

INTERPRETING THE (UN)EMPLOYMENT SCENARIO IN INDIA

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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-

- I) The Nature of Employment landscape in India- *Organized vs. Unorganized* Sectors.
- 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.

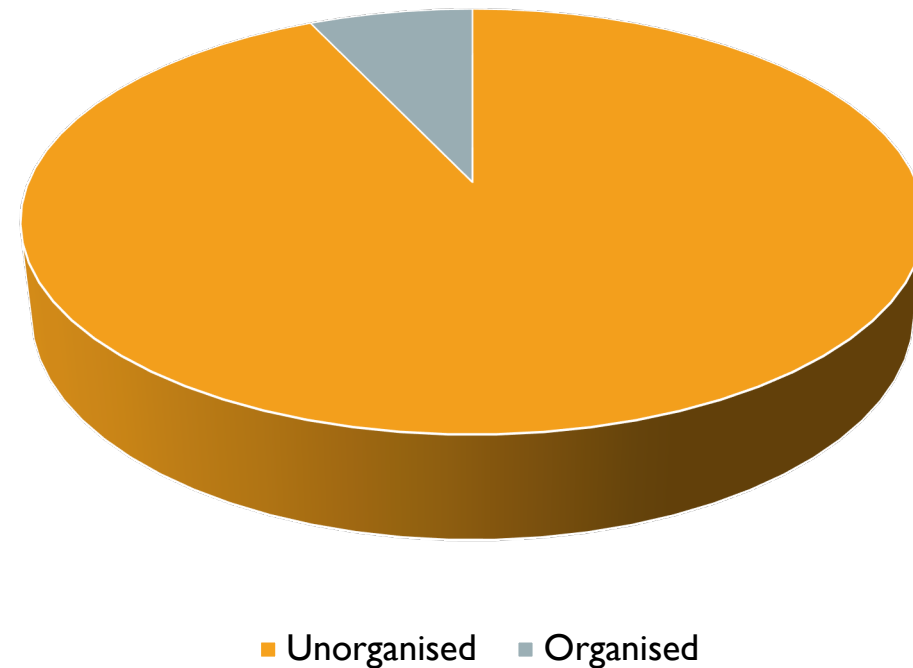
THE (UN) EMPLOYMENT LANDSCAPE IN INDIA

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.

