CHAPTER V
CHAPTER - V

THE ROLE OF EMPLOYMENT EXCHANGES IN RELATION TO THE
PROBLEM OF UNEMPLOYMENT :-

In first half of the 19th century, the view prevailed that unemployment was due largely to defects in individual character. It was argued that men remained unemployed because they lacked necessary training aptitude to adopt themselves to changing economic, social and political conditions. It was not until last war that shook the foundation of social and economic belief in almost all the countries of the world, that the prevention of unemployment came to be accepted, without any qualification or reservation, as the responsibility of the state. In the 19th century economists did not attempt to find a cause for periodic unemployment climatic conditions. Climatic conditions, it was maintained, determined the abundance and the secarcity of the harvests and upon these largely depended industrial conditions throughout the world. Raw material which was needed in every industry was very important and the production of raw material, particularly from agricultural sector dependeds largely upon the favourable climatic conditions. The sun-spot theory of Jevons, who sought to prove that the periodic appearance of spots on the surface of the sun, coincided with the failure of the
mansoon, and with general agricultural depressions throughout the world and thus unemployment. It does not mean that unemployment of any kind whether periodic or chronic is an act of God, but a man made scourge and even cyclical fluctuations where due to defects in the organisation of the industry and trade rather than, vagaries of climate. 'Unemployment is a condition of joblessness at the current wage rate. In economics the term has generally came to mean involuntary unemployment which means wastage of manpower.'\(^1\) Prof. R.A. Lester also has similar views and held unemployment as 'Wasted man-power resources.'\(^2\).

'An unemployment person is one who is able and willing to work but who is not working and not able to find work for which he is qualified under conditions that are reasonable as judged by local standard.'\(^3\)

Generally by the term unemployment we mean a condition in which a person who is capable of doing work is without work but is in search of work.

\(1\). Encyclopaedic Dictionary of Economics
By P.H. Prasad, Volume 5, Page 1039.

\(2\). Ibid
By R.A. Lester, Volume 5, Page 1039.

\(3\). Encyclopaedic Dictionary of Economics
By A.E. Waugh, Volume 5, Page 1039.
On the other hand this is a feature of all the less developed countries. It has acquired more serious dimensions in countries with fast rising population. The population of these countries is rising but the sources for employing the people are not increasing in the same proportion.

On the other hand keynesian unemployment is due to deficiency of aggregate effective demand. Unemployment means inefficient utilization of human resources, lower production, and therefore, lower standard of living of people.

**UNEMPLOYMENT DEFINED IN SEVERAL SECTOR OF UNEMPLOYMENT**

LIKE

India is a developing country. The nature of unemployment differs from one sector to other sector or from one field to other field.

Unemployment is a term used in common use, the general significance of which is some what difficult to define with accuracy. Should we, for example include all those idle unemployed who do not want to work? All we to include sick persons or workmen out on strike, the various classes of individuals who are for the one reason or the other unemployment ? It is simply a question of
According to P.N. Driver, Agricultural college, Poona, normally when we talk of unemployment in industrial countries like Britain or U.S.A., we refer to unemployment of men who are willing to work for normal hours per day.

But unemployment is not a problem of India alone. It is 'a problem of whole of the world........ If you can solve the problem of India. You are solving an important part of the world problem'.

The Employment Exchanges always try to reduce unemployment from the country under the provision laid down in the Employment Exchange Act.

'The draft of VIIth F.Y.P. of Uttar Pradesh (1985-90) says, that the position of unemployment is quite serious in this state as compared to other major states in the country. Relevant data from 32nd round of National Sample Survey (1977-78) on employment based on daily status concept (persons days measure) reveals that employment in Uttar Pradesh was 4.33% which was lower than the all India average of 8.60%'.

1. The Indian Economic Journal
   Volume 23, Number 1, 1975-76, Page-8
   Paper - Problems of unemployment in India
   By Mansoor Hoda

precise sense in which it is most convenient to use a particular common word.

Unemployment clearly does not include all the idleness of wage earners, but only that part of it, which is, from their point of view and is existing at the time, involuntary. Therefore, the idleness of those who are actually incapacitated from wage earning work by extreme old age, infirmity or temporary sickness are excluded. There is also excluded the idleness of those who are idle not from necessity but from choice. The fact that the work people work on average for 8 hours, a day, out of 24, does not constitute the remaining hours of the day a period of unemployment. Yet again, there is excluded the idleness of the great mass of vagrant class, whose ambitions is in large part just to avoid work. Finally, the idleness of work people on account of strike or lockout is excluded from the term unemployment or unemployed.

"A man is only unemployed when he is both not employed and also desires to be employed. Moreover, the notion of desiring to be employed must be interpreted in relation to established facts as regards (a) hours of work per day (b) rate of wages (c) a man's state of health".

1. Quoted by A.C. Pigou
   The Theory of Unemployment, Page-1
In actual life, however, it often happens that work people find themselves, not merely employed at work of relatively low demand, but unemployed altogether. Work-people are liable to find themselves unemployed at one place or in one occupation at a time when in other places or occupations work is available but they are ignorant of facts and hence are an injury to national dividend. Employment Exchanges are, for this purpose, powerful informing agencies.

(1) **FIRST CLASSIFICATION:**

(a) **Agricultural Unemployment:**

Agriculture is the principal occupation in this country. Therefore, it is very important to know the type of unemployment prevalent in this sector. When there is no demand for any labour for agricultural works, like sowing, harvesting etc., at that time labour needs some other work but labour has no alternative work. This is known as 'Agricultural Unemployment'.

Besides this more employment occurs in agriculture. It is said that 'it is a small scale industry which has to play an important role in employment generation'. On the basis of 1981 census, the total number of agricultural workers engaged in crop

production, come to 59 million. This type of unemployment arises due to seasonal nature of work of agriculture, and this also depends on nature of Agriculture and source of the industries depending on agriculture. The people engaged in agriculture remain unemployed for a period of five to seven months in a year due to seasonal nature of work.

(b) **Vocational Unemployment** :-

In present day employment condition, it is too much to hope that individual workers will be able accurately to diagnose their own position and prospectus and find their way unaided into the most suitable alternative employment available. In fact, the great majority, need access to vocational guidance or counselling services capable of helping them into suitable employment. Little was done to meet it. However, there are three main reasons, One was the lack of qualified and experienced personnel capable of providing counselling assistance. The second was lack of employment service work in general and for an expansion of guidance and counselling activities in particular. The third was general stage of development of employment services and related agencies in most countries.
(c) **Industrial Unemployment** :-

Industrial unemployment is a result of the over development of industrial capitalism. A result of an economy losing control over the continually expanding productive forces in industry. But in India, we have a case of under development of an industrial capitalism, industrial expansion is unable to keep pace with the growth of the general population. Unemployment permeates all sections of the population and is not confined to any particular class or group. The various occupations find themselves unable to absorb the growing population and poverty, misery and stagnation take their toll all around.

