactical convenience because "no calculations" imply "no [political] claims" regarding unemployment in India. In 2016, the CMIE, a non-government private corporation, started surveying and reporting monthly unemployment reports for the first time in Indian history. It has its own data analysis methodology and reports than the NSSO (Ethiraj, 2020; East India Forum, 2014).

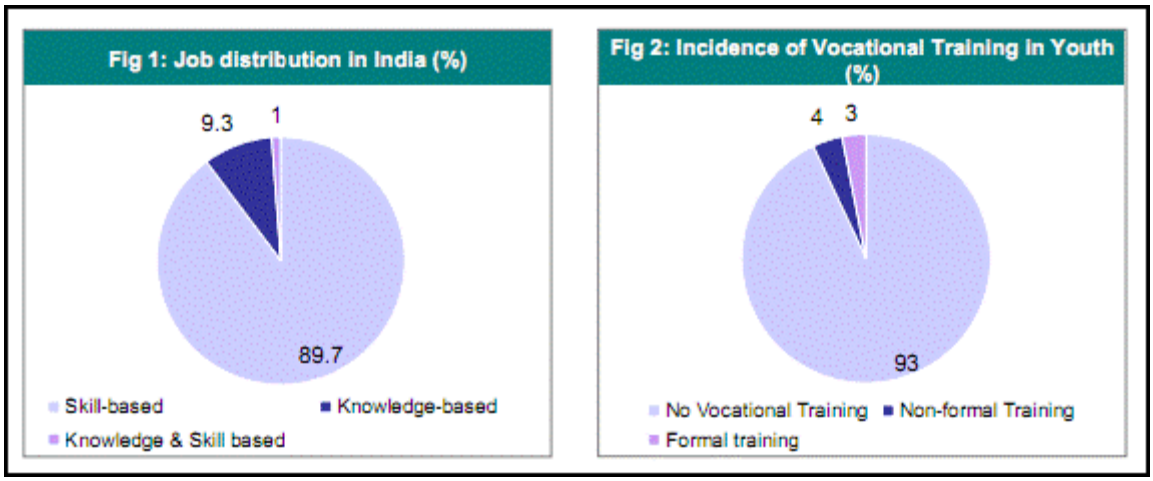

Figure 20: India's labour reforms

Source- Insights (2018)

The UN's ILO has published unemployment rates for India and other countries based on international standards. The International Labour Organization (ILO) modified its methodologies in 2017 to make labour force, wage, and unemployment rates calculations more accurate and comparable across countries (Kuhn *et al.* 2018). According to the ILO's 2018, it included changes and measures for all countries to "include additional data points, the deletion of overlapping data entries, and modifications resulting from the introduction of internationally adopted criteria in the measurement of unemployment rates in countries where previously published nation-specific, relaxed definitions of unemployment." 85% of

the downward adjustment of global unemployment statistics is due to these shifts." In 2017, the International Labour Organization (ILO) made revisions to its total population data projections for each region, including India. The ILO derives its forecasts from dynamic and varied population demographics, sampling polls, and economic activity measures (Kuhn *et al.* 2018); (Jha, 2019).

