CHAPTER I

INTRODUCTION
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1.1. Unemployment: Concepts and Measurement

The problem of unemployment is common to all the countries, whether industrially advanced or backward, although the causes and extent of such unemployment may differ from country to country. The term unemployment is a complex one and somewhat difficult to explain. As professor Pigou (1933) rightly observes, “Unemployment is one of those many terms in common use the general significance of which is understood by all, but which is never the less somewhat difficult to define with accuracy. As for example, to include among the unemployed those who are idle because they do not want to work. Are we to include sick persons, or work man out on strike or the various classes of individuals who are for one reason or another unemployable? Any decision upon these points is more or less arbitrary.”

The concept of unemployment is straight forward in the advanced capitalist economy for the simple reason that the division between employed and unemployed is easy because of a developed system of wage employment. In the developing countries, like India, where the wage system is only a small fragment of the economy characterised by family labour and self-employment, the concept loses its precise meaning in aggressive macro-analysis.

Work satisfies many needs. For the individual, it satisfies the need to exercise his faculties and to participate in the collective work of society. It also provides for support to himself and his family. From the survival and civilization point of view, the condition of employment seems simple enough.

In India, by adopting the western notions of employment and unemployment, there are many serious difficulties in defining and measuring the extent of unemployment because of different conditions such as prevalence of less mobility of labour, under-developed wage system, low education levels, unpaid
family labour, etc. Hence the distinction between various aspects of employment and unemployment has to be made in the context of a developing country like India (Chand, 1993:84). In the Indian economy, free labour mobility between regions and occupations has been and, continuous to be, made restricted by the difference in living conditions, language, geography, socio-cultural acceptability, and transfer of ownership rights, particularly land rights (Brhmananda, 1983:34). The earning levels among workers are low as well as uncertain. They tend to earn from several sources of livelihood. As regards the wage-earners there are often not well defined contract jobs. The employment among them is characterised by frequent shifts from: i) out of the labour force to the labour force; ii) Self-employment to wage/salary employment to casual employment; iii) fractional work on daily basis to fractional work on a weekly or longer term basis; and iv) work in rural areas to urban during lean seasons and vice-versa during busy seasons. Self - employed enterprises and person from a high proportion of all enterprises and of the total work force, particularly in agriculture. Such available employment does not yield adequate earnings and sufficient in duration, more so, in agriculture where seasonal unemployment and disguised unemployment merely conceals unemployment. (Singh et. Al, 2003:51).

In view of above-mentioned complexities, a school of economists led by Long (1942:1) believes that it is impossible to define unemployment as a single magnitude, an absolute quantity of unused labour time. In fact, they argue that a multiple approach to measure unemployment in a developing country is an utmost necessity. Towards this end, a number of criteria have been put forward to measure unemployment and underemployment in India.

Operationally, unemployment should be measured in developing countries like India by using alternative criteria, namely, time criterion, productivity criterion, income criterion and willingness criterion (Krishna, 1973). In all these criteria a comparison is made with a pre-fixed normative standard. For instance, according to time criterion, an unemployed person is gainfully employed for less number of hours or days than those institutionally specified for a fully employed person. As per productivity criterion, a person is disguised unemployed if his/her marginal productivity in the production system is zero.
As per income criterion, a person is unemployed if he/she earns below some institutionally specified (say under Minimum wage) minimum income level. In terms of willingness criterion, a person is underemployed if he/she is willing to do extra work than is presently available. Naturally, these different concepts and criteria of identifying the unemployed, if applicable or applied will certainly give different estimates of unemployment of an economy. These criteria though useful in understanding unemployment and underemployment have been questioned on various grounds of applicability in Indian conditions, particularly the last three criteria (Singh et Al., 2003).

In India, National Sample Survey Organization (NSSO) employs time-criterion to measure the extent of employment and unemployment. To get a relatively comprehensive perception of unemployment extent, it employs three alternative standards, namely:

A person is unemployed in terms of *Usual Principal Status* (a measure of chronic unemployment) if he/she gets work for less than half the number of days of the reference year. A person is unemployed in terms of *Current Weekly Status* (a measure of underemployment if he/she gets work for less than one hour on any one day of the reference week. This criterion does not throw any light on the earnings and underemployment of persons. A person is unemployed in terms of *Current Daily Status* (or labour time disposition in the 27th Round, if he/she gets work (or gainful activity) for less than one hour during each day of reference week. Current daily status is a comprehensive measure of unemployment—it includes chronic unemployment as measured by usual principal status as well as under-employed as measured by current weekly status. The measures of current daily status as well as to specific time of survey in the year. This is particularly true in case of rural areas where the nature of agricultural activities is season-specific. It is for this reason that all the three alternative measures of unemployment are used by the mainstream economists for analysing the unemployment situation in India.

A worker is a person who perceives himself as a contributor to the process of value criterion on full or part-time basis. A part of the workforce that is actively seeking wage/self-employment work is called unemployed workforce. The proportion of such defined unemployed workers in the workforce is called
unemployment rate (Singh et Al., 2003:52). Educated unemployment refers to the state of joblessness among the educated persons, i.e. matriculates and higher educated. Of these, there may be some suffering from open unemployment. There may be others who are underemployed, i.e. persons who are not getting work suitable to their qualifications to enable them to make full use of their capacities (Agarwal, 2002).

1.2. Limitations of the Unemployment definition:

The unemployment rate may be different from the impact of the economy on people. The unemployment figures indicate how many are not working for pay but seeking employment for pay. It is only indirectly connected with the number of people who are actually not working at all or working without pay. Therefore, critics believe that current methods of measuring unemployment are inaccurate in terms of the impact of unemployment on people as these methods do not take into account the 1.5% of the available working population incarcerated in U.S. prisons (who may or may not be working while incarcerated), those who have lost their jobs and have become discouraged over time from actively looking for work, those who are self-employed or wish to become self-employed, such as tradesmen or building contractors or IT consultants, those who have retired before the official retirement age but would still like to work (involuntary early retirees), those on disability pensions who, while not possessing full health, still wish to work in occupations suitable for their medical conditions, those who work for payment for as little as one hour per week but would like to work full-time. These people are "involuntary part-time" workers, those who are underemployed, e.g., a computer programmer who is working in a retail store until he can find a permanent job, involuntary stay-at-home mothers who would prefer to work, and graduate and Professional school students who were unable to find worthwhile jobs after they graduated with their Bachelor's degrees.

