

UNEMPLOYMENT EFFECT ON HAPPINESS: AN EVIDENCE FROM PUNJAB

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ABSTRACT

This paper explores the impact of unemployment on happiness based upon the responses of selected respondents of the study. Unemployment is a condition when all those individuals who are willing to work can't find a job. It is usually measured in term of percentage of work force in the country without work and looking for job (Pigou, 1933)¹. The ultimate goal of economic policy is to achieve full employment leading to prosperity. Unemployment has a cost, as it wastes valuable manpower, which further undermines output of an economy. To conduct a study a sample size of a total of 1205 individuals was selected according to the size of the population of the selected districts of Punjab. An average sample of 200 individuals was taken from each of the 6 districts, out of which 100 were taken from urban areas and 100 from rural areas. An index of happiness has been calculated based on respondents' responses to rate their happiness levels. The relationship between happiness and employment status along with gender and place of living was analysed. The Association of unemployed people in crime, drugs and suicides also showed quite significant results. The results from the data collected from the state of Punjab, show that being unemployed puts a higher pressure not only on the state but also on the society's well-being. The situation of unemployment has worsened in Punjab, reaching the highest rate of joblessness in last few years.

INTRODUCTION

Happiness is usually defined as how people experience and evaluate their lives as a whole (OECD, 2013)². Since majority of time in life is spent at work, hence it becomes imperative to understand the role of employment and in particular workplace in shaping happiness of an individual. Employment not only ensures economic security but also results in happiness through income. The experience of unemployment is however the most significant cause of unhappiness (Chadi, 2014)³. Wolfers⁴ (2003) analysed the adverse effect of unemployment over happiness and found that was 4.7 times more than that of inflation. The literature related to this aspect explains in detail the importance of employment for subjective well-being across world (WHR, 2017)⁵.

¹ Pigou, A. C. (1933). *The Theory of Unemployment*. Routledge. <https://doi.org/10.4324/9780203041536>

² Elsby, M. W., Hobijn, B., & Şahin, A. (2013). Unemployment Dynamics in the OECD. *Review of Economics and Statistics*, 95(2), 530-548.

³ Chadi, A. (2014). Regional unemployment and norm-induced effects on life satisfaction. *Empirical Economics*, 46(3), 1111–1141. doi:10.1007/00181-013-0712-7

⁴ Wolfers, J. (2003). Is Business Cycle Volatility Costly? Evidence from Surveys of Subjective Well-Being. *International Finance*, 6

⁵ Helliwell, J. F., Layard, R., & Sachs, J. D. (2017). *World happiness report 2017*. Sustainable Development Solutions Network.

On these assumptions, attempts have been made to quantify estimates of welfare cost of unemployment (Bruno, 2013)⁶. Unemployment not only has personal impact, but also leads to loss of valuable resources of the economy. Unemployment is represented as a form of underuse of work which has profound impact on society in many ways (Gorz, 1988⁷; Beck, 2000⁸). Because of unemployment more problems are faced by governments as it erodes the funding base and public support expenditure (Esping Anderson, 1996)⁹.

The word unemployment did not even exist until the beginning of 18th century. The alternate terms used were poor, indigent beggars, as it referred to deprivation of basic need for survival (Castel, 1995)¹⁰. With industrial revolution and implementation of liberal laws, employer-employee relationship was established and ending or breaking of this relationship came to be addressed as unemployment (Demaziere, 2006)¹¹. After the great depression of 1929, measurement and reduction of unemployment became every government's agenda. Therefore, in order to quantify unemployment certain questions are must: whether the individual has a job, if yes, then the person is to be categorised as employed, if not, then to find if the individual is looking for job. If not, then they are to be considered as inactive, retired, students, etc. and if yes, they are categorised as unemployed population (Freyssinet, 1984)¹².

