

Analysis Of Unemployment in India

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Introduction:

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:

Working (engaged in an economic activity) i.e. 'Employed'.

Seeking or available for work i.e. 'Unemployed'.

Neither seeking nor available for work.

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

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

Types of Unemployment in India

Disguised Unemployment:

It is a phenomenon wherein more people are employed than actually needed. It is primarily traced in the agricultural and the unorganised sectors of India.

Seasonal Unemployment:

It is an unemployment that occurs during certain seasons of the year. Agricultural labourers in India rarely have work throughout the year. 1/6

Structural Unemployment:

It is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market.

Many people in India do not get job due to lack of requisite skills and due to poor education level, it becomes difficult to train them.

Cyclical Unemployment:

It is result of the business cycle, where unemployment rises during recessions and declines with economic growth.

Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.

Technological Unemployment:

It is loss of jobs due to changes in technology. In 2016, World Bank data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.

Frictional Unemployment:

The Frictional Unemployment also called as Search Unemployment, refers to the time lag between the jobs when an individual is searching for a new job or is switching between the jobs.

In other words, an employee requires time for searching a new job or shifting from the existing to a new job, this inevitable time delay causes the frictional unemployment. It is often considered as a voluntary unemployment because it is not caused due to the shortage of job, but in fact, the workers themselves quit their jobs in search of better opportunities.

Vulnerable Employment:

This means, people working informally, without proper job contracts and thus sans any legal protection. These persons are deemed 'unemployed' since records of their work are never maintained. It is one of the main types of unemployment in India.

Related Terms

Unemployment trap is a situation when unemployment benefits discourage the unemployed to go to work. People find the opportunity cost of going to work too high when one can simply enjoy the benefits by doing nothing.

Description:

While the purpose of social security and welfare systems is to provide relief to the unemployed, they end up providing them with an incentive not to return to work. An unemployment trap arises when opportunity cost of going to work is higher than the income received, discouraging people from returning to work and being productive. Harmonised unemployment rates define the unemployed as people of working age who are without work, are available for work, and have taken specific steps to find work. The uniform application of this definition results in estimates of unemployment 2/6 rates that are more internationally comparable than estimates based on national definitions of unemployment. This indicator is measured in numbers of unemployed people as a percentage of the labour force and it is seasonally adjusted. The labour force is defined as the total number of unemployed people plus those in civilian employment.

Measurement of Unemployment in India

National Sample Survey Office (NSSO), an organization under Ministry of Statistics and Programme Implementation (MoSPI) measures unemployment in India on following approaches:

Usual Status Approach:

This approach estimates only those persons as unemployed who had no gainful work for a major time during the 365 days preceding the date of survey.

Weekly Status Approach:

This approach records only those persons as unemployed who did not have gainful work even for an hour on any day of the week preceding the date of survey.

Daily Status Approach:

Under this approach, unemployment status of a person is measured for each day in a reference week. A person having no gainful work even for 1 hour in a day is described as unemployed for that day.

Unemployment Rate of India

Unemployment Rate in India: According to the recent CMIE Report, the unemployment rate in urban areas increased to 10.09% in December from 8.96% the previous month while the rate in rural areas decreased to 7.44% from 7.55%.

According to separate quarterly figures prepared by the state-run National Statistical Office (NSO) and released in November 2022, the unemployment rate decreased to 7.2% in the July-September quarter from 7.6% in the preceding quarter.

Although India's unemployment rate has historically been high, it is predicted to rise in the next years. In fact, even if the nation's economy continues to expand at a healthy clip, the Organization for Economic Cooperation and Development (OECD) forecast that India's jobless rate will quadruple from 4 per cent to 8 per cent by 2022.

From a 6% unemployment rate in 2017, India's unemployment rate would climb to 8.3% by 2022. According to the estimate, over the next four years, 10 million more people will join the ranks of the unemployed, bringing the total to 220 million by 2022. The government also forecasts that there will be 1 million additional job vacancies over this time period, but it also expects that the number of jobs would not be sufficient to counteract the population expansion in general.

CMIE's Data on Unemployment Rate in India

The Centre for Monitoring Indian Economy, a private organization (CMIE), estimates India's unemployment rate in India is around 8.3% at present. It is 10.09% in urban India whereas only 7.44% in rural India. India's daily and monthly unemployment rates are made public by CMIE on 1st January 2023.