In simple terms then we may say that unemployment is said to exist in a country where the able bodied persons of working age who are willing to work are not able to find a work at the current wage levels. Under this definition people who are unfit for work due to physical or mental disability or are not willing to work are excluded form the category of the unemployed. In the former category may be included children, the sick and the aged and disabled and may be called the unemployable, while in the latter category may be included sadhus, beggars and
non working property holders and they may be called parasites. Professor Pigou adds, “Unemployment means unemployment among the wage earning classes and in respect of wage work only. Thus it does not include all the idleness of wage earners but only that part of it which is, from their point of view and in their existing condition at the time, involuntary. Unemployment therefore excludes the idleness of those who are definitely incapacitated from wage earning work by extreme old age or temporary sickness. Unemployment also excludes the idleness of those who are idle, not from necessity but from choice.”

However there are writers who count all those persons unemployed, who are willing to work, including the incapacitated because of illness, or certain other handicaps, which can easily be corrected. It is due to this difference of opinion over the term unemployment that the types of unemployment or causes of unemployment have been described differently by sociologists and economists.

1.3. Types of unemployment

Various types of unemployment as distinguished according to different causes are:

- a) casual and seasonal unemployment
- b) frictional and technological unemployment
- c) temporary unemployment
- d) voluntary unemployment
- e) cyclic unemployment
- f) unemployment arising from shortage of capital, and other complimentary resources
- g) involuntary unemployment and unemployment which is mainly found in under developed countries
- h) Hidden unemployment

a) Seasonal or Casual unemployment: In many industries there are sudden fluctuation of activities in a particular period of the year. At one time activity is very brisk and the employer requires a large labour force to deal with the rush of work. At other times work is comparatively slack, when a part of the labour force becomes unemployed. This is the case with doc workers, building constructions etc. There is a floating surplus of the unemployed called the “Reserve of labour”.
In some industries the workers get jobs only for a certain period of the year or in a particular season. Such in the case with woollen industry, sugar industry etc. Work is carried in sugar industry in our country from November to April or May and the workers remain idle during the intervening period. This is also the case with agricultural labours.

This seasonal or casual unemployment makes the labourers of migratory character. The hardship and privations of uncertain existence on the road demand a hardy constitution and only the strongest can survive in such conditions.

b) Frictional and Technological Unemployment: Frictional unemployment is caused by changes in the industrial structure which are constantly occurring. Modern businesses are essentially dynamic, throwing some workers out of employment for the time being. Demand is constantly shifting from one product to another leaving behind a trail of unemployment. There may be loss of time between different jobs.

Technological advancement creates unemployment in another way as well. The increase means a displacement of human labour. With the advance in technology some manufacturing processes have become so perfect as to be virtually automatic. Some of this displaced labour may be absorbed labour in the production of new commodities, but it is a fact that advance in technology reduces the demand of labour.

c) Temporary Unemployment: When young men have completed their education and training they remain unemployed for a few years, because of overcrowding in the labour market of inexperienced persons for jobs. Older persons who have had a few years’ experience have some advantage in the competitive market.

d) Voluntary unemployment: Voluntary unemployment is that which is caused by the refusal of labour to accept a cut in the rate of real wages. But such unemployment cannot exist under full equilibrium conditions, when there are free competitions.
e) Cyclic Unemployment: The unemployment may be caused due to cyclic functions of the industry. The course of business shows a wave like movement consisting alternating periods of booms and depressions. These trade cycles exercise a great influence on the volume of unemployment which decreases when trade is good and increases when it is bad.

f) Unemployment arising from shortage of capital, equipment or other complimentary resources: This type of unemployment is found mainly in underdeveloped countries. In India in common with other underdeveloped countries, production is carried on with insufficient of real capital per head of the population. In almost all process of production the techniques are relatively backward leading to various forms of unemployment, seasonal unemployment in agriculture and disguised unemployment in certain other industries. It may perhaps appear strange that in underdeveloped economy, in which there is shortage of goods and services should at the same time have insufficient employment opportunities resulting in a surplus labour force.

g) Involuntary unemployment or underemployment: Lord Keynes gives the concept of involuntary unemployment for unemployment. He defines the concept of involuntary unemployment as that when a person is willing to work at a lower real wage than the current real wage, whether or not he is willing to accept a lower money wage. In simple words mere engagement in some productive occupation does not necessarily mean absence of unemployment. People who are partially employed or are doing inferior jobs while they could do better jobs are not adequately employed. It is called a state of unemployment, which is equally bad for the prosperity of a country.

Underemployment is both present in rural as well as urban sectors. As most of occupations are over staffed, the wages consequently paid are extremely low.

h) Hidden unemployment

Hidden, or covered, unemployment is the unemployment of potential workers that is not reflected in official unemployment statistics, due to the way the statistics are collected. In many countries only those who have no work but are
actively looking for work (and/or qualifying for social security benefits) are counted as unemployed. Those who have given up looking for work (and sometimes those who are on Government "retraining" programs) are not officially counted among the unemployed, even though they are not employed. The same applies to those who have taken early retirement to avoid being laid off, but would prefer to be working. The statistic also does not count the "underemployed" - those with part time or seasonal jobs who would rather have full time jobs. In addition, those who are of working age but are currently in full-time education are usually not considered unemployed in government statistics. Because of hidden unemployment, official statistics often underestimate unemployment rates.

1.4. Causes of unemployment

The causes divided into two broader categories, viz subjective and objective, or internal or external or i) personal and ii) technological and economic.

**Personal Factors:** Personal factors include defects in character, physical disability etc. Which in other words means physical, mental and moral deficiency of the labourers. Many a time a person in spite of his desire is not able to work owing to his deformity, weak mentality, accidents, defective education and training etc. However it is to be noted that to call these causes as entirely personal may be sometimes throwing the responsibility on the wrong shoulders. Many physical deformities are doubtless due directly or indirectly, to the factory system, obligation in which case falls on the employer. Elliot and Merrill have mentioned the following under the personal factors.

a) **Age factor** : They point out that both young and old persons have disadvantage in getting employment. This is because young men who have completed their education and training at this age find difficulty in getting jobs because of their inexperience. Similarly, persons above forty years and particularly those past fifty and sixty have the highest proportionate in cadence of unemployment. With so many younger persons glutting the labour market, older men have often been unable to get good jobs. This scrapping has been justified on the ground that older people produce less, are more prone to accidents, and are less adaptable. However the real reason for discriminating against them is that they will
be candidate for pensions and their retirement age will add to the cost of insurance. The planning commission observes, “The older persons are precluded from public employment because of age bar, while private employers prefer young person to older people.”

b) **Vocational Unfitness**: Too many young people have no understanding of their own abilities or interests and no particular task in mind when they get training. Willingness to do anything may seem to indicate a worthy desire on the part of the person seeking work. Employers on the other hand may seek qualified and competent and trained workers. Similarly there may be more men trained in a particular profession than required. The demand is less than the supply and hence unemployment.

c) **Illness and physical Disabilities**: many workmen are temporarily and permanently unemployed because of illness or other physical disabilities. Illness induced by industrial conditions or the hazards of the particular industry account for a larger number. Industrial accidents are often fatal and sometimes make the workers permanently disabled. Other specific dangers of industry are the occupational disease. In addition to those who are physically disabled because of illness and accident, we have the blind and the crippled who not only constitute a problem unto themselves but augment the number of both the unemployed and the unemployable.

d) **Technological and economic factors**: Among these factors are included mostly those causes which we have already discussed under the head “types of unemployment”. The major factor in the unemployment complex may be ascribed to dislocations in industries and to disorganizations of economic structure. Because of advances in technical skill and highly specialized divisions of labour, able bodied and capable men are unable to secure jobs.

