

- **Loss of labour efficiency** – When a person is out of work for long, his/her efficiency decreases as a result of loss of skills and work habits.
- **Adverse effects on savings** – As the employed person have to take care of the unemployed ones in the family, their capacity to save falls.
- **Leads to inequalities of income** – Unemployment pushes people to poverty. During the period of mass unemployment, the extent of poverty and inequality of income tends to increase.

## 2.9. Steps Taken by the Government to Tackle Unemployment

India is midway through its demographic dividend – a period of time when demography gives economic growth a boost by expanding the working-age share of the population. To exploit the dividend and meeting the aspirations of people entering the labour force, India's economy needs to create enough "good jobs". Many steps have been taken for increasing employment in recent times.

- **National Rural Livelihood Mission:** Two initiatives for skill development are undertaken under this scheme:
  - **Pandit Deen Dayal Upadhyaya Grameen Kaushalya Yojana:** It is a placement linked skill development program which allows skilling in a PPP mode and assured placements in regular jobs in an organization not owned by the skilled person.
  - **Rural Self Employment and Training Institutes (RSETI):** It enables the trainee to take Bank credit and start his/her own Micro-enterprise
- **Make in India:** It aims at promoting India as an important investment destination and a global hub for manufacturing, design and innovation.
- **Startup India Programme:** It aims to build a strong eco-system for nurturing innovation and startups in the country which will drive economic growth and generate large scale employment opportunities.
- **Mudra Scheme:** It provides access to institutional finance to unfunded micro / small business units by extending loans upto Rs.10 lakh for manufacturing, processing, trading, services and activities allied to agriculture, which help in creating income generating activities and employment.
- **Stand Up India:** It provides access to institutional finance to unfunded micro / small business units by extending loans upto Rs.10 lakh for manufacturing, processing, trading, services and activities allied to agriculture, which help in creating income generating activities and employment.
- **National Manufacturing Policy** to engage in job creation numbering 10 crore work opportunities by 2022.
- **National Urban Livelihoods Mission:** It focuses on organizing urban poor in self help groups, creating opportunities for skill development leading to market-based employment and helping them to set up self-employment ventures by ensuring easy access to credit.

## 3. Relationship between Unemployment and Inflation Rate

- Professor Phillips, emphasized that there exists a close relationship between the level of unemployment and the rate of wage increase in an economy. This relationship between the two is depicted in the form of **Phillips curve**.
- It is a graphic curve, which advocates a relationship between inflation and unemployment in an economy. As per the curve there is a 'trade off' between inflation and unemployment i.e. an inverse relationship between them. The curve suggests that lower inflation, higher unemployment and higher inflation, lower unemployment.