(2) **SECOND CLASSIFICATION** :-

(d) **Complete Unemployment** :-

Generally we can say that, it arises when person has full qualification, ability and other necessities but does not get job. On such circumstances complete unemployment occurs.

Long continued unemployment with no immediate hope of reemployment in their own employment trade for the men displaced. Displacement follows shifts in the
industry from one kind of production to another, this means a change of occupation for individual which may be extremely difficult and for older man almost impossible.

Unemployment may be due to temporary business fluctuations also. The low term business depression causes 'Depression Unemployment' which had been a matter of vital concern to Government of India for several years.

(e) **Intermittent Unemployment** :-

When due to certain unavoidable circumstances, technical, non-technical and natural, the work man are forced to go out of job then, it may be called Intermitten Unemployment. It is of following types :-

(a) Seasonal Unemployment.
(b) Cyclical Unemployment.
(c) Technological Unemployment.
(d) Voluntary Unemployment.
(e) Frictional Unemployment.
(f) Structural Unemployment.

(a) **SEASONAL UNEMPLOYMENT** :-

Agriculture, which is the main occupation of India, depends mostly on natural factors. 'The period of seasonal unemployment varies from state to state
depending upon the methods of farming, the condition of
the soil\(^1\). It has been estimated that for at least five
to seven months in a year the population of villages
engaged in agriculture remains idle.

This type of unemployment arises due to
seasonal demand or supply which in most of the cases can
be traced back to dependence on nature. 'Agriculture and
source of the industries depending on agriculture, are
standard example of industries of seasonal unemployment
Other example are building and construction industry,
tourist industry etc.'\(^2\)

(b) CYCLICAL UNEMPLOYMENT

It arises because of cyclical fluctuations in
the level of economic activity. In cyclical and seasonal
unemployment periods of intense economic activity are
followed by a lack periods. However, the period of
cyclical unemployment is longer and it generally affects
all industries to a greater or smaller extent. There is
no unanimity among economists regarding the causes of

1 Book - Ruddar Dutt & K P M Sundharam
Chapter 21 Unemployment and Surplus labour in
India, Page 309

2 Indian Labour Problems
By S.C. Pant 1965
Page (229 - 231).
business cycles and different theories and methods for dealing with the problem have been suggested by different authorities.

(c) **TECHNOLOGICAL UNEMPLOYMENT** :-

It means displacement of labour by machines. It arises because progress in methods of production increases productivity of workers and labour is displaced by capital. It may also be pointed out here that in some cases the problem of skill displacement may be more important than that unemployment. In an under-developed economy, technological progress, may cause serious problems of skill displacement and consequent unemployment.

(d) **VOLUNTARY UNEMPLOYMENT** :-

Voluntary unemployment arises due to the unwillingness of the workers. This type of unemployment is generally created by one's own will. Sometimes it so happens that workers have job which does not suit their aptitudes. They try to shift to other jobs which are better in comparison to the previous jobs.

" A type of unemployment which exists when potential workers are unwilling to accept the going wage
or wages, slightly less than the going wage, workers on strike, 'idle rich' 'idle poor' are the example of voluntary unemployment".  

(e) **FRICIONAL UNEMPLOYMENT** :

It arises because in an economy changes are always taking place and adjustments under new conditions are not made. Frictional unemployment arises due to frictions in the labour market eg. lack of occupational mobility and environmental conditions.

The main characteristic of frictional unemployment is that, 'it never puts a person out of work but keeps him out of work'. It can be eliminated or reduced by proper organisation of employment market.

(f) **STRUCTURAL UNEMPLOYMENT** :

It arises from changes in the economic structure, eg. changes in population growth, and changes in instruments of production. The changes should be sufficiently important to affect the whole economy, structural unemployment is the most complex form of unemployment, for it involves a large number of factors

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1. N. B. Ghodke  
Encyclopaedic Dictionary of Economics  
Volume 5, Page Number-1063.
which may not be related to one another. The unemployment we observe, at cycle peaks is typically in the range of 4-5% clearly, not all of this is frictional in the sense just described. The reason is that, instead of a single labour market, we have a great number of submarkets for particular jobs with, specialized skills and qualifications. Most of the interaction between workers and vacancies occurs within these submarkets. It is possible, because, to have an excess of vacancies over unemployed workers in some markets coexisting with an excess of workers over vacancies in others. Vacancies and unemployed cannot get together and cancel out, but simply coexist. Unemployment arising in this way is called 'Structural Unemployment'.

All the new jobs becoming available in a particular year are professional jobs requiring college training, while all the new workers becoming available are high school drop-outs. Then, the vacancies would presumably continue unfilled and the workers would continue unemployed. Such structural unemployment is more serious than frictional unemployment. It is likely to continue for a longer time, and its

1. Labour Economics and Labour Relations
by LLoyd G. Reynolds
Page - 128
reduction requires greater effort and expense.

(f) **UNDER-EMPLOYMENT**

Under-Employment means no full time work. This type of Employment appears in every field of economy. It means under-employment exists both in urban and rural areas but has deep roots in rural economy.

Problems of under employment arise mostly in under-developed countries, as a consequence of inadequacies not in effective demand but in supply of means of production.

The problem of under employment, which is also called disguised unemployment, is more serious as it is invisible and is related with farm economy of the countryside which does not provide a clear picture for an assessment of the under-utilization of manpower. For the measurement of under employment, it is suggested that the labour requirement and labour availability for each farm may be found by micro-non-aggregative approach.

1. Rampat
   Paper A study of disguised unemployment
It indicates that labour efficiency is more important factor in condition of unemployment but some economists affiliate, it with capital. They believe that Disguised unemployment is a characteristic feature of agricultural sector in the densely populated agricultural economies which can prove a boon it turned into a source of capital formation.

After 1969 much has been done in the field of under employment. There is no specific relationship between capital and under employment. Although there are no direct studies relating to under employment in India the 16th Round for rural areas and 17th and 18th rounds for urban areas of the National Survey figures give some indication of the extent of the problem. They relate to those persons who worked below normal working hours and were at the same time available for additional work.

According to the U.N. Committees of Experts the disguised employed are those persons who work on their own account and who are so numerous relatively to resources with which they work that if a number of them were withdrawn for work in other sectors of the economy,

the total output of the sector from which they were withdrawn would not be diminished even though no significant reorganisation occurred in this sector and no significant substitution of capital'.