“Unemployment which is not due to personal disabilities may be classified as a) cyclical, b) technological, c) seasonal, d) that due to problems in labour turnover because of lack of mobility in the labour supply. Labour problems are also closely related to other phases of our economic order, such as disturbed market conditions, low buying power, and high tariff and like. In final analysis however our present problem of unemployment seems to be the result of both technological changes and the cyclical aspects of business conditions which are
deeply rooted in problems of production and distributions”. In addition to these causes we have already pointed that in underdeveloped countries insufficient amount of real capital per head of population also leads to various forms of unemployment disguised or manifested.

1.5. Evil Effects of unemployment:

Unemployment whether of a permanent or temporary nature has many bad consequences not only for the worker himself but for the workers family and the community at large. He suffers from personal disorganization, his health is affected, and his family and the community are also affected. We may discuss these evils under four heads: a) personal disorganization, b) effect on health, c) family disorganization, d) community disorganization.

a) **Unemployment and personal disorganization:** Unemployment whether of permanent or seasonal in nature undermines the life organization of a worker. The unemployed person faces a discouraging outlook. In his book *Labour Market*, Mr. Lescohier observes, unsteady employment undermines the worker’s physique, deadens his mind, weakens his ambition, destroys his capacity for continuous sustained endeavour, induces a liking for idleness and self indulgence, saps self respect and the sense of responsibility, impairs technical skill, weakens nerve and will power, creates a tendency to blame others for failures, saps the courage, prevents thrift and hope for family advancement, destroys workman feeling that he is taking good care of his family, sends him to work worried, underfed, plunges him in debt”. Unemployment affects the personal organization of different persons in different ways, say: 1) new entrants, 2) experienced persons, 3) old persons, 4) casual workers, 5) underemployed.

The new entrants who has just finished their education and training, when they cannot get employment they become disillusioned and cynics. Having no outlet for creative energy they become delinquents and commit robberies or bank hold ups. The antisocial activities offer the only chance to the undisciplined and recalcitrant youth. Many college students feel that they have been educated which might be more useful to secure a job but become disappointed when they find no market for their services.
The plight of experienced unemployed persons who has lost his jobs is equally unfortunate. The disorganizing effect is not upon the worker only but upon his family as well. The ex-wage earner discouraged and depressed may become cynical, irritable and disagreeable in his home. The unemployed often become unable to do steady work, unreliable insufficient and "good for nothing". Moral values of the groups are distorted or lose their significance. With savings exhausted and credit denied he may become a rebel. He may steal because his children need bread. Because of their inability to face economic insecurity and loss of status for themselves and their family, some may end in suicide.

No experience perhaps so full of bitterness and as conducive to loss of self respect as economic insecurity during old age. Struggling the inevitable such dependence in itself produces a sense of defeatism. The frustrated desire for security, the loss of status, the isolation for former contacts may bring out serious emotional maladjustments, if not actual disorganization. For some the maladjustments of dependent old age culminate in suicide.

The effect on casual workers is almost similar in the case of unemployed. Of all seasonal labourers the migratory casual workers represent the more maladjusted of men who toil. Being mobile they have no permanent community interest nor family ties to act as a stabilizing force. Subjected to little restraint so long as they perform the tasks set before them and frequently living under inhuman conditions, there is large personal disorganization among them.

The unemployed are not the only persons who suffer disorganization. Equally serious is the unemployment for the worker which frustrates hopes and brings loss of status. Many capable men are available for the same job; hence all tend to be underpaid. Old standards of living must give way. Children must not be well educated. The loss of status and sense of defeat may be quite as disorganizing as dependency on charitable relief for others.
b) **Unemployment and low health:** Those who are unemployed have insufficient resources to maintain their own and family members' health. The limited diet, low diet, low consumption of essential food elements, the inability to pay for ordinary medical care, all these enter into these picture. Worry and anxiety about inability to provide for dependents further affects their health. The problem of low health is most serious in the low income group.

The stress and strain of worry, the restlessness and lack of usual activity, the new obligations for wife and children may all affect his health.

c) **Unemployment and family disorganization:** In addition to the physical and mental deprivation, and the havoc unemployment wrecks on the personality of the breadwinner, it affects his family as well. When the regular income fails, the families fall back upon their own savings, however low they may be. After the meagre savings are exhausted the inevitable borrowing either in cash or in good starts. Valuable articles are sold and ornaments are mortgaged. Families suffer starvation by resorting to unbelievable economics in food. Bodies sapped through such undernourishment become prey for ill health. Thus there is an almost universal failure among the unemployed and underpaid labourers to take adequate care of their family members' health.

In desperation the children may be induced to industry earlier their education may be stopped and the wife may seek employment knowing fully well that her husband can secure nothing. She thus assumes a double load. The father can seldom cook or care intelligently for the children. The working mother may do her job as well as her house work. Her energy is soon exhausted and she becomes irritable with a nervous breakdown in the office. If she is not working her anxiety concerning the husband’s unemployment may affect her mind, the children may likewise become irritable and the whole family organization may be threatened. The family may often be broken up to secure help from relatives or friends

d) **Unemployment and community disorganization:** Unemployment causes disorganization in a country; its resources are not utilized to the full extent and production is less than the maximum. This affects the standard of living of the people. Owing to crime and mental illness many
social problem arise leading to social disorganization. Those unemployed are not only a problem to them but are charge on the society. Hospitalization emergency relief, increase in police strength and scenes of family disputes are examples of costs that are born by the public.

1.6. Educated Unemployed: Theoretical and Empirical Evidence

The existence and perpetuation of unemployment has widely been explored and analysed by scholars, economic theorists and policy-makers. The economists, both in the theoretical and empirical studies, to delve deeper into the problem have developed considerable amount of literature.

