

# **INTERNATIONAL JOURNAL OF LEGAL STUDIES AND SOCIAL SCIENCES [IJLSSS]**

ISSN: 2584-1513 (Online)

Volume 3 | Issue 2 [2025] | Page 688 - 713

© 2025 International Journal of Legal Studies and Social Sciences

Follow this and additional works at: <https://www.ijlsss.com/>

In case of any queries or suggestions, kindly contact [editor@ijlsss.com](mailto:editor@ijlsss.com)

# INDIAN LABOUR LAW AND ITS IMPACT ON UNEMPLOYMENT

- Sapna Kumari<sup>1</sup>

## ABSTRACT

This paper provides you the detail analysis of Indian labour laws and its impact on unemployment. Means that how labour laws is directly or indirectly responsible for worker burnout despite several factors already responsible for unemployment. The paper deals with history, evaluation of labour laws in India, Basic purpose for labour legislation, constitutional overview classification, important organization, authorities under which labour laws regulate and the essential labour laws. Which everybody have to know before entering into any firms, industry, organization. Further, it consider unemployment, areas of unemployment, government and individual, to overcome with the situation , reality of governing system, report presentation which shows the cause, impact of unemployment and solutions from the side of government and what individual have to do, so to get better stander of living and not come within the boundaries of unemployment. Including some landmark case laws.

**Key words – Unemployment, Institutions, India, Workers Burnout, Initiatives, Landmark.**

## DEFINITION OF LABOUR LAW

Labour law, also known as employment law, is a body of laws, administrative rulings, and precedents that address the legal rights and restrictions of working people and their organizations. It mediates many aspects of the relationship between trade unions, employers, and employees. Labour law defines the rights and obligations of workers, union members, and employers in the workplace. It generally covers:

- **Industrial Relations:** Certification of unions, labour management relations, collective bargaining, and unfair labour practices.

---

<sup>1</sup> B.A.LL.B. student, Amity University, Ranchi

- **Workplace Health and Safety:** Ensuring safe working conditions.
- **Employment Standards:** General holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures, and severance pay.

In India, labour and employment laws are primarily known under the broad category of "Industrial Law." India has long had labour laws that are considered protective by the standards of both developed and developing countries, and these laws have been periodically strengthened.

## HISTORY OF LABOUR LAW

The history of labour law in India is deeply intertwined with the country's colonial past and its subsequent economic reforms. The British colonial government enacted several labour laws, primarily to protect the interests of British employers. For instance, the Factories Act of 1883 was introduced to regulate working conditions in factories, partly to make Indian labour more expensive and less competitive with British textiles.

Postindependence, India continued to develop its labour laws, often with a focus on protecting workers' rights. However, the market-oriented structural reforms initiated in the 1980s and intensified in the 1990s brought significant changes. These reforms aimed to put the economy on a higher growth path but also led to concerns about the slow growth of employment in the organized sector, where "good" jobs are typically found. The share of the organized sector in total employment decreased from 7.3% to 7.1% between 1993/94 and 1999/2000, despite GDP per capita growth of around 5%.

The enforcement of labour laws has been weak, especially since the 1990s, giving Indian firms more de facto flexibility than the laws might suggest. This has led to a "casualization" of the workforce, with an increasing share of workers on daily or periodic contracts. The Indian labour force is enormous, estimated at 406 million in 1999/2000, with the majority (78%) living in rural areas.

## PURPOSE OF LABOUR LEGISLATION

Labour legislation serves three crucial roles:

1. **Facilitating Productive Employment Relationships:** It establishes a legal system that facilitates productive individual and collective employment relationships, contributing to a productive economy.

**2. Harmonious Industrial Relations:** It provides a framework for employers, workers, and their representatives to interact on work related issues, promoting workplace democracy.

**3. Guaranteeing Fundamental Rights:** It ensures fundamental principles and rights at work, which have broad social acceptance, and establishes processes for their implementation and enforcement.

In India, labour laws are covered by many separate Acts that set minimum wages, conditions of work, payment of wages, benefits, workers' welfare, health and safety provisions, procedures for resolving industrial disputes, and conditions for hiring, firing, and closing establishments. Legislative authority over labour issues is shared between federal and state governments, leading to considerable variation in labour regulations across states.