STRUCTURAL LANDSCAPE OF EMPLOYMENT IN INDIA



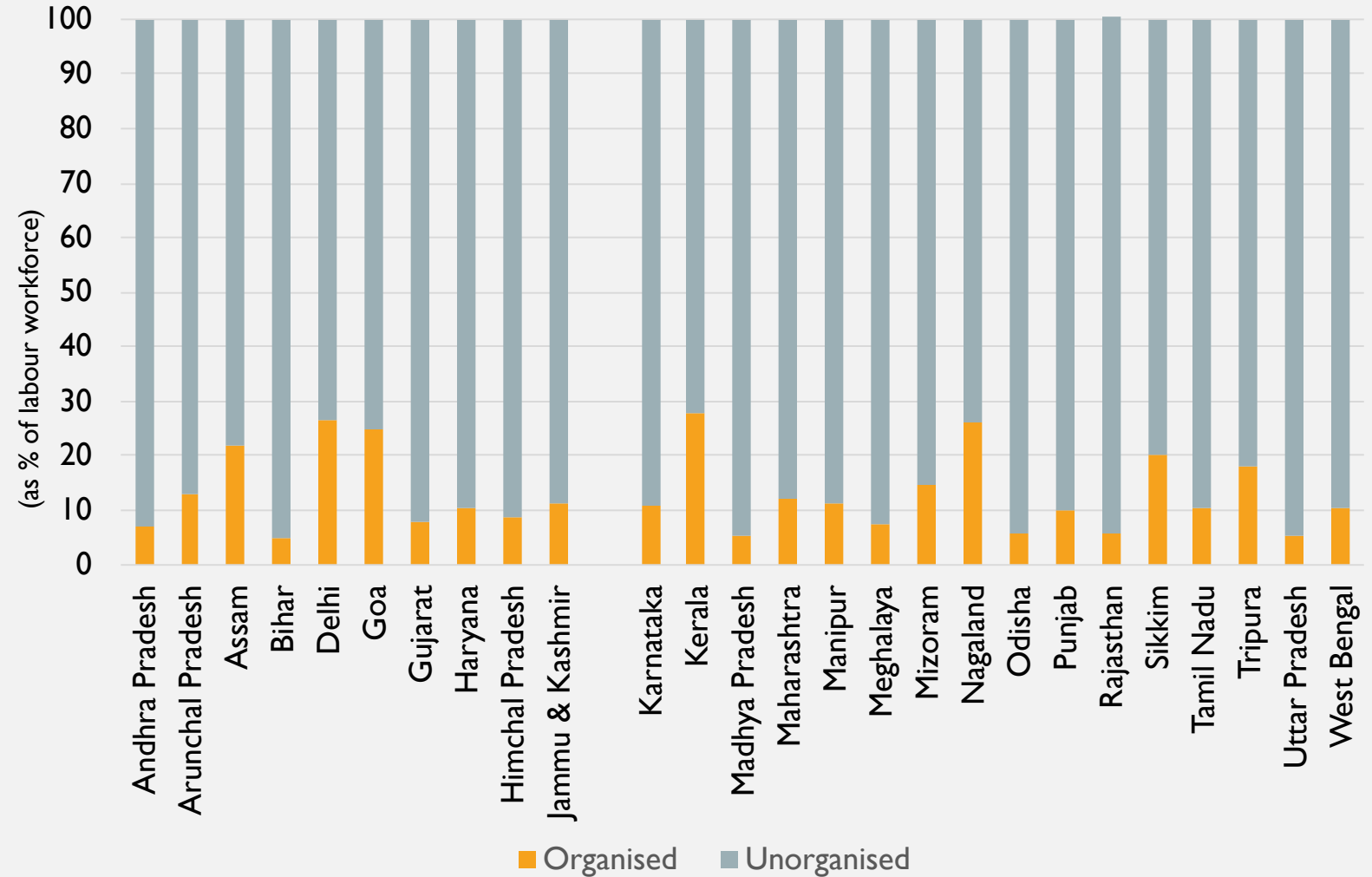
THE UNORGANIZED SECTOR

The unorganized sector is estimated to **contribute 50% of the national product.**