Month	Unemployment Rate (%)		
	India	Urban	Rural
Dec 2022	8.30	10.09	7.44
Nov 2022	8.00	8.96	7.61
Oct 2022	7.92	7.34	8.19
Sep 2022	6.43	7.71	5.83
Aug 2022	8.28	9.57	7.68
Jul 2022	6.83	8.22	6.17
Jun 2022	7.83	7.32	8.07
May 2022	7.14	8.24	6.63
Apr 2022	7.83	9.22	7.18
Mar 2022	7.57	8.28	7.24
Feb 2022	8.11	7.57	8.37
Jan 2022	6.56	8.14	5.8

Current Unemployment Rate in India

As per the National Statistical Office's 16th Periodic Labour Force Survey, in the fiscal second quarter that ended on September 30, India's unemployment rate for those who are 15 years of age or older and live in urban areas dropped from 9.8% to 7.2%, indicating a sustained recovery from the coronavirus pandemic that had left millions of people without jobs. From July to September, the unemployment rate for females (aged 15 and older) in urban areas dropped from 11.6% to 9.4% and for males dropped from 9.3% to 6.6% a year ago.

According to recent CMIE statistics released on 1st January 2023, here is a complete list of the Unemployment Rate in India State-wise in December 2022

State	December 2022	State	December 2022
Andhra Pradesh	7.7	Maharashtra	3.1
Assam	4.7	Meghalaya	2.7
Bihar	19.1	Odisha	0.9
Chhattisgarh	3.4	Puducherry	4.7
Delhi	20.8	Punjab	6.8
Goa	9.9	Rajasthan	28.5
Gujarat	2.3	Sikkim	13.6

Haryana	37.4	Tamil Nadu	4.1
Himachal Pradesh	7.6	Telangana	4.1
Jammu & Kashmir	14.8	Tripura	14.3
Jharkhand	18.0	Uttar Pradesh	4.3
Karnataka	2.5	Uttarakhand	4.2
Kerala	7.4	West Bengal	5.5
Madhya Pradesh	3.2		

Statewise List of Unemployment Rate of India 2022

Here is the list of the Unemployment Rate in India Statewise and Monthwise as per the CMIE Report:

STATE	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	Oct 2022	Nov 2022
Andhra Pradesh	6.2	7.1	9.2	5.3	4.4	4.5	5.8	6	4.8	5.4	9.0
Assam	8.5	10.2	7.7	1.2	8.2	17.2	3.7	NA	0.4	8.1	13.2
Bihar	13.3	13.9	14.4	21.1	13.3	14	18.8	12.8	11.4	15.0	17.3
Chhattisgarh	3	1.7	0.6	0.6	0.8	1.2	0.8	0.4	0.1	0.9	0.1
Delhi	14.1	9.3	8.9	11.2	13.6	10.2	8.9	8.2	9.6	6.7	12.6
Goa	11.6	12	12.7	15.5	13.4	5.5	13.7	13.7	10.9	NA	13.6
Gujarat	1.2	2.5	1.8	1.6	2.1	3	2.2	2.6	1.6	1.7	2.5
Haryana	23.4	30.9	26.5	34.5	24.6	30.5	26.9	37.3	22.9	31.7	30.6
Himachal Pradesh	13.8	11.8	11.7	0.2	9.6	10.7	6.3	7.3	8.6	9.7	8.8
Jammu & Kashmir	15.2	13.2	25	15.6	18.3	17.2	20.2	32.8	23.2	22.6	22.4
Jharkhand	8.9	15	14.5	14.2	13.1	12.1	14	17.3	12.2	17.1	14.3
Karnataka	2.9	2	1.8	2.7	4.3	3.7	3.5	3.5	3.7	2.8	1.8
Kerala	5	5	6.7	5.8	5.8	5.3	4.9	6.1	6.4	4.8	5.9
Madhya Pradesh	3	2.8	1.6	1.6	1.7	0.5	1.9	2.6	0.8	0.8	6.9
Maharashtra	4.2	4.3	4	3.1	4.2	4.8	3.7	2.2	4	4.3	3.6
Meghalaya	1.5	1.4	2	2.2	4.1	2.3	1.5	2	2.3	3.5	2.3
Odisha	1.8	1	9.7	1.5	2.6	1.2	0.9	2.6	2.9	1.1	1.6
Puducherry	7.8	3.7	4.2	5.6	5.6	0.8	2.8	5.2	3.9	2.6	2.9
Punjab	9.3	9	6.9	7.2	9.2	8.5	7.7	7.4	7.2	9.1	7.8
Rajasthan	18.9	32.4	24.5	28.8	22.2	29.9	19.6	31.4	23.9	31.3	25.0
Sikkim	NA	NA	NA	8.7	7.5	12.7	6.5	NA	NA	3.9	5.7