UNEMPLOYMENT AND HAPPINESS

According to neoclassical economic theory, which emphasizes market equilibrium, unemployment is voluntary. They Assume that wages change flexibly to equilibrate the labor market, and people choose to be jobless rather than engage in low-wage work in order to pursue better positions through continual job search activities. If people choose to leave their jobs, voluntarily jobless persons should be happier than employed people as long as they do not work, or there should be no difference in the degree of happiness. If, on the contrary, employed individuals are happier than jobless people when income and other conditions remain unchanged, the neoclassical economics premise that people become willingly unemployed must be amended. Even if unemployment is expected to occur under conditions of downward wage rigidity, the unemployed should have a greater utility level than the employed. In other words, if persons with high incomes are unemployed and people with the same amount of income are employed, the utility level of the unemployed should be higher, as long as labor implies disutility. However, if being employed offers people with not only

⁶ Frey, Bruno S., 'How Unemployment Affects Happiness', *Happiness: A Revolution in Economics* (Cambridge, MA, 2008; online edn, MIT Press Scholarship Online, 22 Aug.

2013), <https://doi.org/10.7551/mitpress/9780262062770.003.0004>, accessed 8 Aug. 2023.

⁷ Gorz, A. (1988). *Métamorphoses du Travail: Quête du Sens. Critique de la Raison Économique*. Paris: Galilée

⁸ Beck, U. (2000). *The brave new world of work*. Cambridge, UK: Polity Press.

⁹ Esping-Andersen, G. (1996). After the Golden Age? Welfare State Dilemmas in a Global Economy. In G. Esping-Andersen (Ed.), *Welfare States in Transition. National Adaptations in Global Economies*. London: Sage. doi:10.4135/9781446216941.n1

¹⁰ Castel, R. (1995). *Les Métamorphoses de la Question Social: Une Chronique du Salarial*. Paris: Fayard.

¹¹ Demazière, D. (2006). Uma abordagem sociológica sobre a categoria desemprego in: desemprego, trajetórias, identidade, mobilizações. São Paulo: SENAC, *Work and Society Series*.

¹² Freyssinet, J. (1984). *Le Chômage*. Paris: La Découverte.

monetary benefits but also a sense of happiness, in that case economic policies should be implemented accordingly¹³.

DATA, SAMPLE & RESEARCH METHODOLOGY

To conduct the study, primary data was collected in the form of questionnaires from the state of Punjab. The data was collected from 1205 respondents aged 18-60 years from 6 state districts. The mean age of the respondents was 32.2 years. The data were collected from these selected districts using a random sample approach. To create a sample, items were chosen from each stratum after the population had been separated into several sub-populations that were all more homogenous than the whole population. According to income levels and the industry in which they work, such as agriculture, industry, and services, the population was split into urban and rural, male and female. A sample size of a total of 1205 individuals was selected according to the size of the population of the selected districts. An average sample of 200 individuals was taken from each of the 6 districts, out of which 100 were taken from urban areas and 100 from rural areas.

An index of happiness has been calculated based on respondents' responses to rate their happiness levels in many areas, including well-being, life satisfaction, time usage, standard of living, etc., The results were then transformed into index scores, ranging from 0 to 10. A censored dependent variable has been provided since the happiness index ranges from 0-10. When there is left- or right-censoring in the dependent variable, the Tobit model, also known as a censored regression model The data collected with the help of the questionnaire allows us to calculate the relationship between having a job and happiness and an association between the quality of a job and happiness. Descriptive statistics of responses for this are presented in Table 1 below:

Table 1 Descriptive Analysis of job satisfaction

Variables	Frequency	Percent
Employment Status		
Unemployed	359	30
Employed	846	70

2.1 Subjective well-being and employment status

Unemployment is connected with poorer levels of well-being in both cross-sectional and panel data. This discovery was an early mainstay of psychology (Jahoda, 1982)ⁱ, and has repeatedly appeared in the economic literature. Scholars suggest that unemployment lowers people's happiness in two ways. Firstly, in a direct effect, the truly unemployed have a lower sense of happiness. Secondly, in an indirect effect, a high unemployment rate makes individuals apprehensive and stressed because they are at risk of being fired in the future (Di Tella et. al., 2003)ⁱⁱ. The general belief of available literature on happiness is that employment adds to income and capacity to consume in the market, thereby leading to higher happiness levels. Primary data relating the happiness index to employment status is presented in Fig 1

¹³ Ohtake, F. (2012). Unemployment and happiness. *Japan Labor Review*, 9(2), 59-74.