In India, which is an underdeveloped country and where widespread unemployment is a preponderance it is not enough to find out if a person is unemployed since recent years it has been increasingly recognised that the major employment problem, in many of the underdeveloped economies, is essentially one of underemployment rather than of unemployment.

In the underdeveloped and overpopulated agricultural countries, where families constitute the bulk of productive units almost all members of the family, excepting of course the very young and old are associated with productive units in the varying degrees, where family and other institutional ties are so strong, workers may remain under-employed in agriculture or other forms of family enterprises even though they produce very little or practically nothing without even the conscious knowledge of their being underemployed. Thus in many of the underdeveloped economies, there is vast number of workers, who remain in subsistence agriculture, personal
services, pettytrade and other similar vocation which occupy only part of their labour which they could employ on productive work. In other words, they are underemployed.

**ESTIMATE OF UNDER-EMPLOYED IN THE LABOUR FORCE (1971).**

<table>
<thead>
<tr>
<th>Hours in a week</th>
<th>Number of unemployed (in million)</th>
<th>% of under employed in labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 14 hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>8.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Urban</td>
<td>1.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Less than 28 hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>23.5</td>
<td>15.9</td>
</tr>
<tr>
<td>Urban</td>
<td>3.4</td>
<td>10.5</td>
</tr>
</tbody>
</table>


**EXTENT OF UNEMPLOYMENT IN INDIA:**

Concerning the problem of unemployment is paramount in current Indian thinking. Professor P.C. Mahalanobis regarded it as the most pressing problem. A pannel of Indian economist speaks of it as a problem of enormous dimensions.
In recent years it has increasingly been realised that the major problem in our country is essentially one of under-employment rather than of unemployment. The problem, therefore, requires a special investigation for the extent of unemployment prevailing in the country.

Though the problem of unemployment is very old yet in recent years, however, the problem has been too much aggravated and the factors responsible for it enumerated in the Five-Year-Plan are as follows :-

(i) Rapid growth of population.
(ii) Disappearance of the old rural industries which provided part-time employment to a large number of persons in the rural areas.
(iii) Inadequate development of non-inter-agricultural sector from the point of view of employment.
(iv) Large displacement of population as a result of partition.
(v) Large number of refugees coming from Bangladesh after 1971.
(vi) The persons coming from a number of African and other countries due to change in their rules.

In analysing the employment potential of
different sectors, it is observed that almost all industries and major infra-structure activities which all have high intensity, are very deficient in terms of employment generation. The major employment generation activities are to be found in agriculture, rural development, public administration and other services. This employment activity is derived by studying of past employment performances against its growth.

Statistically, employment in an activity is related as a non-linear function of either gross output or value added and in the case of agriculture, as a fixed co-efficient of land, the major input \(^1\).

Some peculiar facts of unemployment in India -

In India mainly following types of unemployment are significant in the contest of the economy of the country:

(i) agricultural under employment and unemployment.
(ii) Industrial unemployment.
(iii) Unemployment in the general category of occupation namely,
   (a) Unemployment among the educated classes.
   (b) Unemployment in domestic unskilled and

1. Golden The Seventh Five Year Plan.
By S.C. Mittal
other services.

THE PRESENT STAGE OF UNEMPLOYMENT :-

(a quantitative assessment)

Though there is good deal that is being said and written about the present state of unemployment in the country, reliable data regarding it are very meagre and insufficient. This is partly because the major part of the unemployment in India is of the concealed under-employment type which is completely missed by the ordinary unemployment reporting.

As stated, very often, the assessment problem of unemployment in India in quantitative terms with the existing data on the subject is an almost difficult task. The attempt so far made for collecting statistical material on employment and unemployment are limited and, therefore, have little significance. The only published figure available in this connection are in respect of persons who register themselves with the employment exchange in the country. However, such figures do not make any allowance for the urban unemployed who failed to register themselves, nor do they include the rural unemployed. Thus these figures cannot give an idea of total volume of unemployment in the country, for the
above and various other reasons. Firstly, Employment Exchanges are confined to industrial towns and the figures of registration and placement which they compile are restricted mostly to the industrial and commercial sector.

Secondly, even in the industrial sector this neither compulsion nor is there obligation on the part of employer to recruit labour only through these exchanges. Even the information, regarding the unemployment among the industrial workers, is in adequate.

Thirdly, the nature of employment exchanges statistics can not indicate the amount of the disguised unemployment which is otherwise believed to exist in huge dimensions especially in the sectors of agriculture and cottage and small scale industries.

Further, there is also, to some extent, registration of persons who are already in service and who desire to seek better job, therefore, to the extent a region maintains these persons on the register of employment seekers, there is an over-estimate of the unemployeds. However, the following table will show the increase of unemployment in India.
## UNEMPLOYMENT POSITION IN INDIA

<table>
<thead>
<tr>
<th></th>
<th>1979-80 (Target)</th>
<th>1984-85</th>
<th>1989-90</th>
<th>Increase in employment (estimate) 1985-90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture</td>
<td>92.9</td>
<td>104.3</td>
<td>126.2</td>
<td>22.0</td>
</tr>
<tr>
<td>Demanufacture</td>
<td>220.1</td>
<td>11.5</td>
<td>334.7</td>
<td>66.8</td>
</tr>
<tr>
<td>Minerals</td>
<td>007.2</td>
<td>11.5</td>
<td>14.9</td>
<td>03.5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>803.3</td>
<td>861.1</td>
<td>1140.9</td>
<td>179.8</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>387.3</td>
<td>522.2</td>
<td>653.9</td>
<td>131.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1511.1</strong></td>
<td><strong>1867.0</strong></td>
<td><strong>2270.6</strong></td>
<td><strong>403.6</strong></td>
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</tbody>
</table>

## UNEMPLOYMENT DURING I TO VII FIVE-YEAR-PLAN:

Unemployment, the most chronic problem of India, had attracted the attention of the development planners right from the beginning of the planning period and its eradication had been mentioned as one of the primary objectives of the planning process in the five-year-plan.²


2. Yojana, February 16-29, 1988, Page - 4  
Paper - Higher investment larger employment  
By Pradeep Kumar Saxena.
## UNEMPLOYMENT IN FIVE-YEAR PLAN

**Table No. 7**

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<tbody>
<tr>
<td>Unemployment</td>
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<td>additional labour</td>
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<tr>
<td>Force</td>
<td>117</td>
<td>170</td>
<td>230</td>
<td>250</td>
<td>374</td>
<td>395</td>
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<tr>
<td>Employment capacity of plan.</td>
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<td>Agriculture</td>
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<tr>
<td>Non-Agriculture</td>
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<tr>
<td>Total</td>
<td>100</td>
<td>140</td>
<td>185</td>
<td></td>
<td>3428</td>
<td>4036</td>
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<tr>
<td>Generated Employment by plan.</td>
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<tr>
<td>Agriculture</td>
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<tr>
<td>Non-Agriculture</td>
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<td>Total</td>
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**Source** - DAINIK 'AAJ' HINDI NEWS PAPER, 6 August 1990, Page 7.
UNEMPLOYMENT IN THE RURAL AND URBAN SECTORS:

The rural economy is based primarily on agriculture & to a small extent on Cottage & small scale industries. But these industries, in rural areas, are significantly different in organisation & technique from those exiting in urban areas. Rural people are bound with old traditions, customs & practices of a feudal society, therefore, their standard of living is poor. Their production & distribution to a great extent is localised. All this has an impact on their employment potential. In rural areas the problem is of illiterate unemployment or under employment.