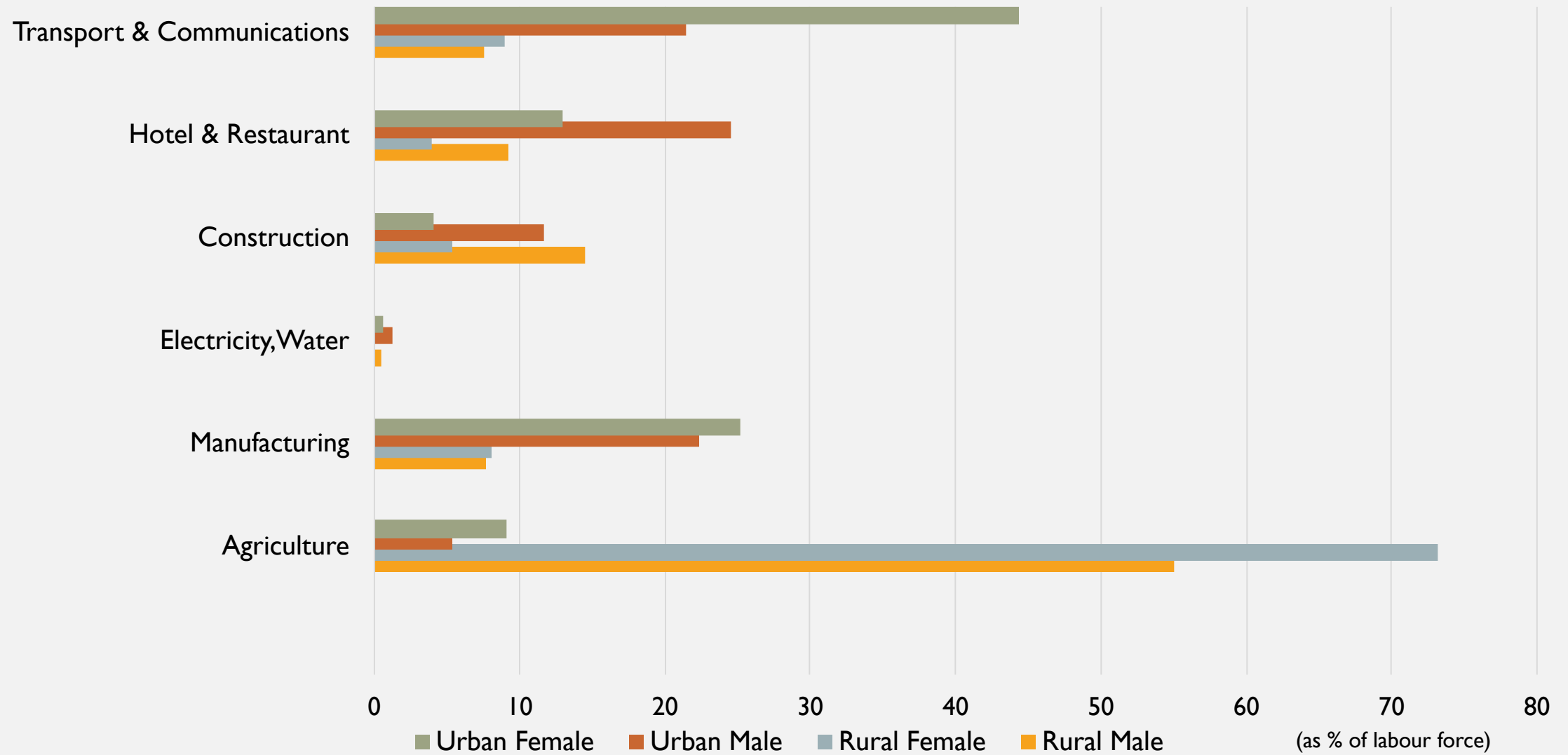
It is widely acknowledged that the informal sector in India **suffers from a structural low productivity concern**, compared to the formal sector.