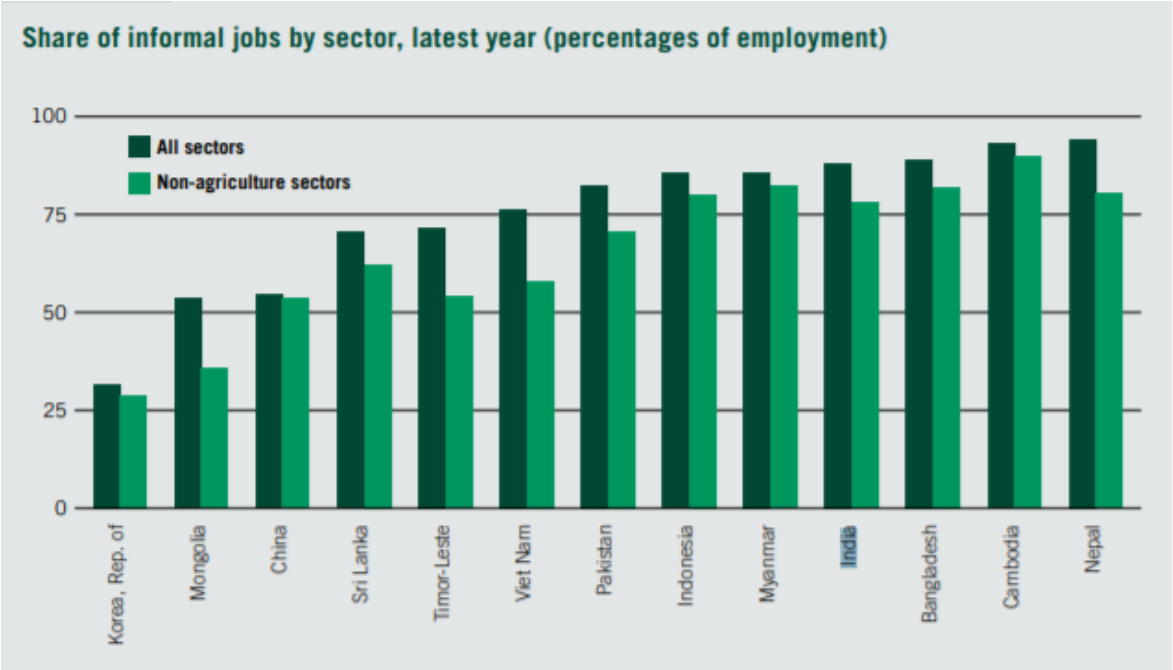

Figure 21: Position of India in formal sector jobs

Source- Kuhn et al., 2018)

4.3 Hypothesis Testing

Hypothesis 1

There is a significant impact of economic growth on unemployment in the India

From the above hypothesis, independent variable is economic growth of India and unemployment in the India is a dependent variable. For testing of above hypothesis, regression analysis is applied. The data for regression analysis has been collected from the secondary sources for a period of 2001-2019 which is given in table below.

Table 1: Data Set

Year	Economic growth of India (GDP, %)	Unemployment in the India, %	Literacy rate, %
2001	17.98	4.82	61.01
2002	18.16	3.804	61.2
2003	18.3	7.86	61.45
2004	18.32	7.92	62.1
2005	18.3	7.92	62.8
2006	18.33	8.06	62.75
2007	18.42	7.66	63.5
2008	18.62	3.08	63.9

2009	19.47	7.82	64.3
2010	20.4	8.49	67.75
2011	20.81	5.24	69.3
2012	21.24	5.45	70
2013	21.7	6.38	70.65
2014	21.99	7.41	71.32
2015	22.33	7.96	71.77
2016	22.6	8.25	73.5
2017	22.71	7.04	73.96
2018	22.85	6.12	74.37
2019	23.01	4.18	74.67
2001	17.98	4.82	61.01

Table 2: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.089a	0.008	-0.047	1.7334
a Predictors: (Constant), GDP				

Source: Author's work

Table 3: ANOVA test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.43	1	0.430	0.143	.710
	Residual	54.085	18	3.005		
	Total	54.515	19			
a Dependent Variable: unemployment b Predictors: (Constant), GDP						

Source: Author's work

Table 4: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.965	4.114		1.207	.243
	GDP	.077	.203	.089	.378	.71

Source: Author's work

From the above table, it is observed that the value of p is greater than 0.05, i.e. p=0.71. Hence, null hypothesis is accepted and it can be concluded that there is no significant impact of economic growth on unemployment in the India.

Hypothesis 2

There is a significant impact of economic growth on literacy rate in the India

From the above hypothesis, independent variable is economic growth of India and literacy rate in the India is a dependent variable. For testing of above hypothesis, regression analysis is applied. The data for regression analysis has been collected from the secondary sources for a period of 2001-2020 which is given in table below.

Table 5: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.994a	0.987	0.987	.5903
a Predictors: (Constant), GDP				

Source: Author's work

Table 6: ANOVA test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	492.134	1	492.13	1412.228	.000
	Residual	6.273	18	.348		
	Total	498.407	19			
a Dependent Variable: Literacy b Predictors: (Constant), GDP						

Source: Author's work

Table 7: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.65	1.401		10.457	.000
	GDP	2.598	.069	.994	37.58	.000

Source: Author's work

From the above table, it is observed that the value of p is less than 0.05, i.e. p=0.000. Hence, null hypothesis is rejected and it can be concluded that there is a significant impact of economic growth on literacy rate in the India.

