



## Study on impact of unemployment on the Indian society

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**Abstract:** Statistics on unemployment are collected and analyzed by government labour offices in most countries and have come to be considered a chief indicator of economic health. Trends in unemployment and statistical differences among groups in the population are studied for what they may reveal of general economic trends and as bases for possible governmental action. Full employment has been a stated goal of many governments since World War II, and a variety of programs have been devised to attain it. It should be pointed out that full employment is not necessarily synonymous with a zero unemployment rate, for at any given time the unemployment rate will include some number of persons who are between jobs and not unemployed in any long-term sense.

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### Introduction:

India has come to enjoy a distinct advantage in labour market compared to most developed and less developed countries due to the fast changing age distribution of population. Further, the decline in worker population ratio in the adult age group has been stalled while the same has gone up significantly for women in recent years. However, the trends and pattern of economic growth does not guarantee that the growth in job opportunities will be equal to that of the working-age population or higher than that, after wiping out the backlog of unemployment. The performance of the economy in the nineties makes a significant departure from that in earlier decades in terms of GDP growth as also a number of other economic indicators. Notwithstanding the high growth in the number of employed as also employment days during the past decade, concerns have been expressed with regard to low growth in productivity and fragmentation of labour market. Institutional and social barriers have resulted in labour market segmentation which has come in the way of dissemination of the benefits of growth to workers in backward regions, small towns, rural areas and underprivileged socio-economic categories of population.

The inequality across social and religious groups has gone up in rural areas and small towns but not in large cities. Scheduled Tribe population have benefited the least in terms of consumption expenditure followed by Scheduled Caste and Muslim population. Other religious groups like Parsis and Sikhs have done relatively well along with upper caste Hindu

population. Gender inequality has also emerged as a major area of policy concern. Rural poverty has got concentrated in a few inaccessible and less developed areas and those with high incidence of socially disadvantaged population. Urban poverty, however, is high not only in backward areas/states but many of the developed states. Incidence of urban poverty can, thus, be attributed to lack of development as also to the nature and pattern of development. Importantly, vertical inequality in urban areas has grown faster than rural areas. As a consequence of all these, the elasticity of poverty reduction to income growth is likely to be less in the Eleventh Plan (2007-2012), compared to that of earlier plans. Migration for employment from rural to urban areas emerge as a major tool of poverty alleviation, the prospects being definitely better for the migrants into large cities than those in small towns. There is, thus, a need to rescue migration studies from a negativist framework which relates it with immiserisation, epidemics, illegality, pressure on urban infrastructure and view it as an outcome of individual's initiative to improve his/her socio-economic condition.

Unfortunately, this window of migration is slowly closing down for the unskilled, illiterate population, particularly into large cities. Households in low expenditure categories report low percentage of migration, even of short duration variety. The metropolitan cities particularly are resisting immigration of unskilled and illiterate male population due to changes in the requirements in labour market, reflected in decline in the percentage of poor and deceleration in the rate of population growth in these

cities. Employment and unemployment scenario is characterised by relative stability in worker population ratio (for working age population) with a slight declining trend over the years, reflecting greater staying power (unemployment affordability) among better-off households, young adults going for higher education and frictional unemployment among the educated. This relative stability and minor changes in unemployment rate, despite violent fluctuations in income growth, suggest that employment tends to be unaffected by short term crisis. While the employment in organised sector is protected by the system of 4 legislated benefits, those in unorganised sector cannot afford unemployment due to their poor economic conditions. There has been a shift in the pattern of employment in recent years with the process of casualisation being stalled and self employment going up both in rural and urban areas for men as well as women.

To an extent, this reflects production units hiring individuals on contract for „jobs“ rather than employing them directly on a casual basis and the poor households evolving a strategy for survival by drawing more family members into work. This is helping in creating of a low cost support system for the organised sector, particularly in urban areas. Small entrepreneurs, seeking linkage with formal sectors or global market, are trying to formalise their arrangements with their workers through such contracts or by employing them on a monthly rather than daily basis, in order to meet the deadlines or specifications of the contracted jobs. A large part of women have been absorbed in various low paid services including in domestic help, facilitating the middle class to respond to time requirements of the global activities, resulting in significant rise of regular employment. Unfortunately, this has not helped in pushing up the real wages of the unorganised workers including those employed on a regular basis.

The formal industries and business owe their growth and profitability partly to employing workers in an informal basis without their being covered under social security system. Their growth is facilitated by informal industries supplying semi finished products at cheap rates and emergence of a low cost support system. A decreasing share of workers compensation in rapidly growing sectors reveals direct and indirect engagement of unorganised workers with very little increase in formal employment. A small segment of the informal sector is linked with the market and grows in response to the trends in demand and profitability. The present social security system covers less than 10% of the total workforce, mostly belonging to the formal sector. Attempts have been made to cover the unorganised workers in a piece meal fashion through a plethora of legislations. The Parliament passed the

Unorganised Sector Worker's Social Security Bill last December and it is yet to be operationalised. The existing legislated and occupational benefit plans are in urgent need of overhaul in order to cover the unorganised workforce in the country.

There has not been a major backwash effect of global economic crisis in terms of reduction in wages or informal employment in India. The deceleration in growth in some of the rapidly growing sectors has brought down the aggregative growth rate to about 7% in the current year, 2 percentage points below that of the previous five years. However, concrete data are not available for assessing its effect on employment at macro level, as its absorption in the informal sector would take some time and this, in any case, is unlikely to be very high. The absence of a linkage between growth in income and employment has been responsible for unemployment rate not shooting up in the periods of crisis. The benefits of high growth in the last five years were not shared with the informal workers. Understandably, there is not much scope for reduction in their wages or employment in the current year as that would make marginal impact in terms of cost reduction. There are however indications that the economy would see an upturn in the next few months.