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

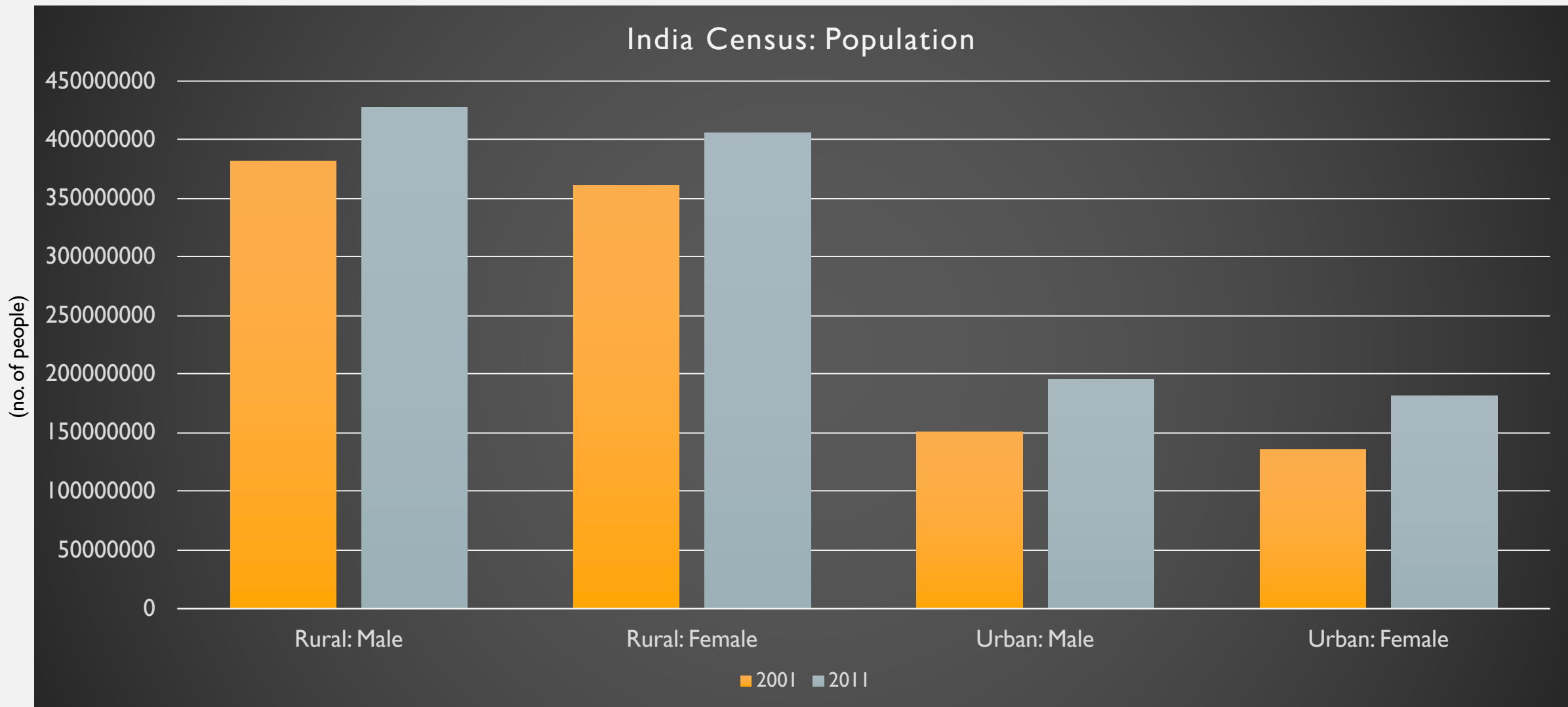
EMPLOYMENT LANDSCAPE IN INDIA