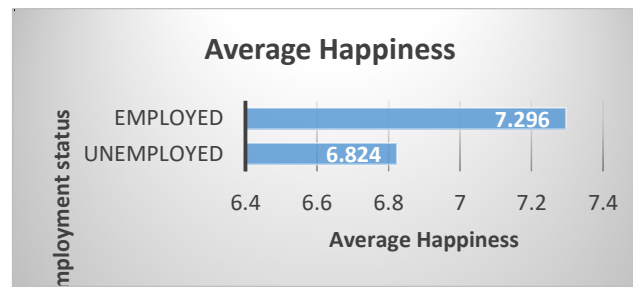


Fig. 1: Relation of happiness and employment

Figure shows that, on average, employed people are happier than unemployed. The happiness index from 0-10 depicts higher average happiness of employed people compared to the unemployed. It is because being employed, leads to better economic and social status.

2.2 Subjective well-being and employment status by gender

Literature indicates that unemployment has a devastating effect on happiness for both genders, but the impact of being unemployed is felt more strongly by males than femalesⁱⁱⁱ. Females working only part-time experience a lesser fall in happiness index than males. Gender inequality in job prospects, work-life imbalance, the gender wage gap, and the existence of the glass ceiling are workplace realities that generate failures that can lower women's satisfaction at work and impair organizational happiness^{iv}. Among gender equality indices, a low rate of female non-agricultural work is related to higher female happiness^v. Based on primary data, the average level of happiness of male and female respondents is presented in Fig. 2.

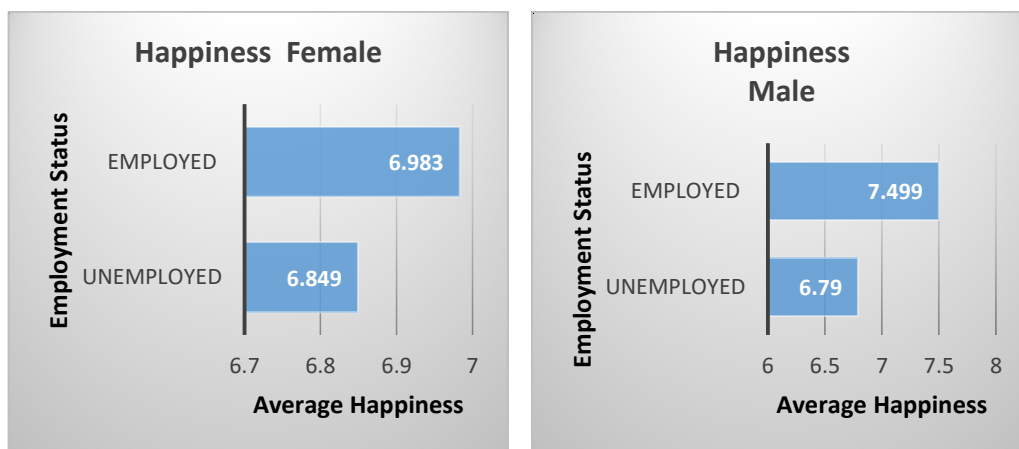


Fig.2: Gender-wise relation of happiness and employment status

Figure 2 above depicts that being employed, on average, has a higher happiness level for both males and females. Employed males show a higher average happiness level as compared to females. However, unemployment has an adverse impact on male's happiness as unemployment significantly lowers the average happiness level of males compared to their female counterparts.

2.3 Subjective well-being and employment concerning region

The average level of happiness of people in urban and rural areas is represented in Fig.3. Similar results are obtained for an average level of happiness derived from employment for both rural and urban areas. Employed people are generally happier, and the region of work is insignificant. But World Happiness Report 2020^{vi}, established that relatively more singles, migrants, and higher cost of living found in urban areas reduce people's happiness level.



