



## UNEMPLOYMENT - GS III MAINS

Q. Examine the implications of unemployment in India in its present context. (10 marks, 250 words)

**News:** *On unemployment in Indian States*

### What's in the news?

- A recent report released by the International Labour Organization (ILO) and the Institute for Human Development (IHD) revealed that two out of every three unemployed individuals was a young graduate, highlighting the need for urgent policy intervention.

### Key takeaways:

- The unemployment rates across Indian States in 2022-23 varies from the richest to the poorest state.
- At almost 10%, Goa's unemployment rate - more than three times the national average (3.17%) is the highest.
- **4 of the top 5 States - Goa, Kerala, Haryana and Punjab are comparatively richer states.**
- The **rich States of western India** - Maharashtra and Gujarat experience unemployment rates far less than the national average.
- **All northern States** - Jammu and Kashmir, Punjab, Haryana, Uttarakhand and Himachal Pradesh have **unemployment rates higher than the national average**, as do all southern States with the exception of Karnataka.

### Unemployment:

- Unemployment stands as a **pervasive socioeconomic challenge**, bearing multifaceted consequences that ripple through individuals, families, communities, and entire nations.
- Beyond the surface of financial strain, its repercussions penetrate deep into the fabric of society, corroding mental and physical health, eroding social cohesion, and impeding economic growth.
- The consequences of unemployment extend far beyond mere joblessness, affecting individuals' sense of self-worth, their relationships, and their opportunities for advancement.
- As such, understanding the profound and wide-ranging impacts of unemployment is essential for crafting effective policies and support systems to mitigate its detrimental effects.

### Consequences of Unemployment:

#### 1. Unrest in Population, Particularly Youth:

- Instances like the Jat reservation stir in Haryana highlight the visible manifestation of unemployment issues, leading to protests and demands for reservations in employment.
- Dominant caste and community groups, such as Patels in Gujarat, Kapu community in Andhra Pradesh, and Gujjar in Rajasthan, have also sought employment-related reservations.

#### 2. Low Economic Growth:



- High unemployment rates indicate an underutilization of human capital, turning potential assets into liabilities.
- Elevated unemployment is an indicator of a depressed economy, hindering overall economic growth.

### 3. Vicious Cycles of Poverty:

- Unemployment and poverty are interconnected, with one often leading to the other.
- Unemployment reduces overall demand, affecting multiple sectors of the economy and perpetuating a cycle of poverty.

### 4. Lower Social Indicators & Burden on Government:

- Unemployment leads to reduced spending on health and education by individuals, impacting social indicators for the population.
- The government may face an increased burden in providing support and welfare services to the unemployed.

### 5. Source of Exploitation:

- Desperate economic conditions may force unemployed individuals to accept unpleasant or exploitative jobs.

### 6. Loss of Labour Efficiency:

- Prolonged unemployment can lead to a decrease in efficiency due to the loss of skills and work habits.

### 7. Adverse Effects on Savings:

- Employed individuals may experience a reduction in their capacity to save as they need to support unemployed family members.

### 8. Leads to Inequalities of Income:

- Mass unemployment can push people into poverty, resulting in an increase in income inequality.
- The period of unemployment tends to exacerbate poverty levels and income disparities.

Youth unemployment can result in long-lasting scarring effects, such as lower future earnings, reduced career prospects, and decreased job satisfaction. It can hinder the acquisition of valuable skills and experience crucial for career advancement, potentially perpetuating a cycle of economic instability for individuals and society.