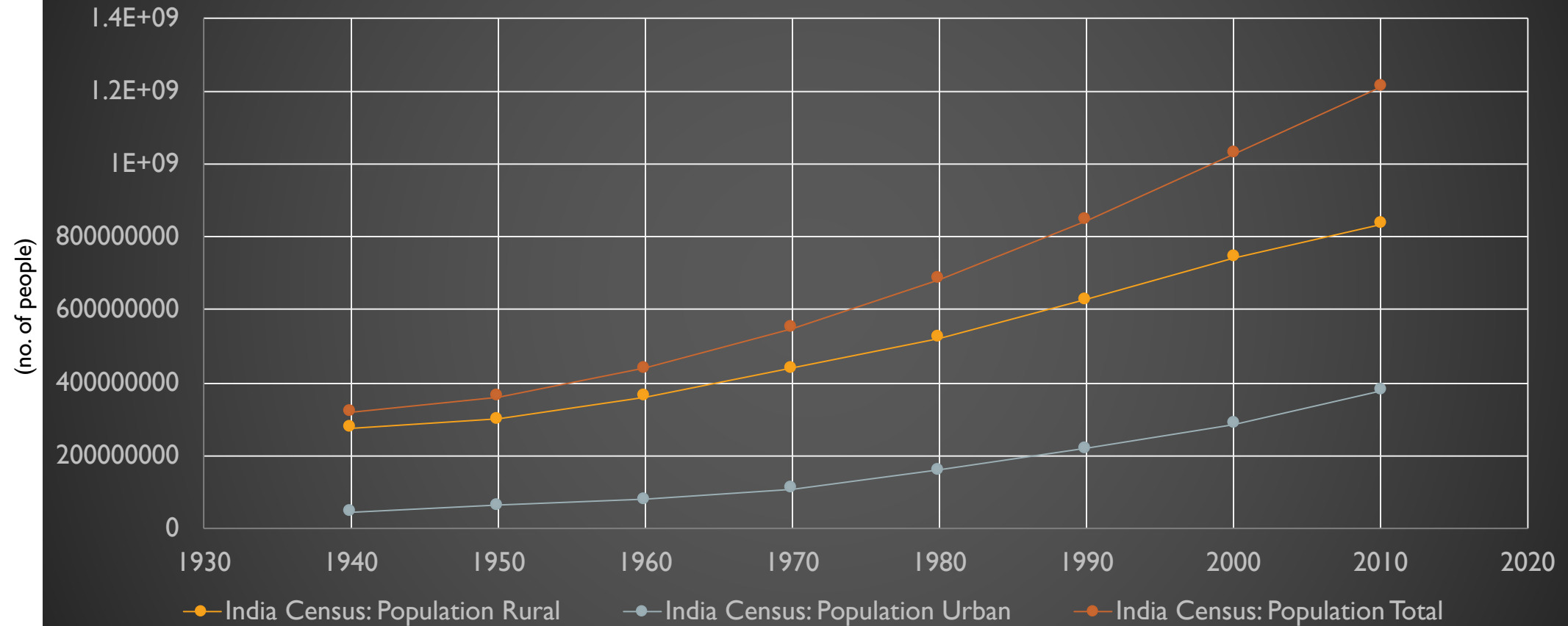
SECTOR-WISE EMPLOYMENT



POPULATION



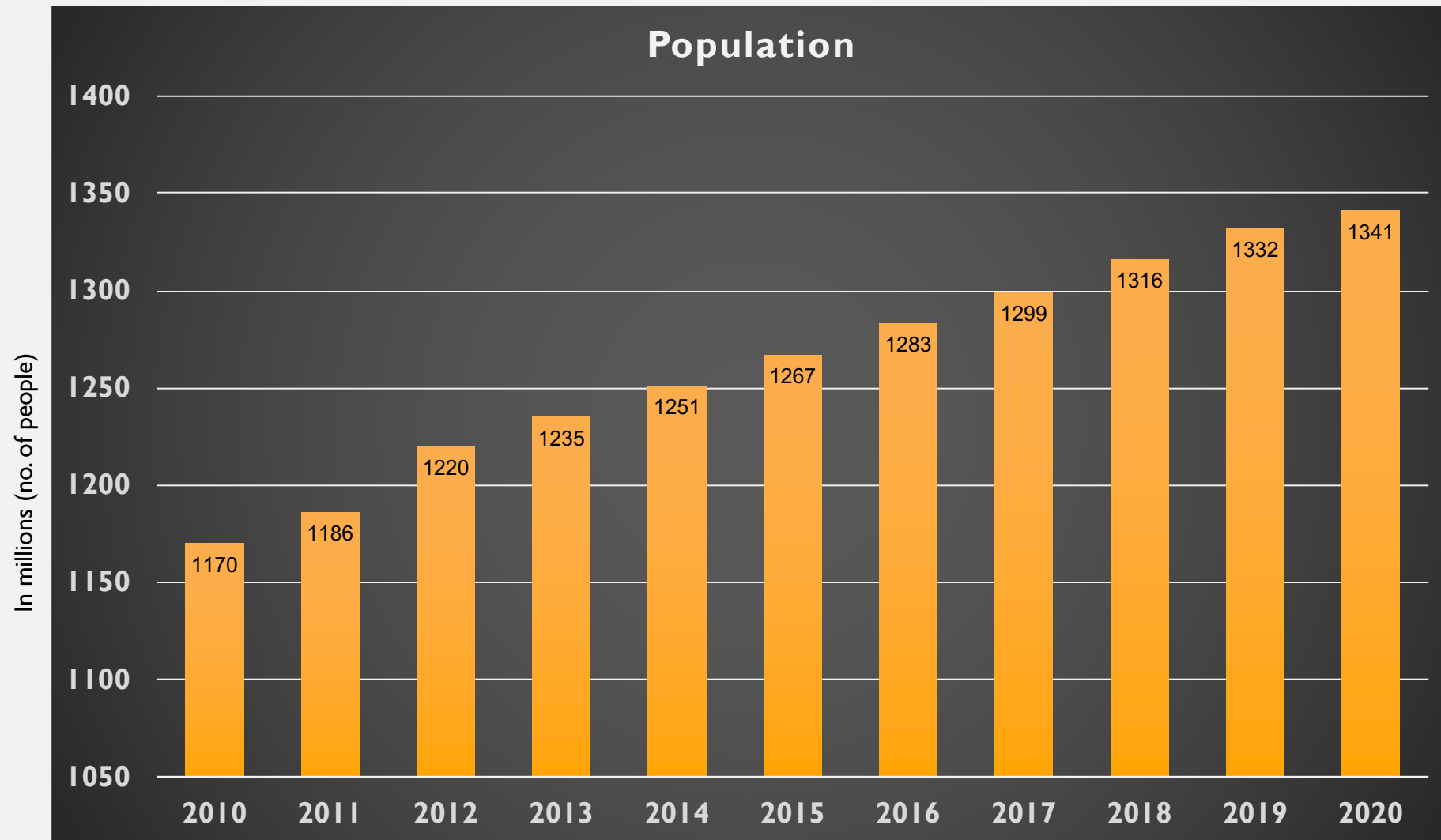
India Census: Population