Successive plans of development have not generated gainful employment for all persons. There has been addition to the labour, which have continued to add back log of unemployed persons. Mostly they belong to illiterate families.

Though Government has started a number of schemes and programmes for providing employment to the rural masses, but it is in sufficient. Therefore, the need of the day is Government should start additional programmes for making an effective use of the available manpower resources.
Rural population is supposed to be employed in agricultural work but they are partly employed as they have limited time work. Due to increasing pressure of population, problem of under employment in rural areas, is becoming very serious.

UNEMPLOYMENT IN INDIA, 1971

( IN MILLION )

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of unemployed</td>
<td>18.7</td>
<td>16.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Total unemployed as percentage of total labour force.</td>
<td>180.4</td>
<td>148.4</td>
<td>32.0</td>
</tr>
<tr>
<td>Total</td>
<td>10.4</td>
<td>10.9</td>
<td>8.1</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Backing of unemployed in the begining of 1990.</td>
<td>28</td>
</tr>
<tr>
<td>2. New entrants to the labour force during 1990-95.</td>
<td>37</td>
</tr>
<tr>
<td>Total unemployment for the 8th plan(1+2)</td>
<td>65</td>
</tr>
</tbody>
</table>

2- SOURCE - Compiled from the Planning Commission.
Taking 28 million as the backlog of unemployed in 1990, net addition to the labour force during 1990-95 are expected to be 37 million. Thus the total number of persons requiring employment during the Eighth plan would be around 65 million. It is expected that during 1995-2000, labour force would increase by 41 million. Thus by the year 2000 AD, the total number of job seekers would be around 106 million. The Planning Commission, therefore concludes:

Economic growth in the aggregate over the estimated employment of 300 million in 1990 would have to be about 4% compound per annum if the goal of providing employment to all is to be achieved by the end of the Eighth plan, and over 3% per annum if it is to be attained by 2000 AD.¹

The Approach paper of the Eighth plan has accepted 3% growth of employment as its goal for 1990-95. This

appears to be realisable goal if a proper employment oriented strategy is developed.

**ESTIMATES OF UNEMPLOYMENT AS ON APRIL 1, 1990 (IN MILLION)**

<table>
<thead>
<tr>
<th>Table No-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. By usual Principal Status</strong></td>
</tr>
<tr>
<td>Rural</td>
</tr>
<tr>
<td>Urban</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td><strong>II. By Current Weekly Status (CWS)</strong></td>
</tr>
<tr>
<td>Rural</td>
</tr>
<tr>
<td>Urban</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td><strong>III. By Current Daily Status (CDS)</strong></td>
</tr>
<tr>
<td>Rural</td>
</tr>
<tr>
<td>Urban</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The Planning Commission has prepared estimates of unemployment by applying the rates of unemployment as obtained from NSS data. Two sources of information are available for estimates the magnitude of employment in the country. On the basis of the NSS survey, taking all persons under the Weekly Status criterion, 16 million persons can

1-SOURCE - 38th Round of the NSS in 1983.
can be considered as unemployed in the beginning of 1990. On the basis of the ratio derived from the earlier round of NSS, about 12 million persons are estimated to be severely under-employed in the beginning of 1990. The backlog of unemployment for planning process could thus be around 28 million in the beginning of the Eight plan.

The other source of information is the employment exchange data. According to the information collected in the 38th Round of the NSS in 1983, only 25.57% of the applicants on the live registers were unemployed, and only 28.64% of the unemployed got themselves registered. Taking the latest available figures for persons on the live registers as in September 1989 (32 million) and using the correction factors for employed registrants and unregistered unemployed, as obtained from NSS 38th round, we get a backlog of about 29 million unemployed in the beginning of 1990. The NSS data is marginally lower than the Employment Exchange data. The Planning Commission has preferred to use NSS data for making a projection of unemployment for the 1990s.

CAUSES OF UNEMPLOYMENT

(a) Growth of Population -

Indian Economy so far is not developed.
Increasing population, in the country, is one of the important problem of Unemployment. Day by day the population of the country is increasing but the sources for employing the people are not increasing in the same proportion. At the present low level of development, the birth rate is increasing and the death rates falling, thus widening difference between the two rates is adding fast to the already large population. Unemployment problem is not a creation of recent years. The Government is responsible for creating it. The aggravation of the problem is due to increase in the size of our population and the inability of gross national product to keep pace with it. The increase in gross national product apart from fluctuations, has not been commenses rate with the increase of the size of population and the persons seeking employment. With the result the unemployment problem has been aggravated.

About 70% population of the country is primarily engaged in agriculture. The pressure on agriculture has been increasing with the increase in population and the very small proportion of the increase is being absorbed by other sectors which are not sufficiently developed. Farmers suffer from chronic under employment ranging from 5-7 months in a year. They, therefore,
migrate to industrial cities and this lead to industrial unemployment.

