

The Employment Crisis in India: A Socio-Economic Perspective

Dr. Kavitha Shinde

Assistant professor, Department of Sociology, Nizam college, OU

Email id: skavita2015@gmail.com

Abstract:

Unemployment remains one of the most pressing socio-economic challenges in India, affecting millions across diverse sectors and age groups. This analysis explores the multifaceted nature of unemployment in India by examining its causes, types, and regional disparities. It highlights the structural issues within the economy, such as skill mismatches, slow industrial growth, and the impact of automation and globalization. Additionally, the study considers demographic factors, including youth unemployment and the urban-rural divide. The COVID-19 pandemic and recent economic reforms have further influenced employment trends, exacerbating existing vulnerabilities. By evaluating data from government and independent sources, this analysis aims to provide a comprehensive understanding of unemployment trends and policy measures undertaken to address them. The paper concludes by suggesting targeted solutions to promote inclusive job growth and long-term employment sustainability in India.

Keywords: Unemployment, Socio-Economic Perspective, India

1.Introduction

Unemployment refers to the people who are qualified for a job and who are searching for a job but cannot find a job. The effects of unemployment need not be only on the person unemployed but can also be felt at a national level and can affect the economy of a nation. In India, employment plays a major role in the economy and having unemployment causes backlashes in the Indian economy. In 2019, in India, the unemployment rate reached 5.36%. The reason for unemployment are many and can range from personal reasons to social reasons and to even economic reasons. Moreover, the reason for unemployment could also be large population, inadequate growth in certain sectors, regressive social norms or even lack of quality education needed to obtain the skillset for certain types of jobs. This problem of unemployment, in turn, gives rise to other social problems such as poverty, increasing crime rates and a slower economy. For the prevention of higher rates of unemployment, the government of India had created many initiatives and schemes to employ the unemployed and has been a success in decreasing unemployment rates. The topic of unemployment is a very important one as it helps us better understand society and the behaviour of the people in it. This paper is mostly focused on better understanding unemployment more elaborately and understanding its types, effects and impacts on the society at large. Moreover, the paper aims to bring about the importance of reducing unemployment in the society and the various schemes and initiatives taken to reduce it, while also adding onto this by giving suggestions and other options to reduce unemployment in the society. Finally, the paper will seek to understand the unemployment in youth and how unemployment plays a vital role in mental health.

Unemployment in India', drishtiias.com¹

In this article, we see a very detailed understanding and structure of unemployment in India. It talks about the types of unemployment, its causes and effects, how it is measured and government policies to help reduce it as well. Finally, the article then proceeds to give suggestions and ideas on how to

reduce this problem even further. The article is very detailed and gives a clear understanding of unemployment in India and the information here is very relevant to the topic of the study. Although the paper gives a detailed understanding of unemployment, it does not talk about mental health and the concerns of the people unemployed.

‘Highest Unemployment in 45 years: An Analysis’ by Jyothi Jha, Indian Legal Solution²

This article talks about unemployment in India. The article speaks about the reasons for unemployment in India and its impacts. It then speaks about the problem of unemployment among educated people. And then the article talks about the different schemes and initiatives taken by the government to reduce the problem of unemployment in India. After which, the paper then speaks about the outcomes of such schemes and its benefits on the unemployed people of India. Lastly, the paper talks about the recent reports of unemployment. This article is very relevant to the study at hand because it speaks about the various ways of reducing the issue and steps taken by the government.

‘The Impact of Unemployment on Mental and Physical Health, Access to Health Care and Health Risk Behaviors’ by Jennifer R. Pharr, Sheniz Moonie, Timothy J. Bungum.³

This research article is very relevant to the study of the topic of unemployment. This paper speaks about the relation of unemployment to mental health. The area of study was in the U.S.A. The paper speaks about how people unemployed had a noticeably worse mental health as compared to those employed. Moreover, it spoke about how people involuntarily unemployed for more than a year had the worst mental health case as compared to the other unemployed people. The paper then concludes by stating the mental health seemed to be impacted by the source of employment and whether it was voluntary or involuntary as well. This paper talks about the mental health of the unemployed but it does not speak about the current area where the current paper is being written.