1.6.1 General Theoretical considerations:

Keynes (1936) was the first to attempt a scientific theory of employment, for that matter of unemployment. In a distinct departure from the classical economists, who viewed unemployment as temporary phenomenon caused by low mobility of labour associated with personal lethargy, Keynes postulated that unemployment was caused by a decline in the aggregate effective demand which left a number of workers without any work. Hence generation of income, which enabled people to sustain a regular demand for goods and services, was crucial to creation of employment. In acute circumstances, it could mean payment of wages even for digging and filling up of holes. Keynes advocated for greater state expenditure, even through deficit financing, for combating unemployment. Of course, all his ideas were set in the context of advanced capitalist economies. Its applicability to developing world is limited.

In the growth of literature two basic assertions have been forcefully made. Economic growth by itself does not lead to proportionate increase in employment opportunities for those sections of the working population who do not have access to assets. Secondly, economic growth does not lead to an improvement in the standards of living of the disadvantaged sections of society.
Sen (1975), in an analytical study, provides a conceptual framework and guidelines. The study provides utmost importance to institutional factors, to economic and political feasibility considerations, and to appropriate technological choices. The study shows that too much emphasis should not be placed on the development of new intermediate technologies through research and development. A section of the study on employment, technology and evaluation, sets out principles and criteria for estimating 'shadow' prices required to determine socially optimal techniques and to evaluate gains from specific projects to migrants, peasant families and society in terms of increase in income, savings, employment etc. An important issue of employment policy brought out by Sen is that of prices as signals for decision-making. In market-oriented economies the prices of factors products are often out of line with the result that managerial decisions are not conducive to the achievement of socio-economic goals of employment. One of the most significant conclusions of the study is that economic policies, if formulated in isolation from the specific political, social and institutional context, are almost bound to fails. These non-economic aspects and constraints are of fundamental importance for employment policy.

According to Narasaiah (1999), having a job meant being employed by an organization in a clearly-defined and stable occupational role with duties, hours of work, rates of pay and promotion, all more or less standardized. But the job in this meaning of the word is a social invention, and a recent one. Jobs function in so many ways that it is surprising how many organizations are now opting for other ways to define and manage work. The second job shift is underway. Its emergence can be seen in the increasing use of temporary and part-time workers and contracted-out services, the changing relationships between workers and management and the growing popularity of self-employment and small business. “De-jobbing” is proceeding at such a pace that many economists, management experts and policy-makers are now talking freely about the ‘end of the job’. It is predicted that the job as is now known would disappear entirely and be remembered only as a quaint artefact of the industrial age.

To stay successful in today’s hi-tech consumer economy, business have had to remodel themselves as “agile companies” which are able to respond quickly to conditions in ever changing, fragmented competitive markets. “Knowledge
"worker" is replacing the industrial labourer as the dominant part of the workforce and their productive activities are likely to be organized and structured much differently from those of their assembly-line predecessors. The basic question appears to be whether the key to global employment development strategy is to play "catch-up" trying to bring millions of people around the world into jobs in industry and the public-sector; or play "leap-frog" creating new forms of employment. A certain agility may also be necessary in agriculture which calls for flexibility, and an ability to get information and to act on it. Government officials, development workers, community leaders and individuals will, in some respects, have to be "knowledge-workers" if they are to keep ahead of global changes. Jobs are going to be created not just by putting people to work, but they finding or creating new niches where they can be productive. The author has concluded by saying that as we move ahead into the global information economy, we may be moving back into an older conception of the job, and seeing it again as something you do, rather as something you have or that has you.

1.7 Unemployment In Other Countries:

In order to have a general information about the prevailing views on the employment or unemployment situation in the world, certain studies concerning the related issues were previewed. A Brief review of the related studies is presented below.

The study my Morio (1980), which is focused on unemployment among educated young people in the developed market economy countries, has been undertaken to the outline the problems relating to youth unemployment rather than to supply, full structured solutions to these problems. An attempt is first made to medicate the difficulties of supplying such a definition by relating it to concrete situations of young people with respect to employment (refusal to work, working conditions, types of job, job remuneration). An attempt is made to unravel the labour market, i.e. the visible part of the economic and social structures resulting in jobs with the employment situation facing young people leaving secondary schools and universities; and thus with the value of their work potential. Having examined some of the consequences of the existence and development of the labour market for the work potential of educated young people, the study postulates a second hypothesis, namely that the labour market is the result (or end product) of the employment level of the underlying
economic and social patterns in a country as well as of their development. It is through these factors, which structure the labour market, that causes of youth unemployment are sought. This study considers the rates, the directions and the logic of the growth of market economics, in order to consider connections between the labour market and its growth, its direction and the influence on economic life of power relations at the international level. This study comes down to the level of business enterprise in order to point out some factors concerning the repercussions, which the above mentioned choices have, on the organization of work and on working conditions. Within this framework, a description is given of certain experiments carried out in some countries with a view to integrating the young unemployed person more quickly into working life.

A similar study for UNESCO by Zocticozoun (1980) of the people in the French-speaking developing countries, deals mainly with the significance of the development of unemployment among the young, throughout the world and particularly in the French-speaking developing countries. Special attention is devoted to its objective causes, i.e. economic, social, political and ideological. This study deliberately leaves aside all subjective considerations such as the opinion which the jobless may have about their status, or the arguments which employers may put forward in order to justify their own behaviour in particular instances. Only an investigation covering the society as a whole, the economic system, the methods of production, can clarify unemployment and its significance. No formula based on speculation and abstract reasoning can help us to understand this phenomenon, still less to solve it. Through these 'causes' we see the dual 'functions' --- national and international, fulfilled by unemployment in the market economy countries, which form part of the French speaking third world.

The paper by Geo-Jaja (1988) examined the structural linkages of non-formal education to the world of work and graduate unemployment in Nigeria. It further examined the role of government's "stop-gap" system in employment generation. The author asserts that non-formal education is a more meaningful approach to solving graduate unemployment, than the contemporary orthodox approach to solving graduate unemployment. The author asserts that there has been a overall bias towards leaning general skills rather than specific skills because in a time period of rapid technological change, a strong background of general skills is more useful than company-specific skills that may soon become
obsolete. The role of companies in upgrading the utilization of manpower is considered. It is felt that the most vexing problem of unemployment is that of mismatch between the rate and pattern of educational development and the available job opportunities due to the inability of the formal education system to quickly adjust to technological changes and to equip student with skills to cope with these changes. Inadequate technical skill is stated to be the most significant cause of graduate unemployment. It is recommended that the government gives the strong support to the funding of the formal education, to the education and training systems as in Nigerian companies through financial assistance and incentives. The recommended schemes also ought to be closely integrated with local, state and national development needs.