Fig. 3 Area-wise relation between happiness and employment status

Fig. 3 above shows that, on average, employed are happier than unemployed on the happiness Index, irrespective of whether they belong to urban or rural areas. But when we compare the average employed happiness level in rural areas with urban, it can be seen that rural average employed happiness is higher than urban. Previous chapters show similar results of variation of happiness with development. Development lowers the happiness level.

It has been seen that being employed has larger effect on happiness and being unemployed leads to larger disutility. So, in order to formulate monetary compensation policies for unemployed, it becomes important to understand unemployment, length of unemployment and social cost of unemployment.

LENGTH OF UNEMPLOYMENT

Being employed and having decent work always add to one's overall well-being. On the contrary unemployment lowers happiness, but length unemployment also plays a role. Rowley (1987)¹⁴, studied the effect of length of unemployment in South Australia. It was found that unemployed men show more psychological stress, less time structure, more financial strain and low self-esteem. So, they depicted a lower level of well-being. Similarly Sojo (2011)¹⁵, analysed sample of 328 unemployed individuals of Venezuela. He found that unemployed people were more stressed, showed depression symptoms and have lower level of well-being due to length of unemployment. While comparing the young unemployed on a range of psychological and demographic factors Broomhall (1990), found that they displayed poorer mental health and less life satisfaction. But he suggested that social support was most suitable way to balance well-being of unemployed people. So, community support programmes can help. However, Winkelmann (2014), using time series data reveals that happiness does fall substantially at the time of unemployment, however, it recovers after some time but never regains its former level of happiness¹⁶. But, if individuals adapt themselves to unemployment, happiness should increase over time and being jobless should

¹⁴ Rowley, K. M., & Feather, N. T. (1987). The impact of unemployment in relation to age and length of unemployment. *Journal of Occupational Psychology*, 60(4), 323-332

¹⁵ Sojo, V., & Guarino, L. (2011). Mediated moderation or moderated mediation: Relationship between length of unemployment, resilience, coping and health. *The Spanish journal of psychology*, 14(1), 272-281.

¹⁶ Winkelmann, R. (2014). Unemployment and happiness. *The IZA World of Labor*, 94, 1-94.

be less painful. Evidence on length of unemployment in theory shows that it does not impact well-being¹⁷.

But if look at the literature of cross sectional studies, they reveal a significant negative relationship between length of unemployment and well-being.

To further study this relationship, length of unemployment with happiness ladder and happiness index has been correlated (Table 5.5).

Table 2: Correlation between length of unemployment and happiness

Correlation	Happiness Index
Length of Unemployment	-0.60*
Sign	0.039

The above table 2 shows correlation results of unemployed years with happiness. It has been analysed that duration of unemployment and happiness Index r have significant negative relationship. Depicting that as the length of unemployment increases it has substantial negative effect on happiness which is same as the literature. However, when analysing it with happiness ladder the results are insignificant.

Unemployment apart from lowering the well-being, also leads to certain secondary effects. The absence of health benefits, severe stress, erosion of social network, increased drug abuse, poor nutrition, depression which can lead to suicidal thoughts and also increased involvement in criminal activities (Reigle,1982)¹⁸.

UNEMPLOYMENT AND CRIMINAL ACTIVITIES

Unemployment not only affect individual's well-being but also impacts society's well-being. Being unemployed may induce criminal activities. Witte and Tauchen (1994)¹⁹, on conceptualising criminal behaviour found that, as being unemployed reduces income and potential earnings increases the chances of getting involved in illegal activities. Decline in income reduces consumption of durable consumer goods, thus, criminal activities become lucrative²⁰. For survival in the economy, unemployment propels people towards criminal behaviour²¹. Raghael (2001) analysed the relationship between unemployment and criminal activities for US and found that unemployment has positive effects on property crime. However, in 1990's when unemployment rate came down, crime rate also reduced in USA²². Similar results were seen by Edmark (2005), when he studied crime rate and unemployment for Swedish countries and found that unemployment has positive effect on crimes such as car theft, bike theft and burglary²³. Fougère,(2009) also studied the effect of unemployment on

¹⁷ Winkelmann, L., & Winkelmann, R. (1998). Why are the unemployed so unhappy? Evidence from panel data. *Economica*, 65(257), 1-15.