‘Youth unemployment, a cause for concern’ by Jayshree Sengupta⁴

This article talks about the problem of unemployment in the youth of India. The author talks about how the youth are often unemployed, especially the youth who completed graduation remain unemployed due to reasons of not finding a job with suitable income or benefits. The author goes on to state that many industries have good employment opportunities but they require rigorous training to be able to work in those fields. She finally concludes by saying that the youth needs to be trained or educated otherwise they will have to find jobs in the unorganized sector.

Unemployment is a very big problem in society. Its very existence poses a problem to the individual facing such an issue as well as to the nation since the economy goes down when unemployment goes up. Understanding the issues relating to unemployment could help give a better idea as to how to remove such a problem in society. Moreover, unemployment can bring about issues relating to poverty and mental health which are prevailing issues in the current times. By understanding more on unemployment and its effects on society we can bring about a better understanding of tackling more social problems with ease. The study also given an importance to unemployment amongst the youth and its issues and problems in the current times.

Aims and objectives of the study

Firstly, the study aims to understand unemployment, its types, effects and impacts in a detailed manner.

- The study then aims at looking at the schemes and initiatives taken to irradiate the problem

of unemployment taken by the government and understand its impact.

- The study will seek to understand the issue of unemployment amongst the youth and understand the causes of unemployment amongst the youth.
- Lastly, the paper will aim to understand the mental health amongst the unemployed and the relation of mental health with that of unemployment.

Hypothesis

- Taking into consideration of the current issues, the problem of unemployment will only become worse and among the educated, the situation of unemployment will be the worst.
- Despite the number of initiatives and schemes taken to help eradicate the problem, it will not help much and the amount of unemployed will only increase.

Unemployment: A serious Problem

Unemployment is a very big problem in the current society. It can often be seen that unemployment is the health of an economy. In India, various types of unemployment can be observed namely, disguised unemployment, seasonal unemployment, structural unemployment, cyclical unemployment, technological unemployment, frictional unemployment, and vulnerable employment⁵.

Disguised unemployment or hidden unemployment, simply refers to an excess of workers are working such that the productivity is low. In other words, many workers are working and filling only a few jobs and the final output on that job is not affected by the excess of workers. This type of unemployment is commonly seen in India due to the high population and this is especially in the agricultural sector. It can also be seen as a sector that has not reached its full potential in its unemployment⁶.

Seasonal unemployment is another very commonly seen type of unemployment in India. It refers to as work that is done only during some particular time periods in a year and not all year round. We see this type of unemployment in the agricultural sector since this sector does not require year-round work but work only during particular seasons. Besides the agricultural sector, the industries when stopped or slowed down or even short-term projects that require a workforce for a short period of time come under this type of unemployment⁷.

Structural unemployment refers to the clash between obtainable jobs but the worker does not possess the required skill level to obtain such a job. Lack of education is a key factor in this type of unemployment. This type of unemployment is harder to correct than the other types of unemployment. Technological advances in various industries can be seen to be the reason behind this type of unemployment and is commonly seen in the manufacturing sector wherein it can be observed that robots have replaced the unskilled workers⁸.

Another type of unemployment is cyclical unemployment, which refers to the unemployment being proportional to the economy of a time. It comes about from the cycles of economic recession or expansion; this is observed within the business cycle. Economists describe cyclical unemployment as "The result of businesses not having enough demand for labor to employ all those who are looking for work at that point within the business cycle."⁹ The amount of cyclical unemployment in India is insignificant. It largely occurs in a capitalist economy¹⁰.

Technological unemployment comes under structural unemployment, wherein we see that workers lose their jobs due to advances in technology. Various jobs are threatened by automation and advances of technology every year¹¹.