Tilak (1991) has started by discussing the nature and scope of educated unemployment in Asian countries. Educated unemployment, by its very definition, is closely related to education, besides to the state of the economy including the nature and the functioning of the labour market. According to the author lack of co-ordination between educational planning and economic planning in particular, results in educated unemployment. The background of some widely held presumptions about the role of education in employment and unemployment, i.e. educational increases the volume of employment, education cause unemployment and education converts under-employment into open-unemployment, the experience of Asian countries is reviewed. Data pertaining to India, Srilanka, Philippines, Thailand, Taiwan and Singapore have been used for discussing the problem in these countries. Factors increasing the demand for higher education despite massive unemployment are also discussed. Then the author has discussed the role of manpower planning to reduce unemployment in an economy. In this study a somewhat restricted analysis of educated unemployment in Asian countries was attempted. The analysis was narrow in its scope for at least two reasons. It is restricted to open unemployment among the educated while, hidden or invisible unemployment, underemployment and mal-employment are also important dimensions of the same malaise. The analysis was also confined to formal sector. Employment for educated in formal sector is rather minimum. Secondly, the examination here is also confined to analysing the relationship between education and unemployment, while a complex set of demographic, social, political and economic factors besides educational factors explain educated unemployment in a comprehensive way. It is concluded that carefully formulated higher education and training strategies will have considerable effect on improvement in employment situation in Asian countries.
1.8. Unemployment In India:

The core issue of any problem is its conceptualization and the existing literature available on that issue. From the vast literature available as regards the problem of unemployment in India, a few of the studies found directly relevant to our work have been reviewed and their main findings are presented in the section.

Blaug et. al. (1969), Hoda (1974), Sharma and Apte (1976), Dholakia (1977), Mathew (1995) and Thakur & Thakur (1997) take up the problem of unemployment as the relation between supply and demand for educated manpower in a developing country, i.e. India. The authors have tried to explain how the phenomenon of unemployment arises. They conclude that the persistence of educated unemployment in India can be explained by the resistance of educated people to the fall in their earnings which according to economic theory, should accompany the increase in their relative supply. The authors calculated private rates of return to primary, secondary and higher education and show conclusively that even with unemployment that pursuit of higher education is financially profitable investment for the individual. But, then by using social rates of return, they demonstrate that from society’s point of view there has been serious under-investment in primary schooling and relatively over investment at the higher levels of education. Balug looks at the policy problem in the framework of cost-benefit analysis with data pertaining to 1950-66. An attempt is made by Dholakia (1977) to explain the concept of unemployment with the help of a macro-dynamic model of development with minimum unemployment. The specific programmes for promotion of employment in rural and urban areas are critically examined. The author has used data for the period from 1961 to 1974 for the study of educated unemployed in India. Mathew (1995) opines that opening of too many arts and science colleges and private technical training institutions, and a preference for salaried (especially governments) employment over self-employment is the main cause of educated unemployment.
Mathew’s study (1995) is perhaps, first systematic analysis of employment and unemployment trends in Kerala. The purpose of this study is to measure the employment and unemployment trends in Kerala. For the purpose he uses the results of the quinquennial surveys conducted by the NSSO since 1972-73. He also tried to focus attention on some neglected aspects of employment. It was shown that even though Kerala leads the rest of the country and is not far behind the developed countries and is not far behind the developed countries of the world in social development defined in terms of well known indices such as life-expectancy at birth and literacy but its level of economic development is low. This mismatch, often referred to as the development paradox of Kerala, can be traced to Kerala’s low agriculture and industrial development. As per the author, the wide spread educated unemployment prevailing in the state is largely a fall-out of the quantitative expansions of all levels of formal education without qualitative upgradation. The number of educated unemployed in the state shot up from 3.51 lac in 1983 to 6.34 lac in 1987-88 and the rate of educated unemployment (unemployed as percentage of the labour force) according to Usual Principal Status (UPS) rose from 29.3 percent to 35 percent during that period. In sharp contrast, at the all India level, the number of educated unemployed has increased from 30 lac to 39.5 lac and the rate of educated unemployment increased marginally from 11.3 percent to 11.9 percent only. An attempt is also made to provide an empirical basis for the arguments that the unemployed in Kerala invariably prefer salaried wage employment to self-employment and to examine what motivates people to choose employment. The data for the purpose had been collected through a limited household survey during 1993. The survey was conducted in Trivandrum district. The sample consisted of 810 households, i.e. 540 rural household spread over four panchayats and 270 urban households represented by two municipal towns and the Trivandrum Municipal Corporation. While the NSS data provide alternative estimates of employment and unemployment for rural and urban households as well for male and female labour force based on Current Daily Status, Current weekly Status and Usual Principal Status. However, this study gives interesting information on the socio-economic background of the employed an the unemployed, their job preferences and also obstacles in and the factors motivating for starting the self-employment. Thus this study examines the questions which are usually not highlighted in the NSS or other official reports. It highlights that 82 percent of the rural and 97 percent of the urban unemployed had stipulated a minimum salary. Those who had a preference regarding the
sector of employment had a distinct bias in favour of public sector employment. 28 percent of rural and 47 percent of urban female work seekers preferred to be employed within the district; 22 percent of the sample reported that it was their failure to obtain either a regular government job or any regular job at all that made them resort to self-employment. Another 27 percent preferred self-employment in the expectations of a regular income. Therefore a significant segment of those who were self-employed viewed it as a substitute for, and not as an alternative to, regular salaried/wage employment. With its clear focus and broad canvas, this pioneering study deals with every perceived relevant aspect of employment, unemployment and under employment in Kerala.

Singh (1996) says that employment of the employable manpower, an unavoidable goal of development policy, is best attained by a positive employment policy which involves matching of demographic trends and skill evolution with industrial growth. Indian state in fact, lacked such an employment policy. The Indian employment policy had, and continues to have an 'indirect' large employment benefit component perceived to be operative in the long run via the 'trickle-down' or 'pull up' effects of output-growth-oriented development strategy. The 'direct' component is a product of special employment generation programmes which are initiated to maintain the social and political viability of the system. This work examines the changing role of self-employment in the national employment markets, directly with the help of statistics generated by NSSO and Decennial Census of Degree-holders and Technical personnel.