## CONSTITUTIONAL PROVISIONS WITH REGARDS TO LABOUR LAWS

The Indian Constitution enshrines the dignity of human labour and the need to protect and safeguard the interests of labour as human beings. Several articles in the Constitution, particularly in Chapter III (Fundamental Rights) and Chapter IV (Directive Principles of State Policy), address labour rights:

- **Article 16:** Ensures equality of opportunity in public employment.
- **Article 19:** Guarantees the right to freedom of speech and expression, assembly, association, and movement.
- **Article 23:** Prohibits trafficking and forced labour.
- **Article 24:** Prohibits the employment of children below the age of 14 in hazardous occupations.
- **Article 39:** Directs the state to secure the health and strength of workers, ensure that children are not abused, and provide just and humane conditions of work.
- **Article 41:** Ensures the right to work, education, and public assistance in certain cases.
- **Article 42:** Provides for just and humane conditions of work and maternity relief.
- **Article 43:** Directs the state to secure a living wage, decent conditions of work, and social and cultural opportunities for workers.
- **Article 43A:** Encourages the participation of workers in the management of industries.

Labour is a concurrent subject in the Constitution, meaning both the Union and state governments can legislate on labour matters. The bulk of important labour legislation has been enacted by the

Parliament, but state governments have also amended some central acts, leading to substantial variation in labour regulations across states.

## LABOUR POLICY OF INDIA

India's labour policy has evolved to meet the specific needs of planned economic development and social justice. The policy has two main objectives: maintaining industrial peace and promoting the welfare of labour. Key highlights of the labour policy include:

- **Creative Measures to Attract Investment:** Encouraging public and private investment to create new jobs.
- **Social Security Schemes:** Introducing new social security schemes for workers in the unorganized sector and providing social security cards.
- **Unified Management of Funds:** Ensuring unified and beneficial management of funds from Welfare Boards.
- **Model Employee Employer Relationships:** Promoting longterm settlements based on productivity.
- **Labour Law Reforms:** Empowering a body of experts to suggest necessary changes and amending the Industrial Disputes Act to streamline labour judiciary mechanisms.
- **Minimum Wages Act:** Extending the coverage of the Minimum Wages Act to more labour sectors.
- **Child Labour Act:** Aggressively enforcing the Child Labour Act.
- **Modern Medical Facilities:** Providing modern medical facilities for workers and rehabilitation packages for displaced workers.
- **Employment Exchanges:** Restructuring and computerizing employment exchanges to update databases.
- **Industrial Training:** Revamping the curriculum and course content in industrial training.

## LIST OF LABOUR LAWS IN INDIA

Labour laws in India can be broadly categorized into two types:

**1. Collective Labour Law:** Relates to the tripartite relationship between employees, employers, and unions.

**2. Individual Labour Law:** Concerns employees' rights at work and through the contract for work.

The prevailing social and economic conditions have significantly influenced Indian labour legislation, which regulates various aspects of work, such as working hours, wages, social security, and facilities provided. The legislations can be categorized as follows:

**1. Labour Laws Enacted by the Central Government:** These laws are enforced solely by the Central Government. Examples include:

- The Employees' State Insurance Act, 1948
- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- The Dock Workers (Safety, Health and Welfare) Act, 1986
- The Mines Act, 1952

**2. Labour Laws Enacted by the Central Government and Enforced by Both Central and State Governments:** Examples include:

- The Child Labour (Prohibition and Regulation) Act, 1986
- The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Equal Remuneration Act, 1976

**3. Labour Laws Enacted by the Central Government and Enforced by State Governments:**

Examples include:

- The Industrial Disputes Act, 1947
- The Industrial Employment (Standing Orders) Act, 1946
- The InterState Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

**4. Labour Laws Enacted and Enforced by State Governments:** These laws apply to respective states and may vary from state to state.