Frictional unemployment, also termed as search unemployment, is a voluntary type of unemployment wherein the worker quits his current job and remains unemployed for a certain period of time before finding another job. This time gap between the jobs can be referred to as frictional unemployment.

This type of unemployment is always present in an economy and is a natural type of unemployment. Unemployment benefits paid by the government can also be another factor leading to frictional unemployment¹².

Vulnerable employment refers to the employment of people without any contracts and informally, without any formal work arrangements, social security and no legal protection as well. This type of employment is very common in India. Due to this type of employment being informal, no records of employment is maintained thus the workers are often classified as unemployed. In India nearly 77 per cent of the workers fall under vulnerable employment¹³

Effects of Unemployment

The effects of unemployment are vast on various levels. In an individual level, a person being unemployed for a long duration of time may find it difficult to find work and apart from economic loss, studies show that individuals undergo mental health issues such as depression and are seen to have lost friends and self-respect¹⁴. Moreover, in a study titled “What Kind of Joblessness Affects Crime? A National Case-Control Study of Serious Property Crime”, we can observe that unemployed people who are unemployed for ‘socially unacceptable reasons’ are more likely to commit crimes of robbery and burglary. The study also found that unemployment raised the chances of the youth aged between 18 to 29 in committing such crimes by nearly four times as compared to the unemployed aged above 30¹⁵. Moreover, unemployment is also a major reason behind a climbing number of suicides every year. Unemployment also affects the economy of a country. When unemployment is high, the GDP of a country is lower. Thus, unemployment has a severe impact on the economy of a country as well.

Post-independence, unemployment has been one of the major issues in India and the government has taken various initiatives to reduce the unemployment rate in India by introducing various schemes. Some of these important schemes have helped reduce the unemployment rate in India. Most of the schemes provided opportunities for the unemployed and even gave unemployed opportunities to be self-employed.

Training of Rural Youth for Self-Employment (TRYSEM) is an important scheme under the government under which youth aged from 18 to 35 years were trained to help acquire skills to be self-employed. In 1979, this scheme was started and priority was given to SC/ST youth and women. And by the end of the training credit was given to the youth to be self-employed¹⁶. Jawahar Rozgar Yojana (JRY) or Jawahar Gram Samridhi Yojana is a very popular scheme of the government that aimed to create additional employment and self-employment to the rural unemployed. It began in 1989. It was sponsored by the central government and 20 per cent was funded by the state. This scheme combined earlier schemes of Integrated Rural Development Programme (IRDP) which helped provide bank loans for self-employment and National Rural Employment Programme (NREP) which aimed to provide employment opportunities by maintaining village assets¹⁷. Prime Minister’s Rozgar Yojana (PMRY), started in 1993, aimed to provide educated unemployed youth from a low-income family a loan of rupees one lakh to start small businesses. Jawahar Gram Samridhi Yojana (JGSY) was started to create waged work for the unemployed youth in 1999 by developing rural infrastructure. National Rural Employment Guarantee Scheme (NREGS) provides 100 days unskilled work to the rural members of society¹⁸. Similar to these schemes, various other schemes were made by the government to tackle the problem of unemployment and the unemployment rate of India has been increasing ever since. Since the deployment of these various schemes even the women labour force has come up and

unemployment has greatly reduced in the rural parts of India thus creating a very positive impact on the society. In India, many of the educated youth remain unemployed. But in reality, the industrial vocational training received is very less in India and the required skills needed in industries to employ youth is lacking amongst the youth in India today. Moreover, nearly one-third of the youth who received formal education were unemployed. In India, vocational training is often separated from the higher education thus creating no pathway between the two sectors leading to little skills developed amongst the graduates making them less likely to be employed in the industries of today¹⁹.

Surprisingly, the uneducated were more employed than the educated and graduated youth, and one of the main reasons behind this is that the educated and graduated youth are on the lookout for better pay and would stay unemployed till such time they find such a job that provides a pay they expect. Moreover, the youth need to undergo rigorous training to be absorbed in certain fields and the lack of skills they possess after graduating is the main factor behind their unemployment. And hence the youth will end up finding jobs in the informal sector while the formal only pushes more towards automation²⁰.