Ghose (1999) analyses the past experience in an effort to identify the basic problem of employment policy of the country. He then proposes a few ideas for future employment policy. He opines that growth performance of Indian economy, though not spectacular, has been quite decent by the standards of developing countries. But growth has failed to improve employment conditions in the country even though the rate of labour force growth has so far been reasonable. It is surprising that problems of unemployment and underemployment worry policy planners as much as today it worried Mahalanobis at the time of formulating the Second Five Year Plan. The rate of labour force growth is currently accelerating and is expected to remain high for quite some time to come. If the past pattern continues the country will soon be confronted with an employment crisis. For building the database, the study uses
the population estimates available from the Decennial Census along with the data on employment and unemployment available from the Quinquennial Surveys. The period covered in the study was from 1977-78, and 1993-94, i.e. four Quinquennial Sample Surveys— 1977-78, 1983, 1987-88 and 1993-94. The study provides only the estimates based on the Usual Principal Status and much of the supplementary information about the Usual Status Labour force. The available statistics on unemployment appear to confirm the view that unemployment is a luxury which most of the people cannot afford. The most significant feature of unemployment in India, according to these statistics, is strong positive relation between the level of educational attainment and the rate of unemployment. But as per the author, this could simply be a statistical illusion. It could be that the more educated were seeking or available for work. What seems quite clear, at any rate is that, in Indian condition, the rate of unemployment is at best an indicator of labour market mismatches generated by the spread of general education. The average level of education is extremely low and it appears that the Indian economy does not get the full benefit of even this low level of education. The labour force has average lower level of education than that of the population. And the employed ones have lower level of education than the labour force.

Much scepticism has been expressed about the relevance and usefulness of measuring unemployment and underemployment in dominantly agricultural and dualistic Asian economics. There has been continuous controversy about the concepts to be used for measurement. Still, a large amount of data on unemployment and related magnitudes have been collected in nationwide labour force surveys in India over the last three decades. These data are not widely known because researchers have not so far built up comparable time series of key magnitudes. They have been hampered by the slow and irregular increase of data in changing forms and by the frequent “improvements” in survey concepts which affected the comparability of data yielded by different surveys. Krishna (1979) made an attempt to distil from the available data all the computable macro-rates and aggregates of rural and urban (male and female) unemployment for different years and to interpret them in the light of the relevant definitions and distinctions. The focus was on the aggregative time trends rather than on disaggregative time cross-section analysis. Some significant macro-tendencies are clearly discernible and were analysed. Non-parametric decomposition of
growth of "weekly Status" unemployment for which eight observations are available for the period from 1959 to 1978 have also been attempted. These observations imply the growth in the demand for labour (employment) is broken up into the contributions of the growth of output and the growth of productivity. The decomposition exercise makes it possible to compute alternative combinations of growth rates of population, output and productivity (or capital intensity) required for a target reduction of unemployment by the end of the century. The main outcome is that India has a massive unemployment problem, it can be reduced by the sustained overall growth rate of the order of 6.5 per cent a year.

Gumber (2000) presents the level, nature and correlates of unemployment among the youth in rural India using the large-scale household survey data. The study was preliminary based on a large-scale household survey data collected by NCAER in 1994. The survey covered nearly 33,000 rural households from all major states of the country except Jammu and Kashmir. Published data sources such as National Sample Survey (NSS) quinquennial data on employment and unemployment and population census of India were used in the analysis. For multi-variate analysis, various socio-economic, demographic and cultural characteristics of the individual household and community are taken into account to explain variations in the incidence of unemployment. Besides large inter-state differentials in the unemployment rates among the youth, the analysis explores key micro-level (individual and household) macro-level (village/community) determinants of unemployment. Personal attributes together with demographic and resource base of the household were found to be critical predictors. Effects of income, wage rate, infrastructure and employment-oriented programmes on unemployment were also analysed. Thus the study suggested a critical review and new policy initiatives in this direction.

Other major findings of the of the above mentioned study were:

i) Sex, age, education level and marital status have shown strong relationship with the incidence of unemployment. It is the young, male, single and educated who looks for a work much more than their counter parts; ii) another interesting aspect emerges from the data while analysing the relationship of persons reporting unemployment with the head of household. It states that the young
sons and daughters, grand children as well as nephew and niece in the household tend to look for work more than others. This show that the current generation especially from the joint and extended families has higher tendency to look for employment; iii) the data do not support the argument that the incidence of unemployment is much lower among the Scheduled Casts than the non-Scheduled casts population; iv) the incidence of unemployment is higher among landless (highest among non-wage earner) households and it tends to decline with size of landholding especially for youth; v) the incidence of unemployment tends to increase with the size of household and declines with the literacy status of adult males and females in the household; and vi) there is strong inverse relationship between a person looking for employment and the total number of workers in the household as well as whether there is already child worker in the household.

In the study, further attempt was made to examine the household life cycle effects on the incidence of unemployment. This was captured by studying the characteristics of the head of the household. The results obtained as follows: i) the incidence of unemployment does not vary much whether it is a male-headed or female-headed household; ii) the incidence of unemployment rises sharply with the level of education of the head among the three age-groups, i.e. 15-24 years, 25-34 years and 35 years and above; iii) the incidence is also higher among the heads pursuing salaried or other occupation but lower among heads having non-agricultural wage occupation; iv) the risk of remaining unemployed increases significantly among large households. The probable reason as suggested by the author is that large households have large number of earners and good economic base to provide enough security for the other family members to remain unemployed for fairly longer period of time; v) the size of gross cropped area is found to be non-linearly related with the risk of unemployment and negatively with the percentage of area irrigated suggesting that the small land owing households with low potential of increasing area under irrigation, would continue to add in the pool of unemployed; and vi) income effects are strongly discernible on the risk of being remaining unemployed. The risk declines sharply as one move from the bottom-income quintile to top-income quintile.

Gumber further concluded that the risk of remaining unemployed increases with the size of village and it reaches the highest level among large villages, i.e. having more than 5000 population. The multi-variate analysis suggests that
some development programmes (women’s welfare and employment) have made significant dent on reducing the unemployment rate. However, the impact of skill development programme on the unemployment rates is found to be negligible. This may have something to do with the design of the skill development programme, thus suggesting a need for review and revamping of the programme. Inter-state differentials were also found to be alarming. For instance, the rates were significantly lower in Haryana, Himachal Pradesh, Maharashtra (where employment Guarantee Scheme became very successful in reducing unemployment and poverty), Madhya Pradesh and Rajasthan. The unemployment rates were found to be higher in Kerala, west Bengal and North-Eastern region. Thus the study by Gumber, presents a fairly detailed picture of employment-unemployment of the country.