## CLASSIFICATION OF LABOUR LAWS IN INDIA

Labour laws in India can be classified under the following heads:

### **1. Laws Related to Industrial Relations:**

- Trade Unions Act, 1926
- Industrial Employment (Standing Orders) Act, 1946
- Industrial Disputes Act, 1947

### **2. Laws Related to Wages:**

- Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965

### **3. Laws Related to Working Hours, Conditions of Service, and Employment:**

- Factories Act, 1948
- Plantation Labour Act, 1951
- Mines Act, 1952
- Motor Transport Workers Act, 1961

### **4. Laws Related to Equality and Empowerment of Women:**

- Maternity Benefit Act, 1961
- Equal Remuneration Act, 1976

### **5. Laws Related to Deprived and Disadvantaged Sections of Society:**

- Bonded Labour System (Abolition) Act, 1976
- Child Labour (Prohibition and Regulation) Act, 1986

### **6. Laws Related to Social Security:**

- Workmen's Compensation Act, 1923
- Employees' State Insurance Act, 1948
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952

## EVALUATION OF LABOUR LAW

The evaluation of labour law in India reveals significant differences in the level and evolution of labour regulations across states. Some states, like Kerala and West Bengal, have traditionally prolabour governments and have maintained a small fraction of labour in manufacturing. In contrast, states like Gujarat, Orissa, and Andhra Pradesh have seen a significant increase in the share of contract labour, which now exceeds 40% in some cases.

The legislative framework for managing labour relations established at the time of independence has not fundamentally changed, although there have been periodic amendments and new legislative initiatives. These changes have typically been driven by the increasing juridification of labour relations and the changing socioeconomic ideologies of the regime, which have led to a greater welfare orientation and social legislation.

India's labour laws are often criticized for being overly protective and rigid, particularly in terms of restrictions on layoffs and the hiring of contract workers. However, weak enforcement has provided firms with de facto flexibility, suggesting that reforms should focus not just on removing restrictions but also on rationalizing the many overlapping and sometimes contradictory labour laws. Additionally, there is a need to extend enforceable basic rights to workers in the unorganized sector and improve social protection and skills development systems.

The **International Labour Organization (ILO)** is a key specialized agency of the United Nations, focusing on labor issues and promoting social justice and internationally recognized human and labor rights. Here's a summary of its key aspects:

### **Key Details of the ILO:**

#### **1. Establishment:**

- Founded in 1919 as part of the Treaty of Versailles, which ended World War I.
- Initially an agency of the League of Nations, it became a UN agency in 1946 after the League's dissolution.

#### **2. Headquarters:**

- Located in Geneva, Switzerland.

#### **3. Structure:**

- Unique **tripartite governance system**, representing:

- Governments
- Employers
- Workers
- This structure ensures balanced representation and collaboration among these groups.
- 4. **Membership:**
  - As of the text, the ILO has **181 member states**.
- 5. **Leadership:**
  - The first Director General was **Albert Thomas**, a prominent French socialist.
  - As of 2009, the Director General was **Juan Somavia** (serving since 1999).
- 6. **Key Functions:**
  - Promotes **decent work** opportunities for men and women.
  - Advocates for labor rights, social protection, and dialogue on work-related issues.
  - Aims to ensure **freedom, equity, security, and human dignity** in the workplace.
  - Works to establish labor peace as a foundation for prosperity.
- 7. **Major Achievements:**
  - Adopted the first six **International Labour Conventions** in 1919, addressing:
    - Hours of work
    - Unemployment
    - Maternity protection
    - Night work for women and young persons
    - Minimum age for employment
  - Incorporated the **Declaration of Philadelphia (1944)** into its constitution, outlining its aims and purposes.
- 8. **Governing Body:**
  - The executive arm of the ILO.

- Meets three times a year (March, June, November).
- Composed of:
  - 28 government representatives (10 permanent seats held by Brazil, China, France, Germany, India, Italy, Japan, Russia, the UK, and the US).
  - 14 workers' representatives.
  - 14 employers' representatives.
- Responsibilities include setting ILO policy, deciding the agenda for the International Labour Conference, adopting the budget, and electing the Director General.

#### 9. **Mission:**

- To promote **social justice** and **labor rights** globally.
- To ensure that economic growth translates into decent jobs and improved working conditions.
- To foster lasting peace, prosperity, and progress by addressing labor-related challenges.

#### **Significance:**

The ILO plays a critical role in shaping global labor standards and ensuring that economic development benefits all stakeholders—workers, employers, and governments. Its tripartite structure and focus on social justice make it a unique and influential organization within the UN system.