**Unemployment** - Unemployment, in every means, is one of the greatest phenomena that plays a crucial role in the world. It is said to be a whip to most of the countries, especially in the developing countries, in the world. It deteriorates the progress of the country, as prosperity badly depends upon education and there by unemployment. and developing country like India, has been greatly affected by the so called problems like illiteracy, poverty and mainly unemployment.

#### **Causes & Impact**

One of the major setback is over population over populated quite difficult to give employment to all the citizens. India is not only over-populated, but mostly people are illiterate. It is also very difficult to give employment to all the citizens. It is also understood that unemployment is an international problem affected even in the developed, developing and under-developed countries. Being, over-populations are of the greatest problems for unemployment; seeking only for the white collar job, stands and to be another draw-back of unemployment. People, like in developing countries, look out for status que jobs or, I mean to say, white-collar jobs, is not only a demerit, but also a mean thinking of the people. To add to the fact, illiteracy like an ill-fate, has circled the progress birstered the development of the country board in with unemployment. Secondly, the process of development needs the enlargement and diversification of industries, which demands more manpower in various degrees and skills.

The government must take very concrete steps to the further development and progress of industries and small-scale industries, where a good number of people could be employed and to a great extent the problem could be resolved. In India, unemployment can be arrested if our resources and the potentialities have been fully utilized. The nature of unemployment in rural India is totally different from that of Urban India. In rural India, the people are mostly dependent upon agriculture and so the employment is seasonal. In a year, many months they sit idle without having proper work. Moreover, the small scale industries could not be properly developed in the rural areas and handicrafts has almost died out. And the major setback is that more than 65% people depend upon agriculture. The result is that the productivity is comparatively less than the percentage of the people employed in agriculture. They also get very less income for their livelihood. So the people have been poorly paid, they are forced to sit idle than to work. And even if they work, the real output can not be expected unless they are paid satisfactorily. In India, unemployment has been worsening since many years, as the Government failed to find out new sources or to the resources with which our country is blessed. The corrupt government to some extent blockade the development and prosperity of the country, as the politicians are selfish and greedy of money which indirectly hit the public as there would not be anyone a person wants to begin a new industry, he has to spend a huge sum of amount on bribery and other influences. This can be eradicated, if the government chosen by the people and for the people, stand strong.

One of the other major problem of unemployment is the trade unions. Trade unions are found for the betterment of the working class, but now it has grown to such an extent that it has become a curse and nuisance to the society. Indeed, people are afraid of trade unions. Countries like U.S.S.R., Cuba, China, Poland and etc.. are greatly affected and ruined by the trade unions. It has grown out of control that it controls new industries and other business firms. They have become a nightmare to the industrialists. In India, states like Kerala, West Bengal and Mizoram trade unions have been playing a bastardly role and into the prosperity and greatly caused unemployment. In Kerala, many industries have been shut down due to trade unions. Moreover, nobody is willing to start a new business or industry because the trade union interrupts their growth soon after their inauguration.

A state like Kerala, is badly hit by the so called disguised unemployment, as there is 98% literacy. And to speak the truth, in India the workers are paid so less that it is very hard to maintain a family. In India, above 4 million people enter the labour market every year.

World Bank (2009) has identified the incapacity of the developing countries to expand their fiscal deficit to undertake significant countercyclical spending to be the major factor forcing them into crisis. The institutions that have worked out financial intermediation for them are reluctant to undertake this now. The concessional flow of funds from several donor countries have dried up as they too are facing serious fiscal challenges. Foreign direct investment is also falling, particularly in the natural resource sectors, leading to delays or cancellation of major projects. Importantly, the direct impact of the decline in these flows may not be very high in case of India as these accounts for only limited amount of government expenditure or total investment in the country. The financial crisis has been precipitated in a few of the developing countries due to a decline in the prices of their exports. This has also meant a substantial fall in the government revenue. In case of South Asia, however, one notes that the exports to the United States have gone up by 11.6% during October-November 2008, in a sharp contrast to most other developing regions, where the figures reported a dramatic decline. Given this trading scenario, the decline in exports is unlikely to be a serious factor for growth for India as in several other developing countries.

### **Impact**

And the impact of unemployment on the Indian society are: Poverty, Crime, Low living standard, low per capita income, and less economic development.

### **Conclusion**

Migration for employment from rural to urban areas emerges as a tool of poverty alleviation, irrespective of the size class of the city, type of work etc. Migrants into large cities have greater chance of alleviating their poverty than those going into smaller towns. Considering all urban areas together, migrants coming from other urban centres have a greater chance of being above the poverty line than those from rural areas. Education is a critical variable in poverty alleviation. Men with primary and secondary education constitute a major part of the (male) migrants in urban areas as employment opportunities for them have gone up. Illiterate unskilled males have less chance of putting their foothold in large cities or getting a job. However, for women, illiteracy is not a handicap, as they find employment in low productive service sectors including as domestic help. The jobless growth syndrome of the nineties seems to be over as growth of employment has been high in recent years. India is enjoying demographic dividend which is likely to continue for the next couple of decades

because of increasing proportion of people in 15-59 age group and higher work participation rates among the adults, particularly women, as compared to other countries. Much of the employment growth has been in informal sector, which is manifest in high growth in self employment. So, some concrete steps should be taken to eradicate this evil from our country and the world. For this, the government must take some fast steps with the co-operation of the public by utilising the manpower and resources. If not, it will cause great disaster to the country.

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