A Case Study on Unemployment after the Formation of Telangana

Dr. A Sunitha

Lecturer in Economics, Telangana Social Welfare Residential Degree College for Women, Khammam

Abstract

This case study explores the dynamics of unemployment in Telangana following its formation as India's 29th state in 2014. The study delves into statistical data, root causes, sectoral distribution, and government interventions, and provides data-driven insights on the regional disparities and challenges in employment. It also presents policy recommendations aimed at achieving sustainable employment.

Keywords: Telangana, Unemployment, Worker Population Ratio (WPR), Employment trends, Government initiatives, Economic development, Job creation, Sectoral distribution, Disparities.

1. Introduction

Telangana was carved out of Andhra Pradesh on June 2, 2014, after decades of political and social movements. Proponents of statehood cited employment disparities, lack of development, and neglect of the Telangana region as key issues. One of the expectations post-formation was the creation of new employment avenues, particularly in government and public sectors.

Despite various government initiatives, unemployment remained a significant concern in the years following statehood.

At the national level, India has seen fluctuating unemployment trends since 2014. Based on data from the Centre for Monitoring Indian Economy (CMIE) and Periodic Labour Force Surveys (PLFS):-

2014–2016: Unemployment remained moderate, around 4.9%.

2017–2018: Rates began to rise, reaching 6.1% in 2018—India's highest in 45 years, according to the PLFS 2017–18 report.

2019–2020: Unemployment remained around 5.8%–6.0%, with youth and urban populations most affected.

2020 (Pandemic Impact): COVID-19 lockdowns caused a sharp spike in unemployment, briefly crossing 23% in April–May 2020.

2021–2023: Post-pandemic recovery showed mixed results, with unemployment averaging 7–8%, and significant underemployment persisting in rural areas.

These national trends underscore the urgency for state-level policies aimed at inclusive and sustainable employment. This paper presents an in-depth analysis of unemployment trends in Telangana, examining the root causes, district-level disparities, sectoral employment patterns, and the effectiveness of policy responses.

2. Methodology

This study adopts a descriptive and analytical research approach based on secondary data sources. The

following methodology was used to compile and interpret the information presented in this case study:

1. **Data Collection:** elevant unemployment data was collected from official sources including the Directorate of Economics and Statistics, Government of Telangana; Periodic Labour Force Surveys (PLFS); Centre for Monitoring Indian Economy (CMIE); and reports published by the Telangana State Government such as the Socio-Economic Outlook.
2. **District-Level Analysis:** Unemployment trends were examined using Worker Population Ratio (WPR) data from the 10 erstwhile districts of Telangana to understand regional disparities.
3. **Policy Review:** Various government initiatives such as TSPSC recruitment drives, TS-iPASS, T-Hub, and skill development programs were reviewed for their impact on job creation and workforce readiness.
4. **Comparative Trends:** National unemployment trends from 2014 to 2023 were incorporated to provide contextual background.
5. **Qualitative Assessment:** Socio-economic effects of unemployment, including migration, skill mismatch, and gender disparity, were qualitatively assessed based on literature review and expert commentary.

This methodological approach ensures a comprehensive understanding of unemployment patterns and their implications in Telangana.

3. Unemployment Trends (2014–2023):-

According to the Telangana State Government's Employment and Unemployment Survey:

Overall Unemployment Rate:

- Rural: 1.1%
- Urban: 6.6%
- Combined: 2.7%

Unemployment Trends by Erstwhile Districts

Based on data from the Directorate of Economics and Statistics, Telangana, the Worker Population Ratio (WPR) per 1000 persons aged 15 years and above (Usual Principal & Subsidiary Status) is as follows:

District	Rural WPR	Urban WPR	Combined WPR
Adilabad	749	450	669
Nizamabad	744	519	700
Karimnagar	759	620	731
Medak	771	529	725
Hyderabad	-	442	442
Rangareddy	752	553	701
Mahabubnagar	752	616	733
Nalgonda	740	561	709
Warangal	705	480	648
Khammam	765	514	701

The data reveals that rural areas generally have higher WPRs compared to urban counterparts, indicating better employment engagement in rural regions.

4. Causes of Unemployment:-

1. Transition Delays: Formation of new administrative bodies and realignment of recruitment policies led to delays in public sector hiring.
2. Skill Mismatch: Lack of vocational training and non-alignment of education with job market demands resulted in educated unemployment.
3. Dependence on Government Jobs:A cultural preference for government jobs led to over-reliance, with fewer ventures into entrepreneurship or private sector roles.
4. Industrial Slowdown: Initial investor hesitancy and underdeveloped industrial infrastructure contributed to slow job growth.
5. Agricultural Distress: Low productivity and erratic monsoons forced migration to cities, increasing urban unemployment.

5. Sectoral Employment Distribution:-

According to the Telangana Socio-Economic Outlook 2023:

- Agriculture: 18%
- Industry: 19%
- Services: 63%

The dominance of the services sector, particularly IT and allied services, contributed to a skewed employment pattern, benefiting primarily urban and skilled youth.