The study by Devi (2002) being explanatory in nature essentially, aimed at identifying the determinants of female labour force participation in Kerala. The state of Kerala, which ranks first among Indian states in terms of Human Development Index (HDI) and Gender Development Index (GDI), presents, however, a poor picture in terms of female work participation. The other objectives of the study were: to examine the inter-linkages between job preferences, levels of education and the employment status of woman; the relationship between female employment, parents and husbands socio-economic status, and other household conditions, and; the inter-relationship among gender, work and household relationship in terms of role of women in decision making.

The study is based on primary data collected from a random sample of 502 households spread over five gram panchayats and one municipality in Thrissur district of Kerala. The rural sample consists of 374 households and the urban sample, 128 households. A multi stage random sampling technique was used for the selection of households. The NSSO conceptual framework of ‘Usual Principal plus Subsidiary’ classification was used strictly in collecting data on work. Further, the X^2 test was used to find out the association between employment status and role in decision making. It was found that in six out of seven areas of decision-making examined, employed woman had a greater role than unemployed woman (with X^2 values significant at one percent level of significance). The result of the analysis thus shows that working woman with independent incomes have decisively greater role in household decision-making than non-earning woman. Although certain differences are obvious among male-headed and female-headed households as regards mean size of family and
per capita income, yet the data do not provide any evidence to conclude that female-headed households in Kerala are poor, as is the general perception.

Marital status is an important factor that determines female labour force participation. The data show that among the married woman more than 70 percent remains unemployed, while among single woman, as many as 50 percent are employed. Only one-fifth of the respondents having children under the age of five years are found to go out for work. The type of family is also found to influence woman’s employment status. The positive influence of extended families on female employment is statistically established by the $X^2$ value which is significant. This study reports higher female participation in rural areas showing the important role of location of residence in the decision of a woman to participate in the labour force. The data also suggest that unemployed woman have, in general, parents with lower educational qualifications. Another significant fact is that the proportion of husbands with higher education qualifications is greater among employed woman than among unemployed woman.

Statistical analysis using $X^2$ test shows that only mother’s employment status has a significant association with the employment status of woman. The father’s and husband’s employment status do not seem to have any influence on female employment. Female labour force participation is found to be negatively related with the income of the family, i.e. woman tend to go out for work when the economic position of the family is weak.

Multiple regression analysis was also attempted, according to which five explanatory variables were found to be statistically significant out of the 12 variables included. They are residential status, marital status, presence of relatives, mothers’ employment status and family income (excluding woman’s income). The variables, which were found to have a positive influence on female labour force participation, are: own education, husband’s education, mother’s employment status, and presence of relatives at home. Among these, mother’s employment status and presence of relatives we found to be statistically significant. The negative factors were: higher parental socio-economic status, marriage, residence in urban areas, higher family income and presence of children below five years of age. Among these marital status and family income were found to be statistically significant.
It was also observed that majority of the unemployed woman remain so because they have strong job preference especially for white-collar jobs. For woman, there are other factors which shape the preference pattern: proximity to home, social status, class-consciousness, and conformity with educational qualifications. Factors that shape job preferences were also identified. Nearly two third of the respondents in the less educated category and a little more than three-fifths in the educated category reported that proximity to home and prestige and social status attached to the job were the most important factors. The next most important factors was stated to be the security of job concerned. Nearly three out of every 10 respondents in the less educated category and nearly one third in the educated category reported it as the most important factor in the job selection. Adequacy of income and jobs commensurate with qualification was the other criteria in the preference for jobs. However, no one below Senior Secondary Level course (SSLC) found this as a factor in their preference for jobs.

Parthasarathy and Nirmala (2000) examine the structure and pattern of youth employment, the extent of unemployment and regional dimensions of youth unemployment. The study focuses on three time periods: 1983, 1993-94 and 1997. During the period, the growth of youth employment was found to be lower than that of overall employment. The work participation rate of youth as well as of total population declined. They are bound to decline further among youth as the enrolment in the higher education levels is increasing. Unemployment rates have both for youth and for total population. Regression analysis with state-wise cross-sectional data indicate that illiteracy explains the variations in unemployment of states much better than any other variable. However, it is stated that the reduction in youth unemployment as a consequence of high illiteracy and poverty should not be a matter of comfort.

In this study, the authors sought to explain the variations in youth-unemployment rates in rural and urban areas through regression analysis and the results are as follows: though the four independent variables, i.e. level of illiteracy, $X_1$; percentage of population having secondary and higher education, $X_2$; growth rate of agricultural output, $X_3$; percentage of non-farm employment, $X_4$; together explain 78 percent of variation in the unemployment rate. Only one variable, i.e. the levels of illiteracy alone, is statistically significant. Further one percent rise in illiteracy leads to a 42 percent reduction in youth unemployment.
The growth rate of agriculture has the expected negative sign indicating a rise in output leads to a reduction in unemployment but is not statistically significant. Such was the case for non-farm employment. It is also stated that an increase in per capita expenditure on rural development may increase the work opportunities in rural areas thereby reducing unemployment is educated unemployment. The proportion of secondary-and-higher educated persons was not found to be significant in rural areas but in urban areas this is significant.

1.8.1. Unemployment Rate in India:

For the first time ever – the Labour Bureau of the Government of India has conducted a survey on employment – unemployment, and has come up with an unemployment rate based on that.

National Sample Survey Organization (NSSO) also calculates unemployment rates, but these surveys are done with a gap of 5 years, so there is a dire need to have unemployment numbers in between.

The survey was conducted in 28 States/UTs spread across the country in which about 99 per cent of the country’s population reside.

It estimates that the population of the country is 1182 million with 63.5% in the working age of 15 – 59 years, however, not everyone who is in the working age is interested in joining the work force, so the worker population ratio is much lower. There are an estimated 238 million households, of which 172 million are rural and 66 million are urban. Out of the total population of the States/UTs covered, 872 million persons (73.8 per cent) live in rural areas and 310 million persons (26.2 per cent) live in urban areas.
Estimated population is 1182 million with 63.5% in the working age of 15 - 59 years.

The overall unemployment rate is 9.4%, and it is split out as 10.1% in rural areas, and 7.3% in urban areas. Now, a key thing to remember about unemployment rate is that it is calculated as a percentage of labor force, and not the total population. So, this means that 9.4% of that part of population which is interested in working is unemployed, and not 9.4% of the entire population is unemployed.

In the Indian context, 359 persons per 1,000 are either working or interested to work, and this is called the Labor Force Participation Rate.

So, out of an estimated population of 1,182 million – 424 million persons are either employed or are interested in working.