¹⁸ Riegle, D. W. (1982). The psychological and social effects of unemployment. *American Psychologist*, 37(10), 1113.

¹⁹ Witte, A. D., & Tauchen, H. (1993). Work and crime: An exploration using panel data. In *The economic dimensions of crime* (pp. 176-191). London: Palgrave Macmillan UK.

²⁰ Raphael, S., & Winter-Ebmer, R. (2001). Identifying the Effect of Unemployment on Crime. *The Journal of Law & Economics*, 44(1), 259–283. <https://doi.org/10.1086/320275>

²¹ Tarling, R. (1982). Unemployment and crime. *Home Office Research Bulletin*, 14, 28-33.

²² Raphael, S., & Winter-Ebmer, R. (2001). Identifying the effect of unemployment on crime. *The journal of law and economics*, 44(1), 259-283.

²³ Edmark, K. (2005). Unemployment and crime: Is there a connection?. *Scandinavian Journal of Economics*, 107(2), 353-373.

violent crimes for France. In his cross sectional study, it was found that unemployment and crime rate are positively related. They also concluded that youth unemployment leads to larger inducement to crime²⁴. The above literature shows that unemployed people have a higher tendency to crime and society with high unemployment rate has higher crime rate²⁵. The relationship between crime and unemployment is found to be strong in cross sectional studies (Chiricos 1987)²⁶.

Looking at the correlation between Happiness and involvement in criminal activities of unemployed individual, the value is -.262 significant at 1% level of significance. It implies that being unemployed has a lower tendency of happiness and higher involvement in criminal activities and the relationship between employment and criminal activities is also negative and significant. (Table 5.6).

UNEMPLOYMENT AND SUICIDAL BEHAVIOUR

Being unemployed is associated with higher risk of dying by suicide, as compared to employed (Blakely, 2003)²⁷ and risk of attempted suicide (Ostamo & Lonnqvist, 2001)²⁸. In the wake of recession in 2007 Reeves, 2012 reported that suicide rate increased by 0.99% when unemployment rate increases 1%²⁹. Similar results were seen by European study by Stuckler, (2009)³⁰. It has been seen that labour force status is a strong predictor of suicide rates. The prime reason for such relationship is discontentment, stress and mental illness. Not only time series studies but cross sectional data also reveals the same results (Chang, 2013)³¹. Unemployment increases the amount of people who have higher tendency to commit suicide (Oswald, 1997)³². Cross sectional studies reveal that relationship between suicides and unemployment is more as compared to general employed population.³³ during the covid-19 pandemic, a substantial increase in unemployment raises a concern over well-being and possible increase in suicide rates. Looking at the correlation between happiness and suicidal tendencies of unemployed individual. Table 5.6 shows that the relationship between suicides and happiness is negative, indicating that being unemployed increases the risk of suicidal

²⁴ Fougère, D., Kramarz, F., & Pouget, J. (2009). Youth unemployment and crime in France. *Journal of the European Economic Association*, 7(5), 909-938.

²⁵ Kapuscinski, C. A., Braithwaite, J., & Chapman, B. (1998). Unemployment and crime: Toward resolving the paradox. *Journal of Quantitative Criminology*, 14, 215-243.

²⁶ Theodore G. Chiricos, Rates of Crime and Unemployment: An Analysis of Aggregate Research Evidence, *Social Problems*, Volume 34, Issue 2, 1 April 1987, Pages 187–212, <https://doi.org/10.2307/800715>

²⁷ Blakely, T. A., Collings, S. C., & Atkinson, J. (2003). Unemployment and suicide. Evidence for a causal association?. *Journal of Epidemiology & Community Health*, 57(8), 594-600.

²⁸ Ostamo, A., & Lönqvist, J. (2001). Excess mortality of suicide attempters. *Social psychiatry and psychiatric epidemiology*, 36, 29-35.

²⁹ Reeves, A., Stuckler, D., McKee, M., Gunnell, D., Chang, S. S., & Basu, S. (2012). Increase in state suicide rates in the USA during economic recession. *The Lancet*, 380(9856), 1813-1814.