## AUTHORITIES UNDER LABOUR LAW

### 1. **Ministry of Labour and Employment, Government of India**

The Ministry of Labour and Employment, a branch of the Government of India, is the apex body for formulation and administration of the rules and regulations and laws relating to 181 labour and employment in India. The Ministry of Labour and Employment works out of Shram Shakti Bhavan, Rafi Marg, New Delhi. The main objectives of the Ministry of Labour and Employment are the following: Labour Policy and legislation; Safety, health and welfare of labour; Social security of labour; Policy relating to special target groups such as women and child labour; Industrial relations and enforcement of labour laws in the Central sphere; Adjudication of industrial disputes through Central Government Industrial Tribunals cum Labour Courts and National Industrial Tribunals.

## **2. Organisation of the Chief Labour Commissioner (CLC)**

The Organisation of the Chief Labour Commissioner(C) known as Central Industrial Relations Machinery was set up in April, 1945 in pursuance of the recommendation of the Royal Commission on Labour in India and was then charged mainly with duties of prevention and settlement of industrial disputes, enforcement of labour laws and to promote welfare of workers in the undertakings falling within the sphere of the Central Government. Presently there are 18 regions each headed by a Regional Labour Commissioner (C) with Headquarters at Ajmer, Ahmedabad, Asansol, Bangalore, Bombay, Bhubaneswar, Chandigarh, Cochin, Calcutta, Gwahati, Hyderabad, Jabalpur, Madras, New Delhi, Patna, Nagpur, Dhanbad and Kanpur. Out of these, 14 regions have been placed under the supervision of three zonal Dy.CLCs (C) and 4 regional offices are supervised directly by headquarters office of CLC(C

## **3. Labour Courts / Industrial Tribunals**

Most of the labour disputes are referred to the Labour Courts/Industrial Tribunals through the Department of Labour under the respective State Government. The process for labour dispute starts with filing of a petition before Labour Conciliation Officer and in case no compromise is possible, the said officer sends a failure report to the Government. After consideration of the said report, the Government may send a reference to the Labour Court/Industrial Tribunal. In certain matters, the labour dispute can be directly filed in the court concerned. Labour Courts These courts are found in every district and they form the courts of original jurisdiction under which various labour laws and rules are enforced. Appellate Labour Courts These courts hear only the Appeals and revisions originating from the judgements and orders of the subordinate original labour courts and officers, under the provisions of various labour and related laws.

**IMPORTANT LABOR LAWS WHICH IS MANDATORY TO  
KNOW BEFORE ENTERING INTO ANY ORGANISATION,  
FIRM AND INDUSTRY**

## **1. Minimum wage Act**

Wages defer from state to state category, designation etc.

## **2. Payment of wage Act 1936**

- Salary should be paid by employer by seventh of every month .
- Act governs deductions.

## **3. Equal remuneration Act, 1976**

Means can't differentiate between male and female, when same qualification for same position.

## **4. Provident fund Act, 1952**

- Governs Provident fund and position during retirement
- 12 percent deduction of basic salary + DA
- Employers will deduct 12+ 1 percent
- Compulsory deduction limits Rs 15000 ( can exceed if Employers and employees agree)

## **5. Employees state insurance Act**

- Medical insurance ( individual + family) and accidental insurance (individual)
- Limits 2100
- Deduction . 75 percent of wages
- Employers contribute 3.25 percent of wages, total 4 percent of wages

## **6. Bonus Act 1956**

- Statutory bonus compulsory
- 8.33 percent ( lower limits)

## **7. Gratuity Act 1972**

Employers works for more than 5 y According to every year of working 15 days of gratuity.

## **8. Professional tax Act**

- Article 276 of the Constitution -deduction limits of rs 2500 per annum
- Only applicable to 15 – 16 states currently

## **9. Labour welfare fund**

For basic facilities

## **10. Shops and establishment Act**

- Governs leave and holiday
- Differs from state to state

## **ADDITIONAL ACTS**

- Industrial dispute Act
- Governs relationship between employees and employers.