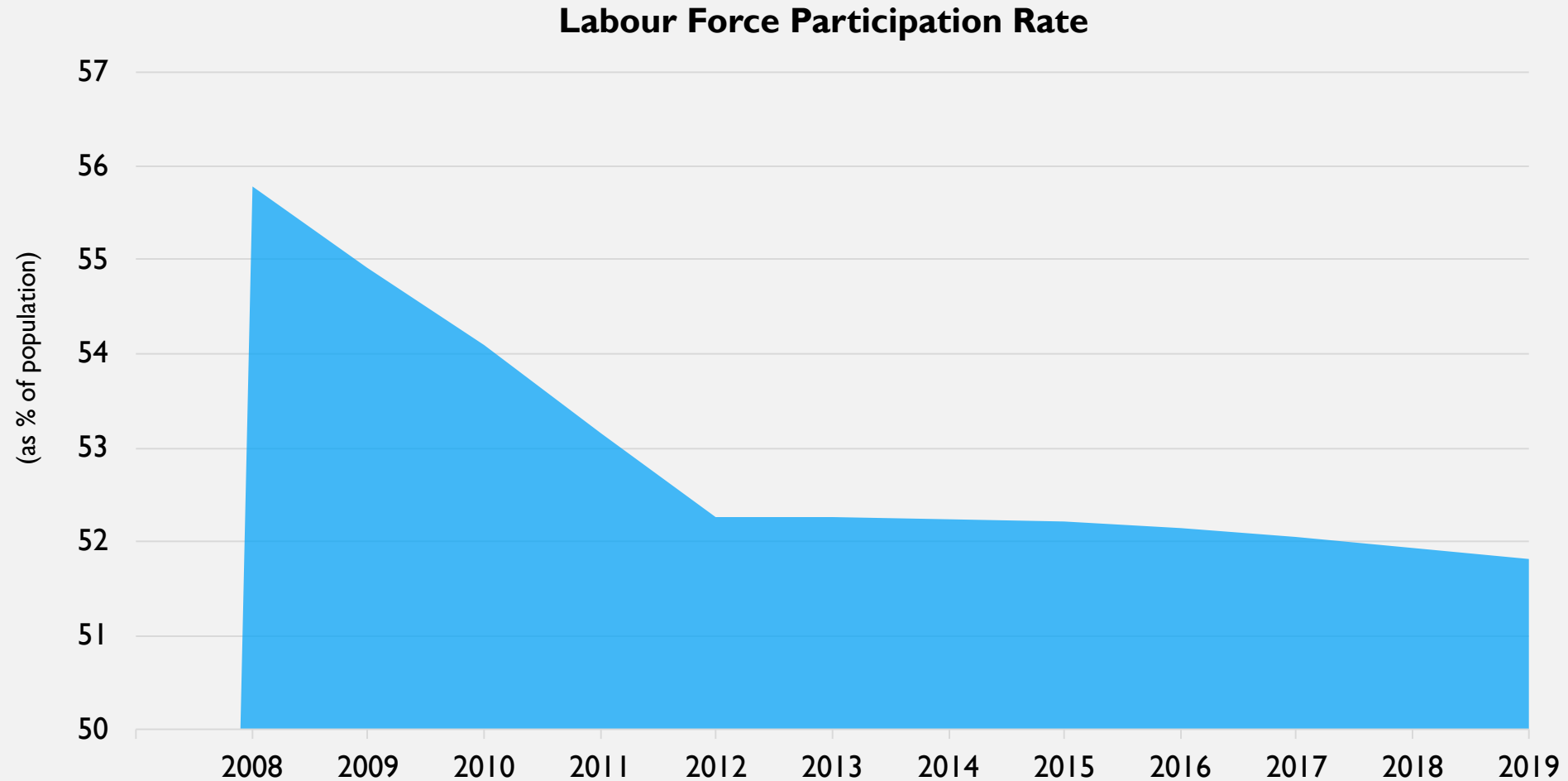
According to CMIE data, India's economic and industrial growth cannot keep up with the increased population growth.

