

Research Papers



Global Economic Slowdown: It's impact on employment in India

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ABSTRACT

The present global economic crisis has its roots in housing loans issued to many people, by the American financial companies, who have not the repaying capacity. First of all economic recession heated to American economy and after that the major economies of the world were destructed by it. The recession in the US market and the economic slowdown termed as Global recession have engulfed complete world economy with a varying degree of recessional impact.

World over the impact has diversified and its impact can be observed from the very fact of falling Stock market. In economics, a recession is a business cycle contraction, a general slowdown in economic activity over a period of time.

During recessions, many macroeconomic indicators vary in a similar way. Production as measured by Gross Domestic Product (GDP), employment, investment spending, capacity utilization, household incomes, business profits and inflation all fall during recessions; while bankruptcies and the unemployment rate rise. Recessions are generally believed to be caused by a drop in spending. Governments usually respond to recessions by adopting expansionary macroeconomic policies, such as increasing money supply, increasing government spending and decreasing taxation.

The term financial crisis is applied broadly to a variety of situations in which some financial institutions or assets suddenly lose a large part of their value. In the 19th and early 20th centuries, many financial crises were associated with banking panics, and many recessions coincided with these panics. Other situations that are often called financial crises include stock market crashes and the bursting of other financial

bubbles, currency crises, and sovereign defaults.
Key words : financial crisis, recession etc.

INTRODUCTION:

The term financial crisis is applied broadly to a variety of situations in which some financial institutions or assets suddenly lose a large part of their value. In the 19th and early 20th centuries, many financial crises were associated with banking panics, and many recessions coincided with these panics. Other situations that are often called financial crises include stock market crashes and the bursting of other financial bubbles, currency crises, and sovereign defaults.

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The recession in the US market and the global slowdown termed as Global recession have engulfed complete world economy with a varying degree of recessionary impact. World over the impact has diversified and its impact can be observed from the very fact of falling Stock market.

Recession in jobs availability and companies following downsizing in the existing available staff and cutting down of the perks and salary corrections. Globally the financial sector sacking the existing base of employees in high numbers in US the major example being CITI Group same still followed by others in hospitality industry Jet and Kingfisher Airlines too. The cut in salary for the pilots being 90 % can any one imagine such a huge cut in salary.

In the globalized market scenario, the impact of recession at one place/ industry/ sector percolate down to all the linked industry and this can be truly interpreted from the current market situation which is faced by the world since approx 2 month and still the situation is not in control in spite of various measures taken to fight back the recession in the market. The badly hit sector at present is being the financial sector, and major issue being the "LIQUIDITY Crises" in the market.

In total the recession have turned down the growth process and have set the minds of economists and others for finding out the real solution to sustain the economic growth and stability of the market which is desired for the smooth running of the economy. Complete business/ industry is in doldrum situation and this situation persist for a longer duration will create the small business to vanish as they have lower stability and to run smoothly require continuous flow of liquidity which is derived from the market.

IMPACT ON EMPLOYMENT:

1. The impact of global slowdown on India's economy is impacting the employment scenario in India. In fact the rising joblessness in India has assumed worrisome proportions. With overall economic growth sharply slowing down, the

ranks of those without work are growing by the day. Five lakhs people were rendered jobless between October and December 2008, according to a first of its kind survey conducted by the Ministry of Labour and Employment. With the global slump, the fortunes of those who work in the export industry have become equally bleak. India could lose up to 1.5 million jobs in this sector in the six months to March 2009.

2. The Labour ministry's numbers are based on a survey of 2,581 units covering 20 centers across 11 states. Eight major sectors like the textiles and garment industry, metals and metal products, information technology and business process outsourcing, automobiles, gems and jewellery, transportation, construction and mining industries were included. The total employment in these sectors had come down from 16.2 million in September 2008 to 15.7 million by December 2008 due to the Rword stalking Indian industry.

3. India's exports, too, have been contracting every month since October 2008 due to falling demand in the US and Europe. Many units have downed their shutters and laid off staff. If these projections continue, it is quite likely that one can expect another 500,000 job losses before March 31, stated G.K. Pillai, Commerce Secretary, after announcing earlier that 1 million jobs had gone since August.

4. Interestingly, more up-to-date economy wide estimates of unemployment — based on extrapolations from recent trends — are consistent with the above numbers for job losses this year as growth is likely to decline to 7 per cent as compared to 8.8 per cent per annum during the last five years. But with India's growth expected to plunge to 5 per cent next year, the incidence of joblessness will be more severe than before.

5. There are tons of Indians working in countries like the United States of America, United Kingdom, United Arab Emirates and many more countries. The global recession has led to layoffs. Layoffs will be affecting the foreigners working in different country. The first to be fired will be the foreigners working in a country because every country would not want to keep their citizens jobless and employ a foreigner.

6. Same is the case in UK and other European countries, lots of Indians will be losing their jobs and coming back to India where the situation is more or less the same. Every country has this problem and some solution needs to be worked out to stop the situation to get more worsened.

7. The global economic recession is not only

affecting the finance and market but is also leaving a sharp impact on the health of employees. The corporate sectors are taking several measures to cope up with the economic recession. Several companies have reduced the number of employees on board, whereas, several others took the route of cost-cutting, which has resulted into lack of the office-keeping facilities, no overtime while working overtime, etc.

8. At the same time, the costly day-to-day consumption goods are draining money out of the employees at a faster pace. This state of employees along with stress of saving job, is leading to many diseases, such as depression, severe headache, obesity, spondylitis and hypertension, an Associated Chambers of Commerce and Industry of India (ASSOCHAM) study said.

9. These diseases are afflicting employees sleep and resulting in sleep disorders leading to higher stress and reduced workplace productivity. This scenario is threatening a global adverse health impact among employees. Perhaps the meltdown is not just for economy but for employee's health as well.

10. However, there is certainly a deep recession as far as jobs for the highly educated are concerned. Ironically, this may be the first time in India's history when it is more difficult for the professional graduates to find employment or appropriate employment, compared to the less educated millions.

CONCLUSION:

1. The recession strokes badly to employment and the health of employees also in all over the world. Salary corrections & lay-offs are major products of recession in employment sector in the world.

2. Most Indian people either they are working in India or elsewhere in world had lost their jobs especially in IT & BPO industry.

3. New employment generation was stopped for one year approx. So, fresh graduates from the various well known institutions are become jobless.

4. Investment, public spending, household incomes, business profits & inflation rates fall while recession period.

5. In all these conditions, some other important sectors in India like Railways, Health Care, Telecom, Education and Entertainment did not endure any ordeal.

RECOMMENDATIONS:

1. It is important for those who are in the job market today to understand that India's economy is spread across India and not confined to the top eight or nine cities only. Hence, jobs are also spread across the entire urban and even rural India and, therefore, the employees must be willing to work from there.

2. Indian Government should conduct the special campus interviews for the students studying in well known management & engineering institutes, so these students can get the secured job a Govt. will also procure good employees in less effort.

3. New job seekers should try to get the job in Food industry, Railways, Education field, Entertainment because these industries were not disturbed by the economic slowdown.

4. It is better to get a low amount as salary than losing the job. So, employees should talk about that with their companies and reduce their salaries for recession time. When recession will go to end, they can demand their old remunerations.

5. Like other countries, Indian companies should lay-off foreigner employees first. So, there is escaping chance for Indian employees to save their job.

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