³⁰ Stuckler, D., Basu, S., Suhrcke, M., Coutts, A., & McKee, M. (2009). The public health effect of economic crises and alternative policy responses in Europe: an empirical analysis. *The Lancet*, 374(9686), 315-323.

³¹ Chang, S. S., Stuckler, D., Yip, P., & Gunnell, D. (2013). Impact of 2008 global economic crisis on suicide: time trend study in 54 countries. *Bmj*, 347.

³² Blanchflower, David & Oswald, Andrew. (1998). What Makes An Entrepreneur?. *Journal of Labor Economics*. 16. 26-60. 10.1086/209881

³³ Platt S. (1984). Unemployment and suicidal behaviour: a review of the literature. *Social science & medicine* (1982), 19(2), 93–115. [https://doi.org/10.1016/0277-9536\(84\)90276-4](https://doi.org/10.1016/0277-9536(84)90276-4)

attempt and vice versa being employed reduces suicidal tendencies. The relationship is significant at 5% level of significance. the relationship between employment and suicidal behaviour is also negatively significant implying employed people have less suicidal tendencies.

UNEMPLOYMENT AND DRUG ADDICTION

The stress caused by losing a job or being unemployed can be a driving force towards drug addiction. In a study conducted by Henkel, 2011, it was found that unemployed people are more inclined towards alcohol abuse, smoking, etc. Alcohol consumption is more among unemployed and consumption of problematic substance also reduces the chances of being employed. The consumption of drugs even impacts the health of individuals³⁴. Lee (2015) also found that unemployment is related with young adult's heavy consumption of alcohol and cigarettes³⁵. However, Ayllon sara (2017) analysed that 1% increase in unemployment at regional level leads to 0.68% young people to consume drug substances³⁶.

Table 5.6 shows significant negative relationship between drug consumption and happiness in cross sectional data of unemployed people from the state of Punjab. But the relationship between employment and drugs is insignificant.

Table 3: Correlation between Happiness, criminal activities, suicide and drug consumption of unemployed individuals

Correlation	Happiness(Unemployed)	Employment
criminal activities	-0.262**	-0.217**
attempted suicide	-0.407*	-0.052*
Drugs Involvement	-0.253**	-0.032

To further assess cause and effect relationship between happiness (dependent variable) and for unemployed individual's parameters as independent variable. tobit model has also been evaluated.

Happiness Index of unemployed = f(length of unemployment, crime, suicide, drugs)

Table 4 Tobit Results of unemployed respondents

	Estimate	Std. Error	T-value	Sign	Pseudo R square
Intercept	6.744	0.154	43.733	0.000**	0.038
length of unemployment	0.076	0.0867	0.878	0.379	
Drugs	-1.145	0.344	-3.331	0.000**	
Crime	-0.65542	0.36	-1.82	0.068	
Suicide	-2.323	0.361	-6.427	0.000**	

Happiness Index of unemployed = 6.774+ 0.076 length of unemployment -1.145 drugs - 0.65542 crime -2.323 suicide

³⁴ Henkel Dieter, Unemployment and Substance Use: A Review of the Literature (1990-2010), Current Drug Abuse Reviews 2011; 4(1) . <https://dx.doi.org/10.2174/1874473711104010004>

³⁵ Lee, J. O., Hill, K. G., Hartigan, L. A., Boden, J. M., Guttmanova, K., Kosterman, R., Bailey, J. A., & Catalano, R. F. (2015). Unemployment and substance use problems among young adults: Does childhood low socioeconomic status exacerbate the effect?. *Social science & medicine* (1982), 143, 36–44. <https://doi.org/10.1016/j.socscimed.2015.08.016>

³⁶ Ayllón, Sara & Ferreira-Batista, Natalia. (2017). Unemployment, drugs and attitudes among European youth. *Journal of Health Economics*. 57. 10.1016/j.jhealeco.2017.08.005.