## **CASE LAWS**

### **BOARD V. A. RAJAPPA (1978)**

Key Principle: Interpreted "industry" widely under Industrial Disputes Act, 1947. It ruled that any organized activity involving employer-employee cooperation is an "industry" unless it is sovereign

## AIR INDIA STATUTORY CORPORATION V. UNITED LABOUR UNION (1997)

Important Principle: Provided greater rights to contract workers and enabled them to seek regularization in case they were doing seasonal work crucial to the company. But this was later overturned by the SAIL Case (2001).

## STEEL AUTHORITY OF INDIA LTD. V. NATIONAL UNION OF WATERFRONT WORKERS (2001)

Key Principle: Overruled Air India v. United Labour Union. It stated that contract labor cannot be automatically absorbed as permanent workers unless the government issues a notification under the Contract Labour (Regulation & Abolition) Act, 1970.

## INDIAN BANKS ASSOCIATION V. WORKMEN OF SYNDICATE BANK (2001)

Key Principle: Enforced equal pay for equal work and safeguarded the rights of temporary workers who were employed in banks.

## EXPRESS NEWSPAPERS LTD. V. UNION OF INDIA (1959)

Key Principle: Provided that media workers and journalists were covered under labor laws, thus ensuring fair treatment and remuneration.

## UNEMPLOYMENT

Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. The most frequent measure of unemployment is the unemployment rate, which is the number of unemployed people divided by the number of people in the labor force.

**National Sample Survey Organization (NSSO)** defines employment and unemployment on the following activity statuses of an individual:

1. Working (engaged in an economic activity) i.e. 'Employed'.
2. Seeking or available for work i.e. 'Unemployed'.

3. Neither seeking nor available for work.

The first two constitutes labour force and unemployment rate is the percent of the labour force that is without work.

Unemployment rate = (Unemployed Workers / Total labour force)  $\times$  100

## AREAS OF UNEMPLOYMENT

Unemployment can be classified into various domains on the basis of causes and characteristics. Below are the primary domains of unemployment with examples:

### 1. Structural Unemployment

It is caused by the mismatch between the skills of workers and the job demands.

Example: A factory employee gets retrenched because of automation and does not possess the skills for working in the field of IT.

### 2. Cyclical Unemployment

Created by economic recessions or downturns when there is a decline in demand for goods and services.

Example: A hotel employee is fired during an economic downturn because fewer individuals are traveling.

### 3. Frictional Unemployment

Short-term unemployment while people are changing jobs.

Example: A computer programmer quits a job and spends a few months looking for a better job.

#### **4. Seasonal Unemployment**

When jobs are seasonal and only exist at specific times of the year.

Example: A ski instructor is out of work during the summer.

#### **5. Technological Unemployment**

Results from technological progress substituting for human work.

Example: Cashiers become unemployed as automated checkouts increase in grocery stores.

#### **6. Regional Unemployment**

Occurs in certain geographic locations because of factory closures or the absence of opportunity.

Example: A town dealing in mining suffers high unemployment as mines close.

#### **7. Youth Unemployment**

Involves youths who fail to gain employment in the job market because they are inexperienced or opportunities are unavailable.

Example: A new graduate is unemployed for months because there are no entry-level jobs.

#### **8. Underemployment (Disguised Unemployment)**

Employees are working below their level of skill or working fewer hours than they would like.

Example: A very skilled engineer is working as a delivery driver because there are no jobs available in his field.

# LABOR LAWS WHICH ARE RESPONSIBLE FOR UNEMPLOYMENT

Labor regulations are intended to secure workers' rights, provide equal pay, and organize work conditions. Yet some regulations inadvertently lead to unemployment by making it more costly for employers to employ people, limiting flexibility, or deterring business growth.

Following are:

## **1. Minimum Wage Regulations**

Effect: When governments impose high minimum wages, companies with narrow profit margins can find it difficult to pay employees, resulting in firing or fewer new hires.

Example: In South Africa, a strong minimum wage enacted in 2019 resulted in the loss of jobs in small firms that could not cover the higher wages.

## **2. Rigorous Employment Protection Legislation**

Effect: Legislation making it hard to dismiss employees (e.g., with high termination pay or legal reasons) deters firms from adding new workers.

Example: In Italy, stringent job protection legislation has been associated with increased youth unemployment since firms are reluctant to employ permanent staff.