Hypothesis 3

There is a significant impact of unemployment rate on literacy rate in the India

From the above hypothesis, independent variable is unemployment rate and literacy rate in the India is a dependent variable. For testing of above hypothesis, regression analysis is applied. The data for regression analysis has been collected from the secondary sources for a period of 2001-2020 which is given in table below.

Table 8: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.073a	0.005	-0.05	5.24
a Predictors: (Constant), Unemployment				

Source: Author's work

Table 9: ANOVA test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.669	1	2.669	0.097	.759
	Residual	495.73	18	27.541		
	Total	498.407	19			
a Dependent Variable: Literacy b Predictors: (Constant), Unemployment						

Source: Author's work

Table 10: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	65.62	4.777		13.739	.000
	GDP	.221	.711	.073	.311	.759

Source: Author's work

From the above table, it is observed that the value of p is greater than 0.05, i.e. p=0.000. Hence, null hypothesis is accepted and it can be concluded that there is no significant impact of unemployment rate on literacy rate in the India.

5 Chapter: Results and Discussion

5.1 Findings on unemployment in India

- The most significant intention of India's sizeable unemployment is its fast populace blast since the mid-fifties and the accompanying ascent in its labour pressure.
- With a populace increment charge of 2.5 percent per year, nearly 4 million people are added to the work force each year.
- The Indian financial framework stays immature, despite the fact that the nation has numerous undiscovered and underutilized characteristic assets and resources.
- Monetary activities are additionally limited in size and amount. The non-agricultural zone is developing gradually, essentially the spic and span business quarter that can make a tremendous assortments of occupations for the Indian people.
- Besides, capital aggregation's capital accumulation's sluggish pace is to be faulted for the barriers inside the farming, business, and manufacturing areas in sorting out and enhancing their expansion potential (Chand, et al. 2017).
- Thus, underdevelopment is generally responsible for the progressive increment of work openings. Indian Economy is strongly working in the employment in the agriculture sector.
- With this the farming contributes around 53 % of business more noteworthy than the portion of the overall business is created from this area (Singh, *et al.* 2019).
- Moreover, notwithstanding the proceeding with monetary development, India's unemployment charge stretched out to 9.1% in December 2020.

5.2 Strongest sides of India Economy

- Regardless of a few inconveniences going through the Indian monetary framework, numerous business analysts highlight limit qualities of the Indian financial framework that may empower it to protect to advantage from unreasonable levels of money related blast inside what's to come.
- Demographics of India are favourable - India actually has a positive rate of birth implying that the size of the labour force will keep on developing for a long time to come. (Dissimilar to China) A rising labour force assists with expanding saving and speculation. It additionally empowers expanded efficiency.

- Scope for increases in efficiency - The infrastructure of India is so terrible in areas that even slight upgrades could cause critical improvements inside the profitable capacity of the financial framework.
- Benefit from globalisation and outsourcing - A tradition of the British Empire is that India has one among the largest English speaking populaces on the planet. For paintings escalated ventures like name habitats, India is a conspicuous goal for revaluating. This is an economic development prone to proceed afterward.
- Education - The proper to essential education (from 2002 act) has helped literacy rise from 52.2% in 1991 to 74.04% in 2011 and further growth until 2020 to 77.7% (Oxfam India, 2021).
- Positive Growth forecasts - A most recent analyse from Goldman Sachs, figure that India could increment at a practical pace of 8% expansion till 2020. In any case, it's far truly significant that this expected Indian may make various inventory aspect rules which incorporates work commercial centre liberation and enhancements in preparing and preparing.
- Growth in new companies - India is becoming hub for IT start-ups, with the third highest level of business start-ups in 2014–15
- Tourism - The travel industry is a development market for India, drawing in unfamiliar cash and making work. The travel industry area is figure to develop by yearly pace of 7.5% by 2025 (representing 7.2% of GDP)

5.3 Effect of economic growth on unemployment in India

- Joblessness has been a main issue for India from quite a while. It has been resolved that there's a solid helpless relationship between monetary development and joblessness cost.
- Additionally, it became discovered that GDP bills for 48% of direction of trade in joblessness cost.
- From the regression analysis, it is observed that the value of p is greater than 0.05, i.e. p=0.71. Hence, null hypothesis is accepted and it can be concluded that there is no significant impact of economic growth on unemployment in the India.

5.4 Relationship between education and unemployment

- The results underline the relative brief significance of education at the capacity of a jobless individual to successfully discover the re-work marketplace.