Relationship between Population, Unemployment and Percentage of Population below the poverty line

<table>
<thead>
<tr>
<th>Name of States</th>
<th>Urban to total population (1981)</th>
<th>Rate of Unemployment (1977-78)</th>
<th>% of population below the poverty line (1977-78)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maharashtra</td>
<td>35.0</td>
<td>7.99</td>
<td>47.7</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>33.0</td>
<td>15.59</td>
<td>52.1</td>
</tr>
<tr>
<td>Gujarat</td>
<td>31.1</td>
<td>6.24</td>
<td>39.0</td>
</tr>
<tr>
<td>West Bengal</td>
<td>26.5</td>
<td>10.15</td>
<td>52.5</td>
</tr>
<tr>
<td>Karnataka</td>
<td>28.9</td>
<td>9.36</td>
<td>48.3</td>
</tr>
<tr>
<td>Punjab</td>
<td>27.7</td>
<td>4.82</td>
<td>15.1</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>23.3</td>
<td>10.67</td>
<td>42.2</td>
</tr>
<tr>
<td>Haryana</td>
<td>22.0</td>
<td>6.41</td>
<td>24.8</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>20.9</td>
<td>2.99</td>
<td>33.8</td>
</tr>
<tr>
<td>M.P.</td>
<td>20.3</td>
<td>3.09</td>
<td>57.7</td>
</tr>
<tr>
<td>Kerala</td>
<td>18.3</td>
<td>25.69</td>
<td>47.0</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>18.0</td>
<td>4.12</td>
<td>50.1</td>
</tr>
<tr>
<td>Bihar</td>
<td>12.5</td>
<td>8.01</td>
<td>57.5</td>
</tr>
<tr>
<td>Orissa</td>
<td>11.8</td>
<td>8.13</td>
<td>66.4</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>7.7</td>
<td>1.92</td>
<td>27.2</td>
</tr>
</tbody>
</table>

Contd.
(b) **Defects in the Government Policy**

There is inherent defect in the Government policies in respect of large scale industries and industrial labour. The high rate of taxation leaves industry little finance for equipment and development. It can hardly meet the cost of labour welfare and of raw material. By circum - scribing the sphere of large scale industries & by imposing additional burden such as excise duties, it not only makes production difficult but render the unit to a high cost, there by, limiting the demand for manufacturing articles. Large scale industries create in the long run more employment than small scale industries for enabling ancillary industries to develop.

The Government labour policy itself is a serious deterrent to wider employment. This is for two

**SOURCE**
(3) Reply to Unstarred Question No. 3220 in the Lok Sabha on December 10, 1980.
reasons, By insisting on the payment of higher wages and provision of costly amilities which industries can not afford, the Government has brought about atmosphere in which managements are disinclined to expand their activities and thereby take additional labour. Moderate retrenchment of workers, that is necessary for vital reasons of economy it compels the factories to close down.

(c) **Rationalisation of Industries**

All the plans have, as their objectives, the creation of additional employment through additional investment. The provision of employment opportunities is not just a welfare measure, it is a necessary part of the strategy of development of the country. The assumption has always been that economic growth will lead to increase the production and employment.

The process of industrialisation was started in India, in the IIInd Five-Year-Plan and now the path outlined has been traversed for more than three decades. The question arises, if this process resulted in a faster rate of growth of output accompanied by an equally higher rate of growth of employment
After explaining this argument the result come to light that in the growth of an industrial pattern which could not bring about an enlargement of employment commensurate with the growth of output. This is evident from a decline in the employment output ratio in manufacturing industries. M.M. Mehta after surveying the trends of output and employment concludes 'First, the steep and continuous decline in employment output ratios both in the total manufacturing and in all the major groups of manufactures individually, is suggestive of the fact that the capacity of the manufacturing sector, to generate direct-new employment opportunities, has considerably slowed down partly, as a result of the modernization process and capital intensive character of new investment; and partly as a result of the significant advances on the productivity front. Second, the marked shift in the pattern of industrial output from light in favour of heavy manufactures has further tended to slow down the employment generating effects of modern industrialisation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Output Index</th>
<th>Employment Index</th>
<th>Employment Output Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>100.0</td>
<td>100.0</td>
<td>1.00</td>
</tr>
<tr>
<td>1971</td>
<td>104.6</td>
<td>102.9</td>
<td>0.98</td>
</tr>
</tbody>
</table>
Second Five-Year-Plan also observed that 'rationalisation should be attempted when it does not lead to unemployment and is introduced in consultation with the workers and is effected after improving the working conditions and guaranteeing a substantial share of gains to workers'.

The Seventh All India Conference of the Indian Institute of Personnel Management (1957) discussed the problem of rationalisation. The Conference has reaffirmed its faith in rationalisation and suggested some major aspects.

(d) **Unemployment Caused By Displaced Person**

This problem arises due to the problem of setting up of the two dominions, on account of civil

distrubances. Unemployment problem was faced during the partition of India and Pakistan in two dominons. It is also to be noted, that they had chiefly congregated in the large cities of the state. This is due to the urban character of the population of displaced persons and their belonging mainly to the commercial and service classes which caused unemployment.

In recent years this problem, has aggravated more due to the changing policies of some foreign countries where Indian citizens have been living for decades and were busy in trade and commerce and services. Under the changing policies they were are being forced to leave their belonging and run away to native home land. In very recent year the problem of the gulf countries (Like Iran, Iraq) as stunned the country on economic as well as on employment front.

**GOLD CONTROL POLICY OF THE GOVERNMENT OF INDIA**

For quite some time, the Gold Control Policy of the Government of India, thrown thousands of Gold-smiths out of employment. Though during ,the period these rules were in operation, Government had a sympathetic views about the plight of gold-smiths & gave them all possible
help to find some alternative employment. For decades they faced difficulties and even their children suffered a lot. But now there seems a ray of hope due to changed new economic policy.

CONCENTRATION OF MANAGERIAL POWER IN THE HANDS OF MANAGING AGENTS:

In India there is dearth of administrative class who can control the affairs of our industries. Indian industries suffers from finance, so there immersed a class consisting of both, administrative capacity and finance Few persons combined together and make a private company which is entirely under their control and administration. They regulate the entire production of that industry and as a matter of fact control price also. They regulate the supply to fetch high prices in an order to get more commission. Sometime they curtail production thus causing unemployment

NATIONALISATION:

In the beginning of nationalisation of any establishment or an industry, there may be unemployment for a short period, but in the long run nationalisation provides employment to thousands of people, for example,
when the Uttar Pradesh Government nationalised the roadways service in the state, in the primitive stage it caused unemployment position before drivers, cleaners, contractors etc, but later on, nationalisation provided employment to more drivers, conductors, waterman, coolies, inspectors and managers etc.

**LACK OF TRAINING & SKILL**

India being a under developed economy, there is acute shortage of trained and efficient workers and personnels, it is because of lack of training facilities in the country. Consequently, the workers are generally untrained and unskilled. As a matter of fact we see that in India, there is paucity of trained and technical worker, while there is good surplus of untrained workers.

In our educational system, both, secondary as well as higher education stage, there is more emphasis on theoretical aspects rather than on learning and practice aspects. Planning Commission also has the same view and states "the absense of adequate facilities for technical and vocational educations result in a much large number of them going in for general education, than is justified by the requirements of the country or their own aptitudes".

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1 Planning Commission
Ist Five-Year-Plan Page Number 220
EFFECTS OF UNEMPLOYMENT

Unemployment means inefficient utilization of human resources, and, therefore, lower standard of living of people. If unemployment lasts for some time, he may lose his skills and work habits and may become unfit for any regular work even those work in which he is able to do.