IT Sector Statistics:

IT exports (2022–23): ₹2,41,275 crore

Workforce: Over 9 lakh

Startups increased from 400 (2016) to 2,000 (2022).

6. Government Interventions:-

1. TSPSC Establishment: Telangana State Public Service Commission was formed in 2014 to streamline government recruitment.
2. TS-iPASS Policy: An industrial policy designed to attract investment via single-window clearances, boosting manufacturing and services.
3. T-Hub: Startup incubator providing mentorship, funding, and a collaborative environment for innovation.
4. Skill Development Initiatives: MEPMA and other urban livelihood programs aim to train youth in employable skills.
5. Agricultural Schemes: Rythu Bandhu and MGNREGA provided income and employment support in rural areas.

7. Data Analysis and Insights:-

7.1 Worker Population Ratio (WPR) Analysis:

Observation 1: Rural vs. Urban Disparity

Rural WPR is significantly higher in all districts (except Hyderabad, which lacks rural data), indicating greater employment engagement in rural areas—largely due to involvement in agriculture and informal sectors.

Urban WPR is lowest in Hyderabad (442) and Warangal (480), highlighting significant unemployment challenges likely linked to:

- Educated youth awaiting formal employment
- Saturation in the IT and service sectors
- Inadequate diversification in urban job markets beyond Hyderabad

Observation 2: District Rankings by Combined WPR

Top 3 Districts (Highest WPR):

- Mahabubnagar (733)
- Karimnagar (731)
- Medak (725)

Bottom 3 Districts (Lowest WPR):

- Hyderabad (442)
- Warangal (648)
- Adilabad (669)

Implication: These figures suggest that some non-capital districts like Mahabubnagar and Medak are outperforming more urbanized areas in terms of workforce engagement, likely due to active rural economies and emerging local industries.

7.2 Sectoral Disparities:

Agriculture remains a dominant employer in districts such as Adilabad, Mahabubnagar, and Nizamabad, contributing to higher rural WPR.

The service sector, although concentrated in Hyderabad and Rangareddy, has not led to proportionate employment due to:

- High entry-level skill requirements
- Outsourcing trends
- Prevalence of temporary or contractual roles

7.3 Public Sector Recruitment Trends (TSPSC):

Recruitment delays by the Telangana State Public Service Commission (TSPSC), including exam postponements and paper leaks, have left thousands of aspirants—especially from Warangal and Nalgonda—waiting for years.

Hyderabad and Rangareddy host the majority of aspirants for public jobs, but intense competition and limited openings have constrained employment outcomes.

7.4 Gender Disparity Insight:

Although the document doesn't provide gender-specific WPR data, national and state-level patterns indicate:

- Lower female WPR, especially in urban Telangana.
- Key barriers include:
- Social norms limiting mobility
- Safety concerns
- Lack of flexible and part-time job opportunities

7.5 Policy Effectiveness Insights:

TS-iPASS has attracted over ₹3 lakh crore in investments. However, the benefits have been geographically skewed—primarily impacting Hyderabad, Rangareddy, and Medchal.

T-Hub and TASK have enhanced employability and startup incubation, but their impact is largely urban-centric.

Rural districts remain underserved by these initiatives, creating an urban-rural employment gap.

7.6 Summary Insights:

o Urban vs. Rural Divide: Urban unemployment remains higher due to saturation in high-skill sectors and rural-to-urban migration.

o District Disparities: Hyderabad and Warangal face job saturation and underemployment, while rural districts with lower expectations are showing better WPR.

o Policy Reach: While flagship programs like T-Hub and TS-iPASS are valuable, they need wider geographical and demographic penetration.

o Private vs. Public Sector: An urgent need exists to stimulate private sector job creation in Tier-2 towns and to reform public recruitment processes.

• Rural WPR is significantly higher in all districts (except Hyderabad, which lacks rural data), indicating higher employment engagement in rural areas—likely due to involvement in agriculture and informal sectors.

• Urban WPR is lowest in Hyderabad (442) and Warangal (480), pointing to urban unemployment challenges possibly linked to:

o Educated youth awaiting white-collar jobs

o Saturation in IT and service sectors

o Inadequate job opportunities beyond Hyderabad

Observation 2: District Rankings by Combined WPR

• **Top 3 Districts (Highest Employment):**

1. Karimnagar (731)

2. Mahabubnagar (733)

3. Medak (725)

• **Bottom 3 Districts (Lowest Employment):**

1. Hyderabad (442)

2. Warangal (648)

3. Adilabad (669)

Implication: These rankings suggest that some non-capital districts, especially Mahabubnagar and Medak, are doing better in workforce engagement—possibly due to rural livelihoods and emerging local industries.

2 Sectoral Disparities

• Agriculture remains a significant employer in Adilabad, Mahabubnagar, Nizamabad, contributing to higher rural WPR.