Table 4 above shows that length of unemployment doesn't significantly affect happiness of unemployed individuals. Association of unemployed people in crime, drugs and suicides as seen in the above results is quite significant. Unemployed individual's happiness gets reduced by higher suicidal tendencies as the coefficient value is -2.323 and significant followed by involvement in drugs -1.145 and marginally by the involvement in crime as well. Unemployment, in addition to reducing well-being, has a number of unintended consequences. Absence of health benefits, severe stress, social network degradation, increased drug misuse, poor diet, sadness that can lead to suicidal thoughts, and increased involvement in criminal activities as seen in the above results.

So, from the above cross sectional data collected from different districts of Punjab, it can be analysed that it is not just the employment but also the quality of work that affects one's well-being. To ensure greater job quality, SDG Report (2018) objective number 8 aspires to be sustainable, inclusive, and to provide full and productive employment as well as decent work for employees worldwide.

EMPLOYMENT CONDITIONS IN STATE OF PUNJAB

The above results from the data collected from the state of Punjab, show that being unemployed puts a higher pressure not only on the state but also on the society's well-being. The situation of unemployment has worsened in Punjab, reaching the highest rate of joblessness 9.2%³⁷. While at national level the scenario of unemployment is easing, but Punjab shows a serious setback on employment. As per periodic labour force survey report Quarterly Bulletin [January – March 2023], percentage of the urban unemployed has climbed to 9% in March 2023 from 8.2% in Dec 2022³⁸. It is all the more important for government to create more jobs for economic well-being of the people and also provide quality of jobs for social welfare. From the above results it can be concluded that government policy will play a crucial role in mitigating unemployment and its effect on society.

CONCLUSION

In 2017, the economic advisory council chalked out a clear road map for stepping up skill development, job creation and enhancing resource investment. Linking economic growth indicators with social indicators and evolving a design for tracking economy needs to be stressed upon. An appropriate joint strategy involving both public and private sector must be considered in order to tackle both rural as well as urban unemployment.

Government policies can play an important role in generating more employment and protecting people from the damaging effects of unemployment. With the introduction of new economic policy, India initiated the programme of technological upgradation leading to capital intensive technologies. In India, faster economic growth would only be relevant if it is job oriented and that too in secondary or tertiary sector as primary sector employed people are less happy. Jobless growth will not only lead to economic and social tensions but will also impact well-being of the individuals³⁹.

It is evident from the results above that employment is very important for happiness. Concerning happiness, it is advisable to promote initiatives that keep people occupied and motivated. Volunteer action and social entrepreneurship is recommended as has been

³⁷ Periodic labour force survey report Quarterly Bulletin [January – March 2023]

³⁸ http://timesofindia.indiatimes.com/articleshow/100715877.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

³⁹ Policy Measures to promote Growth and Employment Generation in Indian Economy (pib.gov.in)

observed in the study that self-employed people are happier. Policies should be geared towards quantity as well as quality of jobs to support well-being in of the people of Punjab. Higher paying jobs, acquiring higher job satisfaction, not working in labour intensive technique enhances well-being. Creating more employment against vacancies in Punjab should be the focus as, after self-employed, people in public sector are happier as compared to private sector.

Successful jobless assistance initiatives must address the negative consequences of unemployment on emotions of life satisfaction. It not only has economic effects but it adversely affects the society as well. As seen in the chapter, unemployed people are more associated with criminal activities, drug abuse and suicides. Hence, ensuring that the unemployed get work does more for their happiness than compensating them through welfare alone.

The aim of achieving SDG 8 by 2030 seems to be very challenging. Substantial work is to be done in the state to reach anywhere close to the target. Unemployment can be tackled by providing education, skill development or training to workforce⁴⁰. The labour force engaged in economic activities in Punjab is 40.6%. The labour force participation rate in Punjab is higher than that of national level. Bulk of workforce is working in tertiary sector (38.46), followed by secondary sector (36) and least in agriculture sector (25.54)⁴¹ and engaging this workforce productively for growth and well-being is the main challenge for the state. Rural women employment is one of the most significant casualties of this growth policy. Rural women in Punjab, have borne the burden of contemporary economic policies. Gender norms prevent women from traveling outside of their villages for work. Growth strategies focused mainly on urban areas, have not only resulted in poor employment outcomes for these women, but have also kept a huge portion of the workforce out of productive employment. Economic policy must focus on establishing infrastructure and enterprises, particularly those that can employ women, in order to provide jobs in rural areas. Such a policy would not only increase rural employment prospects, but will also result in speedier growth and recovery⁴².