The people who either lose their job or do not get employment are part and parcel of the society. Therefore, they do not disturb only their family but the entire surrounding the economic & Political structure and the society itself.

(A) SOCIAL EFFECTS -

1. Depression Effects

When the workers are out of employment, due to temporary closer of establishment where they work, or due to some other reasons, become easy prey of depression. It is because their recurring earnings are closed and whatever they have had earn prior to their being unemployed are the only source for fulfilling the day to day needs. When they found themselves unable to satisfy their families requirements. They change their psychology
adversely and they become the victim of depression. Greater the period of unemployment greater will be the sufferings of depression, because they found themselves unable to satisfy domestic and other needs.

2. **Effect Upon The Moral Of The Works:**

   "An empty mind is devils workshop" is actually true with the workers who do not get work. It has been often found that workers, particularly during periods of casual unemployment develop bad habits and indulge into various kinds of immoral voices such as gambling, drinking and prostitution. Various investigations notably by the Dr. R.K Mukherjee have revealed that high percentage of immoral working women and prostitutes (80% as he sited an example himself) suffer from venereal diseases and, therefore, it is obvious that when the idle workers approach their women to satisfy their perverted sexual impulses, they readily catch the infection and so even when they may be reemployed after some time their efficiency will fall down considerably. Instead of men, women become the bread earners. They do not loose their health, wealth and family but also character.

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1. Mukherjee R.K.
   Book - Indian Working Class
   Page 319 - 320.
3- **Domestic Disturbances**

During period of idleness, a worker usually find no source of income and consequently he begins to quarrel with other members in the family over petty things. It is due to narrower out look of the workers and thus he becomes a sordid character in the society.

4- **Crime & Suicides**

When life become burden to a worker, he can go to any extent. He looses the sense of good and bad. He breaks all social and legal shackles around him and directly plunges himself in actions that are unjust and unfair. Some times workers adopts pickpocketing, stealing and even murdering the persons on terms of cash. This become his profession. Some times workers becomes so depressed of their life, that in order to get out of unbearable calamities, they commit suicide.

5- **Psychological Reactions**

Amusement would not amuse an unemployed worker and recreation would not recreate. All the times a worker is absorbed or busy in finding ways to make both the ends meet. If a substantial number of workers in a society, are in a grip of want and misery, the whole
society would be effected.

6- **Maladjustment of Workers in the Society**

During the period of unemployment a worker may be forced to work such job which he has never performed or done. It is, because rather than sitting idle it is better to work something. As a result of it, number of misfit increases, and if depression is followed in an industry, many workers are thrown out of employment. Many mechanics are found to be working as clerk.

7- **Intoxicating Habits**

It is assumed that under intoxication, a worker forgets himself, his miseries and environment and begins to live in a happier world. The effects of intoxicating drugs and liquors are horrible. The fact is this that first a man drinks wine and then wine drinks the man. This spirit of workers, becomes habit which is bad on their part. This not only adversely effect their health, but is also a cause of wastage of income to a great extent.

8- **Painful Evils Of The Society**

Social justice demands that, there should be
equality of employment opportunities for all. The state should see healthy development of industry and agriculture to achieve full employment in the society. The people who remain out of employment for a long time, their position in the society becomes very pitiable and poor, therefore, it becomes essential on the part of the Government to provide them employment within the limit of its economic capacity and development. Government should also make effective provision for securing the right to work.

(B) **ECONOMIC EFFECTS** :-

There are some economic factors which directly affect the unemployment. They are as follows :-

(i) **LOSS OF EFFICIENCY** :

Unemployment usually means loss of wages, when the workers remain out of work for few days, their standard of living falls. They remain half fed, with poor health, which adversely effects, the efficiency of workers. Due to less efficiency, the productivity goes down, hence personal and national loss occurs.

(ii) **LOSS OF INCENTIVES** :

In every man's life work is the highest
ambition, that keeps one alive. During periods of unemployment the workers see darkness everywhere and there is no desire to a worker to work, because the wage incentives is the strongest incentive for a worker. When he loses a job, he does not get anything, it means he loses incentive.

(iii) LOSS OF ENERGY:

During the period of unemployment the problem before them is how to fill their empty stomachs. The inevitable result is that the workers lose their efficiency and vitality. When the vitality goes down, they become an easy prey to every disease, epidemic or chronic and, thus the death rate rises. This is found in Kanpur city.

(iv) REDUCTION IN THE RATES OF WAGES:

As we know the classical theories speak 'Lower the wages, higher the employment', therefore, some time unemployment is responsible for a change in wage policy. Wages are reduced in order to absorb more people in work. Such a policy may, therefore, throw the working class from a frying pan into the fire.
(v) **INDUSTRIAL DISPUTES:**

A policy of retrenchment, either through rationalisation or due to depression of trade, causes unemployment. This creates discontentment and heart burning. The dismissed workers try to get convinced through the leaders of trade unions. The trade unions declare strike on that issue and thus, peace is disturbed and industrial relations heated.

(vi) **INDEBT NESS:**

The workers without jobs do take their food, put clothes and live under some shelter. All this requires some expenditure, when their savings are exhausted they depend upon the resources of their relatives and friends and lastly they approach the money-landers for loans.

(vii) **IN STABILITY AMONG THE WORKERS:**

The workers, who are thrown out of industry, may move to agriculture for a short while. Finding there too an over crowded occupation, they come back to industrial centres and become job hunters.

(viii) **ADOPTION OF UNFAIR MEANS OF EARNING:**

The workers being unemployed loose all sense of justice. They try to earn money by fair or foul means.
Such people even indulge in gambling, pick pocketing and cheating people by one means or the other.

(C) **POLITICAL EFFECTS** :-

Following are some of the political effects.

(i) Workers having no work and possessing no wealth form a class of HAVE NOT. The number increases during the periods of depression. They become danger to the society. There have been cases when rich people have been challanged by this class of workers. Some of them have been even assassinated.

(ii) The disgusted job-seekers form a seed bed of bloody revolution. Dissatisfaction of the people of the state goes on, if the state gives deaf ears to the cry of the people. It has to be realised, therefore, by the state, that the unemployment is a danger singal to peace and progress of the nation.

(iii) The natural and the economic resources of the state are not fully developed, which results in the reduction of the total national wealth. Production decreases and simultaneously cost of production per unit in it increases. They will find it difficult to maintain its markets for the products of that industry which has stopped
production in foreign countries as other nations will be able to supply their products cheaper. If such unemployment and under-employment continues for a long time, there will be an adverse balance of payments in the state.