STATE	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	Oct 2022	Nov 2022
Tamil Nadu	5.3	3.2	4.1	3.2	3.1	2.1	3	7.2	4.1	3.0	3.8
Telangana	0.7	12.9	6.5	9.9	9.4	10	5.8	6.9	8.6	8.8	6.0
Tripura	17.1	9.8	14.1	14.6	17.4	9.4	13	16.3	17	10.6	14.4
Uttar Pradesh	3	2.7	4.4	2.9	3.1	2.8	3.3	3.9	4	4.1	4.1
Uttarakhand	3.5	4.6	3.5	5.3	2.9	8.7	NA	NA	0.5	3.3	1.2
West Bengal	6.4	6.3	5.6	6.2	5.8	5.2	6.3	7.4	3.3	5.8	5.4
India	6.6	8.1	7.6	7.8	7.1	7.8	6.8	8.3	6.4		

Highest Unemployment Rate of India

Since January 2022, the employment rate has grown, reaching a record high of 37.1% in December 2022. With 28.5% in Rajasthan, 20.8% in Delhi, and 37.4% in Haryana, the unemployment rate increased in December 2022, as per the CMIE recent Report.

Unemployment Rate Calculator

The percentage of persons without a job is known as the unemployment rate. The percentage used to indicate this rate. The unemployment rate fluctuates according to the state of the economy. The employment rate will rise if the economy is struggling and there are fewer jobs available. Similarly to this, it is predicted that the unemployment rate will decrease when a nation's economy is strong, growing, and offering the general populace a wide variety of job opportunities.

Unemployment Rate = Unemployed / Civilian Labor Force

Or

Unemployment Rate = No. of Unemployed Persons / (No. of Employed Persons + No. of Unemployed Persons)

Unemployment in India Causes

In every nation, there are a variety of reasons that contribute to unemployment. Whether unemployment is brought on by a drop in the labour force or a lack of jobs determines whether it will be temporary or permanent.

The main causes of unemployment in India are four different forms of unemployment. These four categories of unemployment include structural, frictional, seasonal, and cyclical. Through expansionary monetary policy, we may combat seasonal and cyclical unemployment by raising public spending when times are tough.

A few main causes of unemployment are:

A sizable population

The working population's poor educational attainment or lack of vocational skills.

Labour-intensive industries experiencing a downturn in private investment, especially the following demonetization.

Transitioning between the three sectors is challenging due to the poor productivity in the agriculture sector and the dearth of alternatives for agricultural employees.

Legal difficulties, insufficient government backing, and weak market, financial, and infrastructure ties to small firms render those operations unprofitable due to the cost and compliance overruns.

Low investments in the manufacturing sector and inadequate infrastructural development, limit secondary sector job opportunities.

The government can build up a public employment program that produces full-time employment at minimum pay levels to create job stability, or it can provide temporary labour to unemployed individuals as part of the food-for-work program. Stabilizing market forces and lowering the trend toward structural

changes or the necessity to fire people due to a lack of market demand, will lessen the cyclical type of unemployment.

CONCLUSION:

The steps taken by the government are satisfactory but not sufficient in providing jobs. Now there is also a demand for permanent employment and job security. But poverty limits discourage India to move forward in the struggle. Literacy levels must be improved and more jobs are needed in the corporate sector. For those with the required skills, the challenge is overpopulation. There is a startup boom and globalization has improved the situation for youth. But the Government needs to bridge the skills gap and invest more in creating jobs. The government should create a job-generating system and the youth seeking employment should insist on using it 100%. Fixed wages and lack of employment are not only indicators of a weak economy but also point towards political instability and crisis in the country. Ultimately, the need is that all the youth of the country should get work according to their ability and need, then only then a Healthy, Happy and Developed country can be imagined.

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