We can thus observe that the reasons behind the unemployment of the educated youth are the insufficient number of jobs available and the poor quality of education provided to the graduates making them underprepared for taking up jobs in certain sectors. In certain studies, it was noted that this unemployment of youth has initiated anti-government approaches and violent and social conflicts in the society of today²¹. It was also noted that due to unemployment of youth, feelings of anger, frustration and resentment had been observed and the educated unemployed might possess a risk towards government²². Moreover, in a study, it was even shown that there exists a link between the unemployed youth and domestic terrorism²³.

Numerous studies, over the years, have shown a link between mental health and employment. It was proven that on average, people involuntarily out of work suffered higher signs of psychological distress as compared to employed people and being unemployed decreases mental health. Studies have even shown that once a person loses work and suffers from mental illness, the chances of finding another job becomes slim. Moreover, various studies show that unemployed people tend to become addicted to drugs and alcohol due to their dropping mental health and anxiety²⁴.

The results of another study showed the values of anxiety, depression, loss of behavioural and emotional control is higher for the unemployed group as compared to the employed group. Coherently, the levels of the positive effects, the emotional ties and life satisfaction are higher in the employed youth²⁵. In another study, four results had been concluded in the relationship between mental health and unemployment. The first being, unemployment for a long period of time can be bad for the mental health of the individual and could be dangerous. Secondly, the negative effects of unemployment for a long period of time can be seen as more gravely in the minority sections of society. Thirdly, being unemployed for a short duration does not severely harm mental health. And lastly, those who are more educated tend to have an even worse mental health when facing unemployment for a long duration of time²⁶.

Even after many years, unemployment is still a very commonly existing problem in society today. Under this simple yet complicated word of unemployment lies various types of unemployment and the dangers it possesses if not controlled. The impact of unemployment on society and the individual is vast and dangerous in certain circumstances. Since post-independence, the government has been working towards eradicating the problem of unemployment by deploying various schemes but despite

the decrease in unemployment rates, there are still a lot of challenges that need to be tackled such as the growing unemployment amongst the educated youth and the problems of mental health amongst the unemployed.

The researcher thus after a detailed report on unemployment has suggestions which if incorporated could help further reduce the unemployment rate. Firstly, mental awareness and mental health are very important topics which should be made compulsory for the students in higher educations to learn. Only by educating on mental health can a better understanding of how important mental health is and how to take care of it. Also, by improving the quality of education the government can make the students more developed and industry ready to take on various fields which require a lot of training to undertake the job. Moreover, the promotion of entrepreneurship among the youth could be a big factor in creating jobs and exploring new horizons. Also, more public investments in certain sectors and decentralization of industrial activities can help provide more job opportunities to more people in more remote areas of society.

Conclusion

The employment crisis in India is a complex and deeply rooted issue shaped by a combination of economic, structural, and social factors. Despite being one of the fastest-growing economies in the world, India continues to face significant challenges in generating sufficient and quality employment opportunities for its vast and youthful population. The mismatch between educational outcomes and labor market demands, the dominance of the informal sector, and regional disparities further aggravate the problem. Additionally, the pandemic-induced disruptions and rapid technological changes have deepened existing vulnerabilities.

Addressing this crisis requires a multi-pronged approach that includes investing in skill development, promoting labor-intensive industries, strengthening the formal sector, and encouraging entrepreneurship. Policy interventions must also ensure social protection and job security, especially for marginalized and vulnerable groups. Without comprehensive and inclusive employment strategies, the socio-economic development of the country will remain uneven and unsustainable. A coordinated effort between the government, private sector, and civil society is essential to turn India's demographic potential into a demographic dividend.