REMEDIES & CURES :-

To protect and promote the interest of unemployed persons such measures should be taken which give them some help and solve their economic social and political problems. There are two types of remedies which are detailed below:

(i) SHORT TERM REMEDIES

(a) Deficit Financing :-

Deficit Financing has been used in the west to describe the financing of a deliberately created gap between public income and public expenditure or budgetary deficit. There is a net increase of expenditure, as compare to that prevalent in the absence of deficit financing. In real term, deficit financing is the volume of forced savings brought about by a rise in prices during the period of investment outlay by Government.

In developing countries, like India, more development work are under taken by deficit financing
which require a lot of expenditure to complete it. If more expenditures will be increased more people will get job which ultimately increase employment opportunities. For removing this great evil of unemployment Government can even take up such projects which are unprofitable.

(b) Development of Cottage Industries:

One educated person always wants employment according to his educational qualifications. After completing education he is searchng a service. Instead of searching service he can start his business at low level. He can open small scale industry. Now this is necessary for every nation because the unemployment and underemployment are the prevailing economic diseases in most of the underdeveloped countries. In India, the problem of unemployment, is becoming more and more acute with each plan period. The satistics indicate that the number of unemployd?

In India today, the cottage and small scale industries, provide employment roughly to 24 million people, whereas large scale industries provide employment only to 4.5 million people. As for as employment is concerned, they stand next only to agriculture. Hence, there is great need for developing cottage and small scale industries. While emphasising
this, our former president has said "An employment oriented industrial programme to bridge the widening gulf between economic growth and surplus manpower is urgently called for."¹

A person can start his own work but if a person needs, he can take guidance from Exchange. In this reference Karvee Committee 1955 stated "The principle of self employment is at least as important to a success full democracy as that of self Government".²

According to the 1972 census, 1.4 Lakh small units provided employment to 16.5 lakh persons. According to the figures supplied by the Small Scale Industries Development Organisation (SIDO), total employment came to 35 lakhs in 1972 and 58 lakhs in 1978 (for 3.21 lakh units). The office of the Development Commissioner (Small Scale Industries) placed the total employment at 96 lakh persons (for nearly 8 lakh units) for the year 1985-86.

(c) **Suitable Export & Import Policy**:

In recent years export promotion of small scale

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1. Shri V.V. Girl's inaugural address at the First All-India Small Scale Industries Exhibition at New Delhi on the 1st April 1971, on the occassion of the Second Afro-Asian Conference on Small Scale Industries.

2. Report of the Village and Small-Scale Industries Committee, 1955 (Karve Committee)
industries products received special attention of the small Industries Development Organisation and other agencies at the Central and State levels. The export, from the small scale sector, not only rose in absolute value but also improved their relative share in total export from India. While during the year 1972-73, the exports from the small scale sector amounted to Rs. 305.79 crores, in 1980-81, the small industry exports amounted to Rs. 1,305 crores from India.

With a view to remove the various difficulties experienced by the small scale industries on the export front, the Union Ministry of Industrial Development and Internal Trade set up a special export cell with the following functions:

1. Identification of the export worthiness of the units in the small scale sector,
2. Locating the foreign buyers,
3. Dissemination of the information regarding exports for the benefit of small industrialists,
4. Rendering export promotion consultancy work,
5. Helping the small industrialists for working out CIF and FOB prices and preparation of other export documents,
### TARGETS OF PRODUCTION, EMPLOYMENT AND EXPORTS FOR THE SEVENTH PLAN

(VILLAGE AND SMALL INDUSTRIES)

<table>
<thead>
<tr>
<th></th>
<th>Output (Rs. Crores)</th>
<th>Employment (lakh persons)</th>
<th>Export (Rs. Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Traditional Industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Khadi</td>
<td>170</td>
<td>300</td>
<td>14.6</td>
</tr>
<tr>
<td>2 Village Industries</td>
<td>759</td>
<td>1700</td>
<td>22.4</td>
</tr>
<tr>
<td>3 Handlooms</td>
<td>2880</td>
<td>3680</td>
<td>74.7</td>
</tr>
<tr>
<td>4 Sericulture</td>
<td>317</td>
<td>510</td>
<td>20.0</td>
</tr>
<tr>
<td>5 Handicrafts</td>
<td>3500</td>
<td>5400</td>
<td>27.4</td>
</tr>
<tr>
<td>6 Coir</td>
<td>100</td>
<td>170</td>
<td>5.9</td>
</tr>
<tr>
<td>Sub-total (A)</td>
<td>7726</td>
<td>11760</td>
<td>165.0</td>
</tr>
<tr>
<td>B) Modern Industries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Small Scale Industries</td>
<td>50520</td>
<td>80220</td>
<td>90.0</td>
</tr>
<tr>
<td>8 Powerlooms</td>
<td>6423</td>
<td>7020</td>
<td>32.2</td>
</tr>
<tr>
<td>Sub-total (B)</td>
<td>1061</td>
<td>1100</td>
<td>27.9</td>
</tr>
<tr>
<td>C) Others</td>
<td>65730</td>
<td>100100</td>
<td>315.0</td>
</tr>
</tbody>
</table>

SOURCE - Planning Commission, Seventh Five-Year-Plan (1985-90) Volume II, Page - 103
6. Assisting small industrialists in the procurement of raw-materials, machinery and finance,

7. Assisting small industrialists in preparation of literature, catalogue, etc.

The Small Industries Development Organisation brings out a quarterly "Small Industry Export Bulletin" which covers important areas of interest to small industries exporters.

(d) Establishment of National Productive Centre:

This should be established which will be entrusted with the work conducting productivity studies in selected parts, organise practical training course and assist in applying modern industrial techniques with a view to demonstrate to Government, employers and workers, the benefits, which accrue from the application of such techniques. Since working conditions in an industry have an important bearing on the general turnover the centre will study these aspects and suggest improvements. Besides, it will give advice on request, to Government and employers concerning the organisation, design and layout of new plants. Visual aids travelling exhibitions and other methods should be adopted for creating public interest in raising production. This
organisation will also assist in the development of existing training facilities in universities, in technical colleges and other institutions.

(e) Government Store Purchase Policy:

The Government of India should emulate such a store purchase policy which is similar to that of the American Act. Under which the federal Government cannot buy the goods from foreign resources, unless their price, after custom duty, is at least 25% below domestic price. This policy could help in the indigenous industry, thereby, providing scope for greater employment.

