INTRODUCTION

India’s unemployment rate rose to 7.78% in February 2020, according to the periodic data released by the Centre for Monitoring Indian Economy (CMIE), reflecting the impact of a slowdown in the economy.

This issue of InfoSphere is looking to analyze the unemployment trends in India with a focus on three broader points:

II) The Unemployment Scenario (Rural-Urban ; Female-Male Context)
III) Employability Concerns- Gaps Between Education and Employability of Educated Population
PART I

THE NATURE OF EMPLOYMENT LANDSCAPE IN INDIA-ORGANIZED VS. UNORGANIZED SECTORS.
The (Un) Employment Landscape in India

It is estimated that 93% of India’s workforce includes the self-employed and those employed in the unorganized sector.

More than 30 million workers in India are constantly on the move (migrant labour).

There is a significant increase in the number of casual workers and decline in the number of regular workers.

Source: Ministry of Labour
The unorganized sector is estimated to contribute 50% of the national product.

It is widely acknowledged that the informal sector in India suffers from a structural low productivity concern, compared to the formal sector.

The prominent features of the sector are lower real wages and poor working / living conditions.
SECTOR-WISE EMPLOYMENT

Transport & Communications
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Hotel & Restaurant
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Construction
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Electricity, Water
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Manufacturing
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Agriculture
- Urban Female
- Urban Male
- Rural Female
- Rural Male

Source: PLFS
India Census: Population

Source: Centre for Monitoring Indian Economy
According to CMIE data, India's economic and industrial growth cannot keep up with the increased population growth.

Thus, in the absence of job-creation, the rising workforce leads to higher unemployment.

This backlog of unemployment that is already present further grows with the population.
Labour Force Participation Rate

Source: Census and Economic Information Center
Unemployment rates decline in response to increase in productivity.

This is because higher productivity makes firms hire more as well as offer higher salaries.

The higher wages being offered ensure that workers do not decline jobs, thus reducing unemployment.

As we can see, labour productivity has declined over the last 10 years, which explains rising unemployment.

Source: Census and Economic Information Center

Labour Productivity Growth

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<tbody>
<tr>
<td>Value (%)</td>
<td>3.284</td>
<td>6.365</td>
<td>5.447</td>
<td>6.313</td>
<td>5.3</td>
<td>4.816</td>
<td>5.802</td>
<td>5.517</td>
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PART II

THE UNEMPLOYMENT SCENARIO
(RURAL-URBAN ; FEMALE-MALE CONTEXT)
Urban unemployment numbers were higher than the national average, reflecting a decline in economic activity in the country.

GDP growth has fallen below 5% and the decrease in investment continues to weigh on the country's economic growth.

The highest unemployment rates have been recorded in Tripura, Haryana and Jammu & Kashmir.

Source: Centre for Monitoring Indian Economy
In India, the rate of unemployment is higher with an increase in level of education. Women face much higher rates of unemployment as against their male counterparts across all the educational categories.

It is observed that educated males are better exposed to the job market than educated females.

Source: International Labour Organization, ILOSTAT database.
Total Unemployed Youth (% of total labor force ages 15-24) (modeled ILO estimate)

Source: International Labour Organization, ILOSTAT database.
PART III

EMPLOYABILITY CONCERNS

GAPS BETWEEN EDUCATION AND EMPLOYABILITY OF POPULATION
About 2 million graduates and half a million post-graduates are unemployed in India.

It is interesting to note that the level of unemployment has somewhat increased with the levels of education for many.

This surge in unemployability rates among the educated can be attributed to increased demand for personnel in technical and professional services and a skewed growth of the higher education sector.

Source: International Labour Organization, ILOSTAT database.
Unemployment with Advanced Education (% of total labor force with advanced education)

- **Source:** International Labour Organization, ILOSTAT database.

### Unemployment with Advanced Education (% of total labor force with advanced education)

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<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2012</th>
<th>2018</th>
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<td></td>
<td>10.31439972</td>
<td>8.722999573</td>
<td>6.598700047</td>
<td>7.648900032</td>
<td>15.25669956</td>
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*Source: International Labour Organization, ILOSTAT database.*
Dimensions of youth employment vary according to sex, age, ethnicity, educational level and training, family back-ground, health status and disability, amongst others.

As observed in the data, gender gap in youth employment is relative higher and tends to have had increased over years.

Source: International Labour Organization, ILOSTAT database.
It has been observed that nearly half of the graduate and over 40% of the postgraduates in both rural and urban areas out of the workforce. Further decomposition reveals that graduates constitute a quarter of unemployed labour force while postgraduates another tenth.

An approximation of graduates and postgraduates not seeking employment are 15 million and 4 million respectively. Although share of illiterate population still account for nearly a third of those employed but, share of graduates and postgraduate account for less than a tenth of the workforce.
Occupation status of Graduates and Postgraduates: 2015-16(%)
Although 93% of the labour force is employed in the unorganized sector, it contributes only about 50% to the national product, highlighting the low productivity of this sector.

It was observed that both urban and rural unemployment rates had risen, urban unemployment rates more than rural, highlighting the decline in economic activity in India.

It was also observed that women face discrimination in the job market, the unemployment rates for them being higher in every sector, and every education bracket.

Moreover, we have seen that unemployment seems to be rising as the level of education rises.
For any inputs, comments or clarifications please contact The Centre for New Economics Studies at cnes@jgu.edu.in.

Thank you!