Another challenge which the state is facing is the youth going abroad in search of jobs, filing applications with various embassies, and preparing for IELTS. It clearly shows the younger generation is disheartened with the existing conditions. Disillusionment has reached a pinnacle in Punjab whereby youths are so disillusioned with the whole system that they do not report unemployment or get registered with the employment exchanges⁴³. District Moga is noted for being the homeland for a high proportion of Indian Punjabi expatriates and their descendants who emigrated abroad⁴⁴. It has highest literacy rate as well as highest discontentment with life as Malwa region records the highest suicidal rate in Punjab⁴⁵.

⁴⁰ Panth, P. (2020). Decent Work Promotion in India. In: Leal Filho, W., Azul, A., Brandli, L., Lange Salvia, A., Wall, T. (eds) Decent Work and Economic Growth. Encyclopedia of the UN Sustainable Development Goals. Springer, Cham. https://doi.org/10.1007/978-3-319-71058-7_111-1

⁴¹ Punjab statistical abstract, 2022-23

⁴² Baruah, A., Singh, I. (2021). Employment Participation of Rural Women in Punjab: A Need for Policy Retrospect. In: Singh, S., Singh, L., Vatta, K. (eds) Covid-19 Pandemic and Economic Development. Palgrave Macmillan, Singapore. https://doi.org/10.1007/978-981-16-4442-9_11

⁴³ CMIE Unemployment Data: HP & Punjab better than national average; Haryana has one of three persons jobless | SabrangIndia

⁴⁴ [District Moga, Government of Punjab | Welcome to Moga District Web Portal | India](#)

⁴⁵ <https://indianexpress.com/article/explained/high-rate-of-farmer-suicides-in-malwa-experts-blame-steep-lease-land-rentals-lack-of-alternative-income-6040490/>

Unemployment also leads to more criminal activities and drug abuse, as analysed above. Punjab recorded a crime rate of 32.8 per cent (per lakh population) in 2021, the highest in the country. As per the NCRB report 2021, the projected population of Punjab was 304.04 lakh in 2021 and there were 9,972 cases of NDPS Act reported in the state⁴⁶. Ludhiana district shows highest unemployment rate as per statistical abstract of 2020⁴⁷ and also reported highest crime rate as per NCRB report 2021. Ludhiana has been found to be the 'most unsafe' district of Punjab. It is not only the crime rate, Ludhiana is also called as the drug capital of Punjab⁴⁸. Unemployment not only affects the individuals but also poses negative impact on the society.

Hence, policies must target those who are not happy and disheartened with the conditions. Unemployment depletes mental resources, leading to adverse decision making. Formulating policies for inclusive growth must ensure economic well-being of the individuals and providing quality jobs must be the main focus for the state of Punjab.

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- ⁱ Jahoda, M. (1982). *Employment and unemployment: A social-psychological analysis*. Cambridge: Cambridge University Press.
 - ⁱⁱ Tella, R. D., MacCulloch, R. J., & Oswald, A. J. (2003). The macroeconomics of happiness. *Review of Economics and Statistics*, 85(4), 809-827.
 - ⁱⁱⁱ Helliwell, J. F., Layard, R., & Sachs, J. D. (2017). *World happiness report 2017*. Sustainable Development Solutions Network.
 - ^{iv} Campos-García, I. (2021). The Female Way to Happiness at Work: Happiness for Women and Organisations. *The Palgrave Handbook of Corporate Sustainability in the Digital Era*, 743-765.
 - ^v Meisenberg, G., & Woodley, M. A. (2015). Gender differences in subjective well-being and their relationships with gender equality. *Journal of happiness studies*, 16, 1539-1555.
 - ^{vi} Helliwell, J. F., Layard, R., Sachs, J., & De Neve, J. E. (2020). *World happiness report 2020*.

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