## **3. High Payroll Taxes & Social Security Contributions**

Impact: If employers must pay excessive social security or pension contributions, the cost of hiring increases, resulting in redundancies.

Example: In France, high payroll taxes have been attributed to deterring firms from employing full-time staff, contributing to increased unemployment.

## **4. Compulsory Employee Benefits**

Effect: Paid leave, medical care, or other benefit provisions that are mandatory raise the cost of employment and discourage companies from expanding their workforce.

Illustration: In India, the Maternity Benefit (Amendment) Act of 2017, which increased paid maternity leave to 26 weeks, was said to cause some small firms to eschew hiring women of childbearing age.

## **5. Strict Working Hour Rules**

Effect: Legislation restricting working hours or mandating overtime compensation deters companies from increasing their workforce or adding more employees.

Illustration: In Brazil, rigorous working hour regulations and expensive overtime have prompted firms to opt for automation instead of new employees.

## **6. Trade Union Influence & Collective Bargaining Agreements**

Effect: Powerful trade unions can demand high wages and restrictive working conditions, making it expensive for companies to hire or keep employees.

Example: In Argentina, strong union's bargaining for high wages have been associated with higher informal employment, as companies prefer to hire off the books.

# **REALITY OF UNEMPLOYMENT**

Unemployment has become the biggest issue in the country today. According to Indian employment report 2024, one out of three youth in the country is unemployed. Unemployment rate has reached 29.1% among those who already have graduate degree.

The question here is,

## **WHY IS THIS HAPPENING?**

According to a survey by the Mckinsey Health Institute in 2023, India is at the top in terms of workplace burnout. 62% of Indian employees report workplace exhaustion. Asian Mental Health report of September 2023, more than half of Indian employees fully exhausted from work.

**Workplace burnout / workplace exhaustion refers to a chronic state of physical and emotional depletion resulting from continuous workplace stress, overwork, and poor work-life balance. It may cause decreased productivity, mental illness, and absenteeism.**

Indian Labor Organization report of February 2021, Indian workers work the longest, earned the least.

Despite company earn huge revenue example look at pepsico, according to its latest Roc fillings, it's yearly revenue in India is 80 billion. Coco-cola India, its yearly revenue is more than 128 billion. But the youth in our country can't even get a job with 12,000 salaries.

## HOW IS POSSIBLE?

India has now become the fifth largest economy. And we are being told that soon we will become a five trillion economy.

But in this economy, there are no jobs for youth. Who has taken away your job? Your livelihood? Let's understand the problem in depth.

What is the root cause behind it and what is the solution. Not only from the prospective of the government things that the government can do but also what can you do.

## CAUSES OF UNEMPLOYMENT

Unemployment occurs when individuals who are capable and willing to work cannot find jobs. Various factors contribute to unemployment. Followings are:

### 1. Economic Recession

During economic downturns, businesses close or cut costs, leading to layoffs.

Example: The 2008 global financial crisis led to millions losing jobs worldwide.

### 2. Technological Advancements

Automation and AI reduce the need for human labor in many industries.

Example: Automation at self-checkout lanes in a supermarket replaces cashiers.

### 3. Structural Unemployment

Inappropriateness of employees' skills and job market needs.

Example: A coal miner who loses employment due to a drop in demand for coal and not possessing skills for other sectors.

#### **4. Seasonal Unemployment**

Some occupations are seasonal in nature.

Example: Workers in the tourism sector losing employment after high vacation months.

#### **5. Insufficient Education and Skills**

Insufficient qualifications hinder people from finding work.

Example: A high school dropout who can't get a good-paying job.

#### **6. Outsourcing and Globalization**

Firms shift jobs to labor-cost lower nations.

Example: American firms outsourcing customer service to India.

#### **7. Population Growth**

An expanding workforce can surpass the number of available jobs.

Example: In developing nations, many graduates find it difficult to get jobs.

#### **8. Government Policies and Regulations**

Harsh labor laws and excessive taxation discourage employers from employing.

Example: High minimum wages causing small businesses to cut hiring.

#### **9. Political Instability**

Uprisings and wars stop businesses and cut job opportunities.

Example: War or political crises compelling enterprises to close down operations.

## 10. Pandemics and Natural Disasters

Health emergencies or environmental disasters stop industries.