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



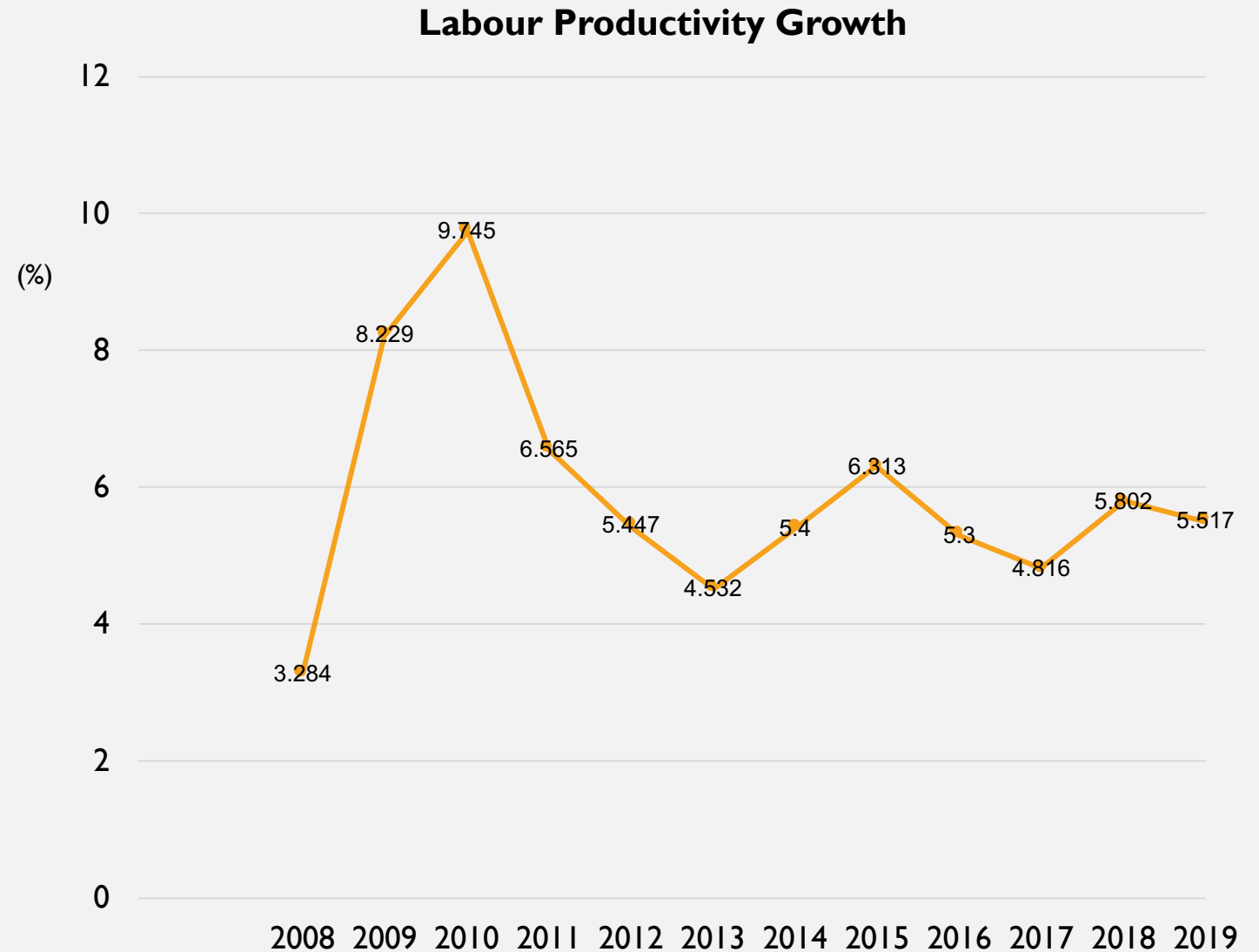
LABOUR PRODUCTIVITY GROWTH

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



PART II

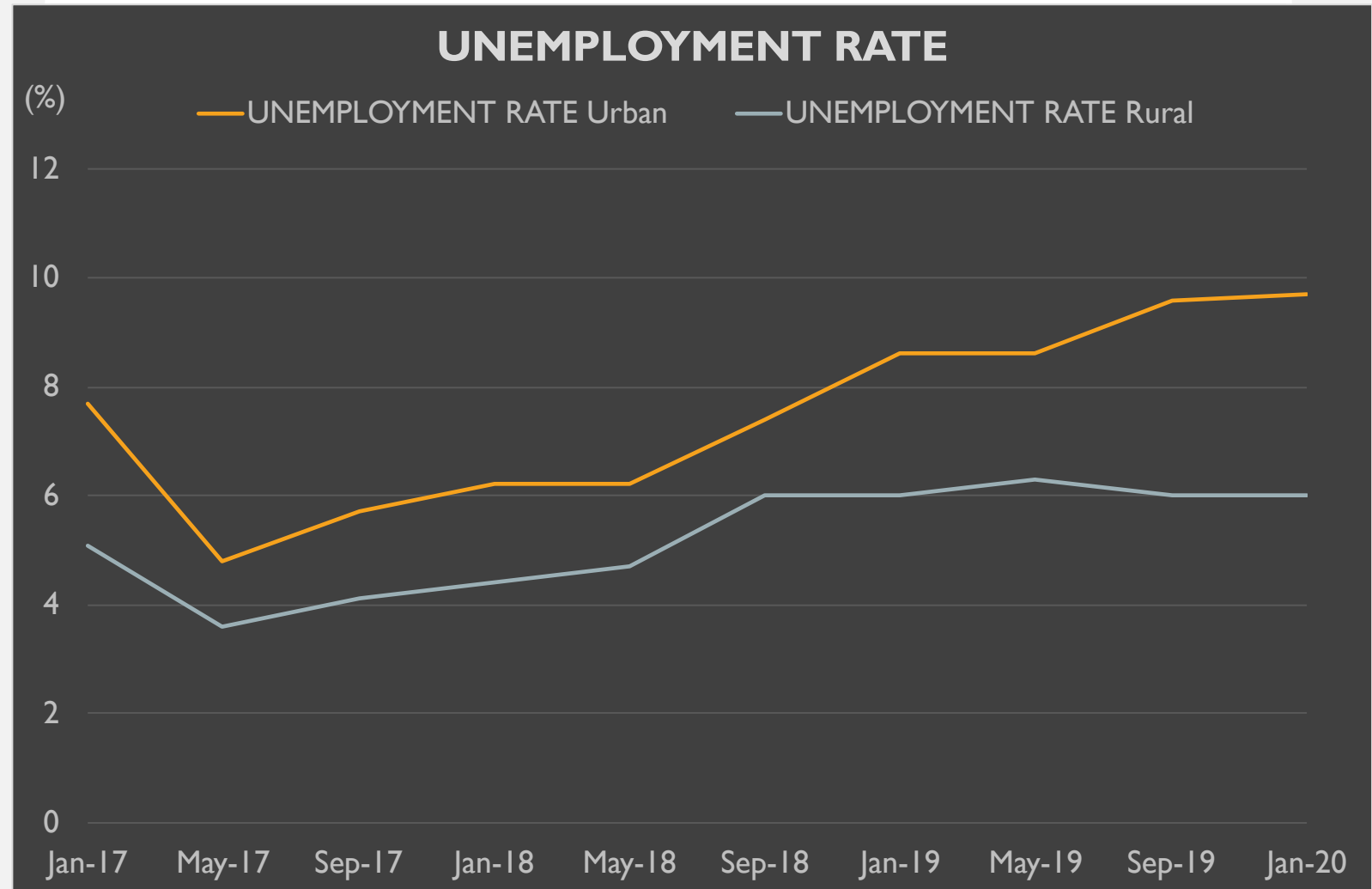
THE UNEMPLOYMENT SCENARIO
(RURAL-URBAN ; FEMALE-MALE CONTEXT)