The unemployment rate of 9.4% means that out of those 359 persons per thousand, or 424 million people – there are 9.4% or about 40 million who were unemployed. Here are the numbers in millions.
For males, the unemployment rate is 8%, whereas for females the unemployment rate is 14.6%. The rural unemployment rate is 10.1% and the urban unemployment rate stands at 7.3%.

One thing to be noted about this unemployment rate is that the report states that compared to the NSSO survey the unemployment rate is quite high probably due to under-estimation in the agriculture sector employment.

1.8.2 Unemployment scenario in million plus cities of India

Unemployment rate is taken as the number of persons unemployed per thousand persons in the labour force (employed and unemployed taken together). In this context persons who are unemployed for a relatively long period including those employed in a subsidiary capacity during the reference period are categorized as usually unemployed in the principal status (p.s.) and estimates based on this principle provides a reasonable approximation to an indicator of chronic unemployment. On the other hand unemployed persons excluding those employed in a subsidiary capacity during the reference period are grouped under usually unemployed (u.s. adjusted). The later method would conceptually be lower than the former. The estimates presented in the statement are based on the proportion of Unemployed (u.s. adjusted).
Table 1.1. Unemployment rates (per 1000 persons/person-days in the labour force) of persons aged 15 years and above as per usual activity status for each city/size class of town during 1993-94, 1999-2000 and 2004-05.

<table>
<thead>
<tr>
<th>City/Size</th>
<th>Male</th>
<th></th>
<th>Female</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Metropolitan cities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>49</td>
<td>24</td>
<td>9</td>
<td>59</td>
<td>33</td>
</tr>
<tr>
<td>Mumbai</td>
<td>31</td>
<td>68</td>
<td>53</td>
<td>53</td>
<td>117</td>
</tr>
<tr>
<td>Kolkata</td>
<td>53</td>
<td>36</td>
<td>50</td>
<td>104</td>
<td>70</td>
</tr>
<tr>
<td>Chennai</td>
<td>30</td>
<td>45</td>
<td>53</td>
<td>23</td>
<td>41</td>
</tr>
<tr>
<td>B. Other million plus cities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangalore</td>
<td>12</td>
<td>29</td>
<td>38</td>
<td>137</td>
<td>80</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>33</td>
<td>64</td>
<td>20</td>
<td>59</td>
<td>38</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>27</td>
<td>10</td>
<td>44</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>Surat</td>
<td>2</td>
<td>13</td>
<td>52</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Jaipur</td>
<td>27</td>
<td>33</td>
<td>3</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Pune</td>
<td>62</td>
<td>25</td>
<td>48</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>Bhopal</td>
<td>56</td>
<td>39</td>
<td>46</td>
<td>0</td>
<td>44</td>
</tr>
<tr>
<td>Indore</td>
<td>16</td>
<td>65</td>
<td>44</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kanpur</td>
<td>53</td>
<td>89</td>
<td>54</td>
<td>49</td>
<td>6</td>
</tr>
</tbody>
</table>
During 2004-05, the chronic unemployment rate among males in metros was the highest in Kolkata (5.3%) followed by 4.9% in Delhi. In fact unemployment rate of males had increased by 4 percentage points in Delhi between 1993-94 and 2004-05 coinciding with the falling trends observed in WPRs where as these rates went down in case of Mumbai (from 5.3% to 3.1%) and Chennai (from 5.3% to 3.%) during the same period. Even in respect of Kolkata the unemployment rates, no doubt increased in the same period but very marginally (from 5% to 5.3%) Over the period 1999-2000 to 2004-05, the usual (adjusted) unemployment rate for males declined by 2 percentage points in class 1 cities as a whole. Thus the trends exhibited by male unemployment rates in Delhi which are clearly contrary to the overall average trends displayed by class 1 cities and urban India as a whole. Therefore the woes of Delhi city are clearly visible as low WPRs coupled with marked increase in unemployment rates paint a not so encouraging scenario for the future The usual unemployment rates of male moved south-words in case of Bangalore, Ahmedabad, Surat, Indore etc., whereas the cities of Hyderabad, Jaipur, Bhopal and Pune registered increase in unemployment rate.

During 2004-05, the usual status unemployment rate of females was as high as 14% in Bangalore followed by 10% in Kolkata. Over the period 1999-2000 to 2004-05, it increased by about 6 percentage points in Bangalore followed by Kolkata, Delhi and Vadodara (3 % each). In the city of Thane there was a sharp fall in unemployment rate over this period (14 percentage points). While the unemployment rate had decreased in class 1 towns during 2004-05 over the years 1999-2000 and 1993-94.

1.8.3. Conclusion Regarding Unemployment Rate in India

Unemployment is one of the serious problems before the nation. The unemployment statistics are shocking and indicate to a dreadful future. According to National Sample Survey Organization (NSSO), the unemployment rates in both rural and urban areas were higher in University degree holders than
among individuals having qualification lower than secondary level. The Indian Express reported that unemployment rate in urban areas is up marginally 7.4% in 2004-05 from 7.3% in 1999-2000, and in 1999-2000 to 8.1% in 2004-05 (Journal of Unemployment In India; 39(1), (170-173).

1.9. Psychological Impact of Unemployment

Unemployment, particularly when unexpected or involuntary, may take its toll on mental health. A large body of scientific evidence demonstrates convincing evidence that unemployed people manifest lower levels of psychological well-being than do their employed peers.

Unemployment has been linked with a number of psychological disorders, particularly anxiety, depression, and substance abuse; dangerous behaviors including suicide and violence toward family members or others also correlate with unemployment. These associations hold true not only in surveys of those already unemployed but also in studies that follow one or several individuals with no psychological difficulties into a period of unemployment. Such findings have been reported from many industrialized nations and, with some minor variations, apply to workers of both sexes and all ages.

Research regarding the consequences of unemployment may be confounded by a commensurate loss of income in subjects being studied. However, some studies try to account for this phenomenon of drop in socioeconomic status. Although an alert health care system may provide some needed assistance, resolution of the problem lies outside the field of medicine.

Supporting evidence regarding the association between unemployment and psychological trouble comes primarily from studies of populations—epidemiologic studies—that show a significant relationship between unemployment and psychological stress on every scale, from neighborhood or workplace cohort to entire continents. Research on unemployed individuals, especially when it has been possible to follow them longitudinally over a period of time spanning unexpected job loss, further supports the idea of a close connection.
Although there are variations specific outcomes, these findings generally seem to hold for all industrialized countries that have been studied. The data are also valid across gender and age barriers.

It is in the light of findings posted by (Lexis Nexis Occupational Injury & Illness Staff) that the present study has been designed to compare the unemployed and employed educated youths of Kolkata on the variables Self-Concept, Anxiety, Depression, Anger and Suicidal Ideation.