Example: Lockdowns due to COVID-19 resulted in widespread lay-offs in travel and hospitality industries.

## IMPACT ON UNEMPLOYMENT IN INDIVIDUAL AND SOCIETY

Unemployment has tremendous impacts on both the individual and society at large. These are economic, social, and psychological.

### IMPACT ON INDIVIDUALS

- 1. Financial Problems** – Income loss results in a struggle to maintain essential needs like food, shelter, and healthcare.
- 2. Psychological Disturbances** – The unemployed tend to feel stressed, anxious, depressed, and develop low self-esteem.
- 3. Decline of Skills** – Unemployment over an extended period of time makes one's skills outdated, which it is more difficult to return to the job market.
- 4. Disappearance of Social Standing** – Working gives an individual a feeling of purpose and identity. Job loss can bring social stigma and isolation.
- 5. Rising Health Concerns** – Psychological pressure resulting from unemployment gives rise to physical illnesses such as heart disease, hypertension, and alcohol and drug abuse.

### IMPACT ON SOCIETY

- 1. Economic Burden** – Unemployment decreases economic productivity and causes reduced consumer spending, thereby slowing economic growth.

**2. Increased Government Spending** – Governments will be forced to raise welfare and unemployment benefits, which will strain public resources.

**3. Higher Crime Rates** – Unemployment has been associated with increased crime rates because financial desperation may drive people to engage in illegal activities.

**4. Social Unrest** – Large-scale unemployment can result in protests, strikes, and political instability.

**5. Breakdown of Family and Community** – Financial pressure can lead to family conflict, rising divorce rates, and loss of community participation

## WHAT GOVERNMENT CAN DO?

Followings are:

First of all, vacancies should be filled.

Even though there's a shortage of government jobs but at least the vacancies should be filled. The central government has more than 950,000 job vacancies different state government have reported more than 6 million job vacancies. From schools to police to minister there are vacancies everywhere.

There is a dire need to focus on education.

The government, school, college and Institute in our country need improved infrastructure. New educational institutions need to be set up across the country so that there are more seats available for the candidates.

The government need to take action on a large scale to promote cooperation and small and micro enterprises.

There are good economic conditions in cities like : Delhi, Mumbai and Bangalore. But if we talk about remote areas like : MP 's Gwalior, Haryana Jeend - Who will provide jobs here , government have to intervene in it.. Because these areas are real resources.

Provide professional training

Important labour laws employment which is mandatory to know before entering any organization, industry, firm. Training is central in minimizing unemployment through the development of skills and abilities required for employment in the market. Employability is heightened as it compensates for gaps between industry expectations and the potential of the labor force. Training on vocational skill, skill improvement courses, and work-based training primes individuals to acquire different jobs and improve the possibilities of becoming employed

## STEPS TAKEN BY INDIVIDUAL TO OVERCOME UNEMPLOYMENT

People can do a number of things to combat unemployment, both for themselves and others. Following are :

### **1. Skill Development & Continuous Learning**

Example: A factory worker who has lost their job because of automation acquires digital marketing or coding skills to switch to a new profession.

### **2. Entrepreneurship & Self-Employment**

Example: A fresh graduate opens a small online shop selling handcrafted items rather than waiting for a corporate job.

### **3. Freelancing & Gig Economy Engagement**

Example: A recently laid-off journalist starts writing as a freelance content writer on websites such as Upwork or Fiverr.

### **4. Networking & Professional Contacts**

Example: An active job seeker participates in LinkedIn networking, visits job fairs, and contacts mentors for referrals.

### **5. Volunteering & Internships**

Example: A recent graduate volunteers at a non-profit organization to get experience, resulting in a full-time employment offer.

## 6. Adjusting to Market Trends

Example: A shop assistant notices a need for e-commerce and moves into an online customer service position.

## 7. Supporting Local Businesses

Example: An individual patronizes local businesses in their area, contributing to the creation and maintenance of local employment.

## 8. Innovation Job Creation

Example: A computer programmer develops an app that matches job hunters with part-time employment, alleviating local unemployment.