- More extended ranges of practise increment the opportunity a jobless person will get up with an almost equal salary and lessen the time needed to find out new business.
- Joblessness can have an outstanding effect both on an own family and the general economic system. The cutting-edge Indian education system is riddled with flaws, because it makes no allowance for technical and vocational education.
- Many matriculate undergraduates and graduates complete their research each year, widening the distance between profession possibilities and employment seekers in the educated centre magnificence.
- Due to a loss of vocational training and career recommendation, many educated youths are unable to pursue self-employment, inflicting alienation and dissatisfaction among them.

5.5 Sectors facilitating highest employment in India

- Indian Economy is strongly working in the employment in the agriculture sector. This shows the strongest sector in the economy.
- With this the agriculture contributes about 53 % of employment more than the half of the country's employment is generated from this sector.
- As per the recent pandemic scenario and study by upGrad blog (2021) the highest growing sectors are healthcare, IT, outsourcing, manufacturing etc. and hence these are the sectors with highest job opportunities.

5.6 Effect on Covid-19 on unemployment

- Following the country's COVID-19 scourge and inevitable lockout, India's joblessness rate soar.
- In April and May, it hit 23.5 percent generally speaking (normal of country and metropolitan rates), as per the Center for Monitoring Indian Economy.
- According to the Economic Times review, it has been recognized that the speed was down to simply 8.5 percent in June.
- According to CMIE, this is similar to the rate before the COVID-19 emergency, when the Indian month to month joblessness rate floated around 7-8 percent.
- In May of 2016, the five years' pinnacle event before the Covid pandemic was 9.7% (Buchholz, 2020).

5.7 Policy interventions to reduce unemployment in India

- Active Labour Market Policy, Ministry of Human Resource Development, National Rural Employment Guarantee Act, Self Employed Women's Association, Technical Vocational Education and Training are some of the critical actions took by different Indian governments from Independence (International Labour Organisation; Hirway, 2008).
- The mentioned actions seems too small for the huge population of India and hence there is a need to focus on some suitable strategies and interventions that can help out the people in getting desired jobs.

6 Chapter: Conclusion

- To conclude, unemployment is major concern for Indian economy which creates negative barriers and effects to the unemployed who people who suffers jobless and worse prospects in finding new jobs.
- Although, it insecure the candidates for the future task and job performance which overall impact the development of the country economy.
- The government and group of individuals should take immediate and initial steps towards the serious issue of unemployment. In the study, unemployment is examined which is serious and rate of unemployment is likely to take steps for increase the productivity and improve the standard of living.
- Furthermore, unemployment has social as well as economic consequences. When people are unable to meet their basic needs through employment, crime rates also increase.
- As understood from the report, when unemployment is high, individuals cover lower personal assessments and pay lower deals charges since they purchase less merchandise and enterprises.
- Therefore, unemployment is terrible for everybody in our country, and surprisingly the individuals who have occupations will endure.
- Not only do the unemployed consume less, but even those who are working have low buying power due to fear of losing their employment.
- The report summarises that unemployed people are not just not working and adding to the economy's income production, but they are also claiming government benefits, which adds to the economy's overall costs.
- Several measures have been implemented to address the economy's unemployment crisis. The government simply needs to concentrate on putting these proposals into action and working hard to solve this issue.
- The government should increase capital projects such as new highways, hospital building, and other major infrastructural projects, which can serve as a springboard for further job development in the economy.
- Thus, it has been concluded that with the employment there are several chances to face the challenges and economy have the opportunities to offer individual jobs and other better options for the businesses

- Unemployment is the serious issue for the Indian which is still underdeveloped but with the possible recommendation this problem can be solved and get the better result.
- Well, the production technique is the way that suits for the India to manage its needs and resources. It is important to promote labour-intensive technology rather than capital-intensive technology.
- With the production technique innovative, the policies are to be update with the time and make some seasonal changes in the agriculture and in agro sector to use it in multiple ways.

Thus, youth is the investment for the India that upgrade the resources and take the India to next level but which the higher and skilful knowledge which help them out. There are following ways are mentioned below-

- Educational system as a whole should be overhauled and students continue their education should be admitted to colleges for the vocational education should be prioritised.
- Individual have to educate and improve his or her skills in order to become educated and skilled for jobs. Those who can afford it must cover the costs of their own education.
- The government must provide free education to poor people.
- Unemployment allowances are there or employment assurance schemes must be offered to those who are fully jobless.

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