(f) Reduction in Cost of Living of Working Class:

The workers who are unemployed, face a great difficulty to maintain their standard of living, though it is very poor. Soaring prices have great effect on their cost of living. The workers who are in the lower slab of income suffer the most. If we want to reduce the burden of unemployment on the soldiers of under employeds or unemploymets, we must try to reduce the prices or control the increasing prices. This will help the working class in reducing their high cost of living.
(g) Emigration:

Time to time, the economists and the political leaders and also All India Manufacturers Organisation have suggested encouragement of emigration to countries, where there is lack of skilled labour force, and they are in need of skilled labour. Government under bilateral agreements can do so to solve the problem of unemployment in India.

(h) Population Control:

The problem of unemployment among the educated is not localised but it can be seen in the entire economy. A disturbing trend has been revealed in latest statistics of the registration of the unemployed with the employment exchanges all over India. The number of job-seekers in urban areas is very high because more people migrate from villages to town and cities in search of employment. The employment creating potential of the economy, it seems is not being exploited to keep pace with the continuous addition of active labour force, especially in the urban areas. The worst sufferers are the educated middle classes.

The part of the large number of people, in the agricultural sector of the economy migrates to the urban
areas & is putting a strain on non-agricultural employment. Also the rate of population increase in the urban areas is adding to the severity of this strain.

The students coming out from villages are not willing to return to the villages after they have finished their studies. If this tendency continues it will become complicated problem of unemployment in the urban areas of the country. The Government, as it is doing, should take more effective measures to check the increasing population of the country. It should also try to stop the migration of people from villages to towns.

Excessive Fertility results in poverty and vicious circle of poverty - more children - more unemployment - greater poverty - still more children - still greater unemployment - still greater poverty is in operation. Hence a brake upon an unwarranted increase in members is absolutely essential. It is senseless to produce more children. When the existing one can not be adequately provided for.

(ii) **LONG TERM REMEDIES** :

Under long term remedies, come such steps, which will solve the problem of unemployment in long run, but which are more effective and stable. They are as below-
(a) Rural Economy To Be Stepped Up:

If the rural economy or sector is stepped up, that of urban sector, which is smaller and dependent for the greater part of its buying and selling on the villages, will improve. If the income of the rural population rises, the features of industrial stagnation, and close of marginal factories should end without special measures and thus, the factories can be saved.

To improve the rural economy we should consider, to change the agriculturists way of life and work. This approach deserves to be considered when there is more definite evidence, that the present method has failed, because we must increase the productivity of the land to feed the people and maintain our foreign trade in commercial crops.

Further, there exists a class of land less labourers who are mostly unemployed or under employed in the villages. We have also to give purchasing power in their hands. In order to create demand for industrial production, such a land less class can be liquidated by under taking numerous works of common utility like making of roads, drains, reservoirs public buildings and reclamation of culturable land, which is more than one third of the cultivated land. All these requires money,
therefore, Government can manage for this by taxes, loan and issuing currencies.

(b) **Decentralisation of Industries**:

Scientific location of industrial units is essential for proper industrial efficiency. It is a problem which is closely connected with that of size and which is assuming growing importance every day while think of minimisation of cost, one has not only to think the optimum size, but also of the optimum of location industrial units. The optimum of production may vary with different localities due to the advantage which a locality may possess over another. Thus a region better equipped with resources in power raw materials labour and transport may easily be a centre of industrial concentration.

There are number of factors which have their influence in the determination of industrial location they are as- (i) climate (ii) Capital market and (iii) historical accident. Along with these factors following are main factors, which influence the choice of industrial location -

(i) **Proximity of market.**

(ii) **Presence of skilled labour at an economic price.**

(iii) **Situation of raw material.**
(iv) Situation of axillary material.
(v) Transport facilities.
(vi) Assess to chief full or other form of power.
(vii) Amenities of particular sites.
(viii) Social amenities including housing facilities etc.
(ix) Personal.

The problem of industrial location at the present time is being considered more and more from the standpoint of social and strategic consideration. Decentralisation of industry is the cry of the day. Decentralisation means,

(i) A shift of industry to small town.
(ii) A proliferation of branch plants by large concerns.
(iii) Greater equalisation of distribution of industry among region.

(c) Unemployment Insurance:

Unemployment is a very serious problem of a society. Every Government tries to reduce unemployment by establishing new projects & plans in economy. We know that the serious problems of unemployment crops up during the period of depression, curtailing the general purchasing power and demand for commodities. In order to mitigate the seriousness of this problem, some economists
have suggested the adoption of an unemployment insurance scheme so that money may be distributed among the unemployed whenever depression starts.

Unemployment insurance involves the establishment of a fund of a tripartite contribution of the Government, employers and employees. Scheme of compulsory unemployment insurance have been established in many countries.

In India, so far we have no legislative measures for unemployment insurance inspite of the fact that the International Labour Organisation Convention of 1934, recommended the establishment of the Unemployment Insurance Scheme in every member country. The Government of India, has been seriously taking the problem of unemployment and hence, has been planning to establish some security provisions for the unemployed. Late Dr. R.K. Mukherjee suggested that the employers should be encouraged to set up live Employment Relief Fund for the payment of gratitudes to discharged workers, according to their length of the services, the Local Government contributing a quota equal to the relief offered to the body of discharged and unemployed workers.

EFFICIENT SERVICE OF EMPLOYMENT EXCHANGE:

Employment Exchanges in the country can play a
vital role in removing the unemployment from the country. It may be recalled that the employment exchange do not create the employment opportunities, they simply make an adjustment between the demand for and supply of labour. Employment Exchange are only the link between the worker in search of job and the employer who is in search of an efficient worker.

Employment Exchange can at least do away the functional unemployment from the society which is due to the workers having wrong skill or being located in wrong places. The work people is liable to find themselves unemployed at one place or in one occupation at a time when in other places or occupations work is an offer at the rate of wages which they demand and they are held back from these work and places or occupations not by cost of movement, but by the ignorance of the facts. Employment Exchange provide sufficient information of the labour market and mobilise the workers to a more productive employment. The employment exchange also provide certain training facilities and guide the workers to have such training which is conducive to employment. United Nations as rightly observed. " If a Labour policy is to be geared to an industrilisation programme, two of its chief objectives will have to be to raise the level
of training of the working population and where necessary to increase geographical mobility".¹

CONCLUSION:

Thus the unemployment in our country is a great menace in our society. With rapid increase in population, the number of unemployeds is also increasing at a very fast rate. The Planning Commission under its different Five-Year-Plans is trying its best to create more and more employment opportunities both in agricultural and industrial sectors of the economy. But that is not enough. The backlog of unemployeds at the end of each Five Year Plan is increasing. It is, therefore, necessary that we must have an efficient employment service to provide all possible help, to the unemployeds of the country. We must also submit a vivid statistical picture of the problem to the planners of the country.

¹ United Nations, Processes and problems of industrilisations in under developed countries.