# HOW TO CALCULATE UNEMPLOYMENT RATE

The **unemployment rate** is calculated using the following formula:

$$\text{Unemployment Rate} = \left( \frac{\text{Number of Unemployed People}}{\text{Labor Force}} \right) \times 100$$
$$\text{Unemployment Rate} = \left( \frac{\text{Number of Unemployed People}}{\text{Labor Force}} \right) \times 100$$

### Steps to Calculate:

#### 1. Determine the Number of Unemployed People

- These are individuals who are actively seeking work but cannot find employment.

#### 2. Determine the Labor Force

- The labor force includes both employed and unemployed individuals who are actively looking for work.

- It **does not** include individuals who are not actively seeking work, such as retirees, students, or discouraged workers.

### 3. Apply the Formula

- Divide the number of unemployed individuals by the total labor force.
- Multiply by 100 to get the percentage.

#### Example Calculation:

- Suppose a country has:
  - **5 million unemployed people**
  - **50 million people in the labor force**

$$\text{Unemployment Rate} = \left( \frac{5,000,000}{50,000,000} \right) \times 100 = 10\%$$

$$10\% \text{ Unemployment Rate} = (5,000,000 / 50,000,000) \times 100 = 10\%$$

Thus, the unemployment rate is **10%**.

## CASE LAWS

### 1. Olga Tellis & Ors. v. Bombay Municipal Corporation (1985 AIR 180) – Right to Livelihood

The Supreme Court held that the right to livelihood is a part of the right to life guaranteed under Article 21 of the Constitution.

The case stressed that eviction of pavement dwellers without offering alternative employment or rehabilitation would take away their means of living.

### 2. Randhir Singh v. Union of India (1982 AIR 879) – Equal Pay for Equal Work

The Supreme Court established the principle of "Equal Pay for Equal Work" through Article 14 and Article 16 of the Constitution.

The case is important because wage inequality leads to underemployment and economic disparity.

### 3. State of Maharashtra v. Chandrabhan (1983 AIR 803) – Government's Responsibility for Employment

The court stressed the responsibility of the state to enforce employment schemes for the people.

It underscored that policies of employment must comply with Directive Principles of State Policy (DPSP), especially Article 41, which instructs the state to secure the right to work.

## PERSONAL OPINION

Unemployment isn't a problem but it's an Opportunity to make and update themselves as per the need of the society. The requirements of today's modernized period is investing in skill training, promoting entrepreneurship and ensuring a fair job market are all crucial steps towards a more stable and inclusive workforce. Labour laws somehow also responsible unemployment due to its complexity and rigid compliance system, lack of flexibility for employers, many more informal sector challenges and also slow labour dispute resolution all the above labour laws are the reason for compliance difficulties, hiring and firing of employee etc. Over 85 percent of India's workforce is in the informal sector. Lacks legal protection and benefits which again become the reason of workers burnout.

Government, government policies, institutions ( private / public) make ensure a comfortable working conditions for their workers/ employees. India has immense potential for growth but unless laws are reformed as per need and unemployment is addressed strategically the economic progress will remain uneven.

## CONCLUSION

India's labour legislation exerts a deep influence on jobs and unemployment. Though the labour legislation is meant to safeguard the rights of workers, provide reasonable wages, and enhance job security, it tends to generate inflexibilities in the labour market. Intricate regulations governing hiring and firing, high costs of compliance, and severe limitations on lay-offs deter companies from hiring more people. Therefore, contract labour or casual employment is preferred by most companies to stay away from legal hassles, resulting in job insecurity and reduced pay for workers. Conversely, robust protections for workers work in their favour by checking exploitation, providing social security, and ensuring safe work environments. Yet these protections mostly advantage the formal sector, which makes up a minute fraction of workers in India. Most workers in the informal sector are excluded from these protections. In an attempt to reduce the influence of labour laws on unemployment, current reforms have tried to simplify regulation, facilitate business, and drive investment. Implementation of four codes of labour laws, consolidating several earlier enactments, which streamline regulation aims at harmonizing employee well-being and flexibility by the employers. Implemented properly, the reforms stand the chance to accelerate employment creation without compromising just work conditions. In summary, while India's

labour laws are imperative for the protection of workers, their rigidities lead to unemployment. It is important to find a balance between worker security and labour market flexibility in order to achieve sustainable economic growth and job creation.