References:

1. Drishti IAS, Unemployment in India Drishti IAS (2019), <https://www.drishtiias.com/to-the-points/paper3/unemployment-in-india> (last visited Jan 15, 2021).
2. Jyoti Jha, Highest Unemployment in 45 years: An Analysis Indian Legal Solution (2019), <https://indianlegalsolution.com/highest-unemployment-in-45-years-an-analysis/> (last visited Jan 15, 2021).
3. Pharr, Jennifer & Moonie, Sheniz & Bungum, Timothy. (2011). The Impact of Unemployment on Mental and Physical Health, Access to Health Care and Health Risk Behaviors. ISRN Public Health. 2012. 10.5402/2012/48343
4. Jayshree Sengupta, Youth unemployment, a cause for concern ORF (2017), <https://www.orfonline.org/expert-speak/youth-unemployment-cause-for-concern/> (last visited Jan 15, 2021).
5. Drishti IAS, Unemployment in India Drishti IAS (2019), <https://www.drishtiias.com/to-the-points/paper3/unemployment-in-india> (last visited Jan 15, 2021).

6. Julia Kagan, Disguised Unemployment Investopedia (2021), <https://www.investopedia.com/terms/d/disguised-unemployment.asp> (last visited Jan 15, 2021).
7. What is Seasonal Unemployment? Definition, Examples, Benefits, Wall Street Mojo (2020), <https://www.wallstreetmojo.com/seasonal-unemployment/> (last visited Jan 15, 2021).
8. Kimberly Amadeo, Why It's Harder to Find A Job Now in Some Industries The Balance (2020), <https://www.thebalance.com/structural-unemployment-3306202#> (last visited Jan 15, 2021).
9. Charles Potters, Cyclical Unemployment Investopedia (2020), <https://www.investopedia.com/terms/c/cyclicalunemployment.asp> (last visited Jan 15, 2021).
10. Drishti IAS, Unemployment in India Drishti IAS (2019), <https://www.drishtiias.com/to-the-points/paper3/unemployment-in-india> (last visited Jan 15, 2021).
11. Drishti IAS, Unemployment in India Drishti IAS (2019), <https://www.drishtiias.com/to-the-points/paper3/unemployment-in-india> (last visited Jan 15, 2021).
12. Julia Kagan, How Frictional Unemployment Occurs in an Economy Investopedia (2021), <https://www.investopedia.com/terms/f/frictionalunemployment.asp> (last visited Jan 15, 2021).
13. 133 out of 4 workers in India fall in vulnerable employment category: ILO, Business Today (2018), <https://www.businesstoday.in/current/policy/ilo-world-employment-report-india-vulnerable-employment-job-crisis/story/268733.html> (last visited Jan 15, 2021).
14. Ph. D. Patrick Gleeson, The Overall Effects of Unemployment Small Business - Chron.com (2019), <https://smallbusiness.chron.com/overall-effects-unemployment-37104.html> (last visited Jan 15, 2021).
15. Gary Kleck & Dylan Jackson, What Kind of Joblessness Affects Crime? A National Case-Control Study of Serious Property Crime, Journal of Quantitative Criminology (2016).
16. Pooja Mehta, Poverty and Unemployment Alleviation Programmes Economics Discussion (2015), <https://www.economicsdiscussion.net/poverty/poverty-and-unemployment-alleviation-programmes/2283> (last visited Jan 15, 2021).
17. AGARWAL, P. (2011). India's Youth Challenge. Harvard International Review, 33(1), 4-5. Retrieved January 15, 2021, from <http://www.jstor.org/stable/42763430>
18. Jayshree Sengupta, Youth unemployment, a cause for concern ORF (2017), <https://www.orfonline.org/expert-speak/youth-unemployment-cause-for-concern/> (last visited Jan 15, 2021).
19. Madhvi Gupta, Why India Should Worry About Its Educated, but Unemployed, Youth the Wire, <https://thewire.in/labour/why-india-should-worry-about-its-educated-but-unemployed-youth> (last visited Jan 15, 2021).
20. Adelaja, A., & George, J. (2020). Is Youth Unemployment Related to Domestic Terrorism? Perspectives on Terrorism, 14(5), 41-62. doi:10.2307/26940038