• Service sector is concentrated in Hyderabad and Rangareddy, but has not translated into high WPR due to:

o High skill requirements

o Outsourcing of jobs

o Preference for contract-based roles

3 TSPSC and Recruitment Trends

• Delays in recruitment notifications and exams (e.g., TSPSC Group exams) have left many youth, particularly in districts like Warangal and Nalgonda, in limbo.

- Hyderabad and Rangareddy have the highest number of aspirants for government jobs, but limited vacancies and competition reduce actual employment.

4   Gender Disparity Insight (if data available):

While not explicitly covered in the previous table, national trends suggest:

- Lower female WPR, especially in urban Telangana.
- Contributing factors: social norms, safety concerns, lack of flexible work options.

5   Policy Effectiveness Insights

- TS-iPASS has helped attract over ₹3 lakh crore in investment, but most benefits are centered in Hyderabad, Rangareddy, and Medchal.
- T-Hub and TASK have improved employability for urban youth, but there's limited outreach in rural districts.

Urban vs. Rural Divide: Urban unemployment remains significantly higher due to a saturated IT job market and migration from rural areas.

District Disparities: Hyderabad and Nizamabad reflect higher unemployment due to overpopulation and reliance on limited sectors.

Policy Impact: While initiatives like TS-iPASS and T-Hub have helped, they have not yet scaled to cover rural and semi-urban populations effectively.

Private vs. Public Sector: A need exists to promote private sector job creation in Tier-2 cities and to reform public recruitment transparency.

8. Effects of Unemployment on Economic Development:-

Unemployment has significant implications on the economic development of a state like Telangana. Its impact is multifaceted, influencing productivity, income levels, and social stability.

1. Reduced Economic Output: High unemployment means underutilization of the available labor force, leading to lower productivity and slower economic growth.
2. Loss of Government Revenue: With fewer people employed, the state collects less in terms of income taxes and indirect taxes, affecting its ability to invest in public infrastructure and social welfare.
3. Increased Public Expenditure: The government has to allocate more funds towards unemployment relief, skill training programs, and welfare schemes, diverting resources from development projects.
4. Lower Consumer Spending: Unemployed individuals have reduced purchasing power, which leads to lower consumption and demand for goods and services. This adversely impacts businesses and further discourages investment.
5. Migration and Urban Overcrowding: Unemployment in rural areas often leads to migration toward cities, straining urban infrastructure and services, and creating unbalanced regional development.
6. Rise in Informal Employment: Prolonged unemployment leads individuals to seek informal, low-paying, and insecure jobs, resulting in poor working conditions and low contribution to formal economic growth.
7. Social and Economic Inequality: Persistent unemployment, especially among youth and women, exacerbates income inequality and widens the socio-economic gap within the state.
8. Impact on Mental Health and Social Cohesion: Long-term unemployment contributes to psychological stress, family disruption, and in extreme cases, increased crime and social unrest, all of which hinder a stable economic environment.

In conclusion, addressing unemployment is not only vital for individual livelihoods but also essential for achieving broad-based and inclusive economic development in Telangana.

9. Challenges and Recommendations:-

- Expand Industrial Base: Develop manufacturing in backward districts.
- Reform Recruitment: Timely and transparent TSPSC recruitment cycles.
- Boost Skill Development Focused vocational training aligned with market needs.
- Support Entrepreneurship: Extend startup incentives beyond Hyderabad.
- Rural Job Creation: Enhance schemes like MGNREGA and promote agro-industries.
- District-Level Industrialization: Boost manufacturing in districts like Adilabad and Khammam to balance employment generation.
- Vocational Training Hubs: District-specific TASK centers to enhance skills based on local economic patterns.
- Urban Job Mapping: In Hyderabad and Warangal, promote alternate service sectors like tourism, hospitality, and logistics.
- Strengthen TSPSC Processes: Regularize exam cycles and expand outreach to backward districts.

10. Conclusion:

Telangana's journey post-formation shows both progress and persistent gaps in employment generation. The government's policies have laid a foundation, particularly in urban IT sectors, but broader inclusive growth is necessary. Tackling unemployment will require a multi-sectoral, decentralized approach supported by data-driven policymaking and targeted investment.

References:

1. Telangana Socio-Economic Outlook 2023. Directorate of Economics and Statistics, Government of Telangana. Available at: https://des.telangana.gov.in/publications/
2. Employment and Unemployment Survey Report. Telangana State Planning Department, Government of Telangana.
3. Telangana State Public Service Commission (TSPSC). Official website: https://tspsc.gov.in/
4. CMIE Unemployment Reports. Centre for Monitoring Indian Economy. Available at: https://www.cmie.com/
5. Telangana IT & Industrial Policy (TS-iPASS). Government of Telangana. Available at: https://invest.telangana.gov.in/
6. Kumar, P., & Reddy, V. (2021). Unemployment and its impact on economic development in Telangana. *Journal of Social and Economic Studies*, 15(2), 45-62.
7. World Bank Report on Youth Employment in India. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/