UNEMPLOYMENT RATE (URBAN-RURAL)

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.



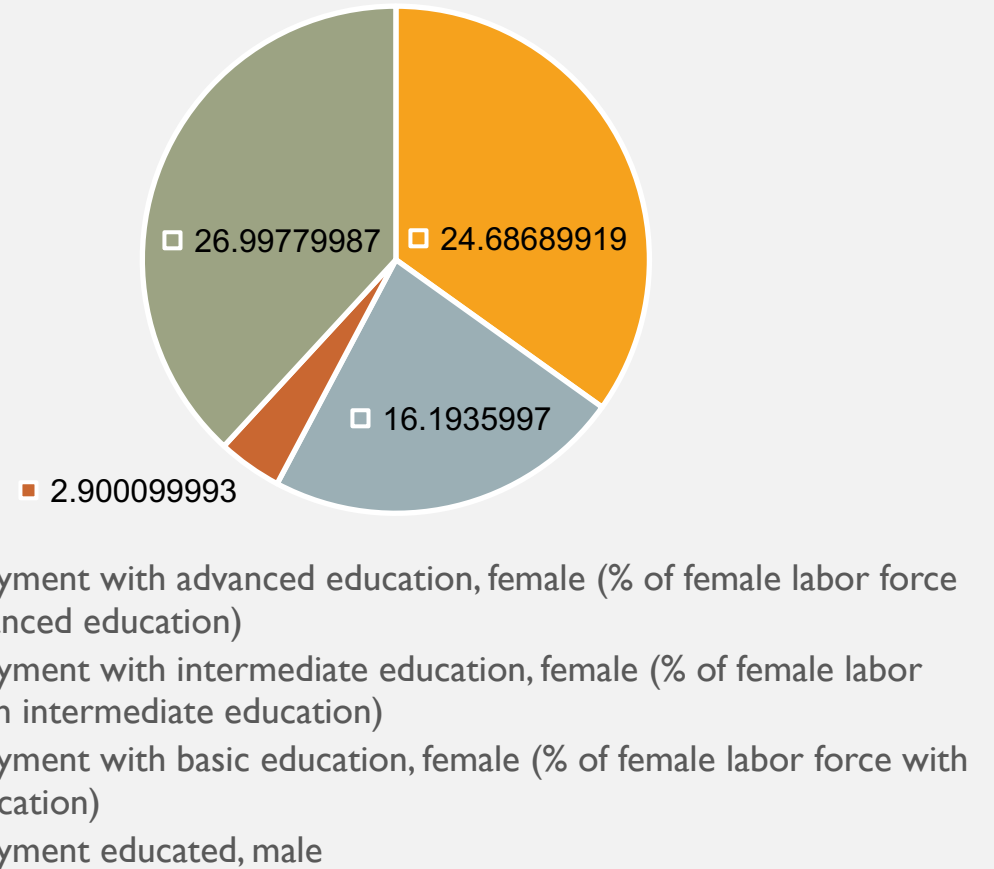
UNEMPLOYMENT AND GENDER- GAP

In India, the rate of unemployment is higher with an increase in level of education.

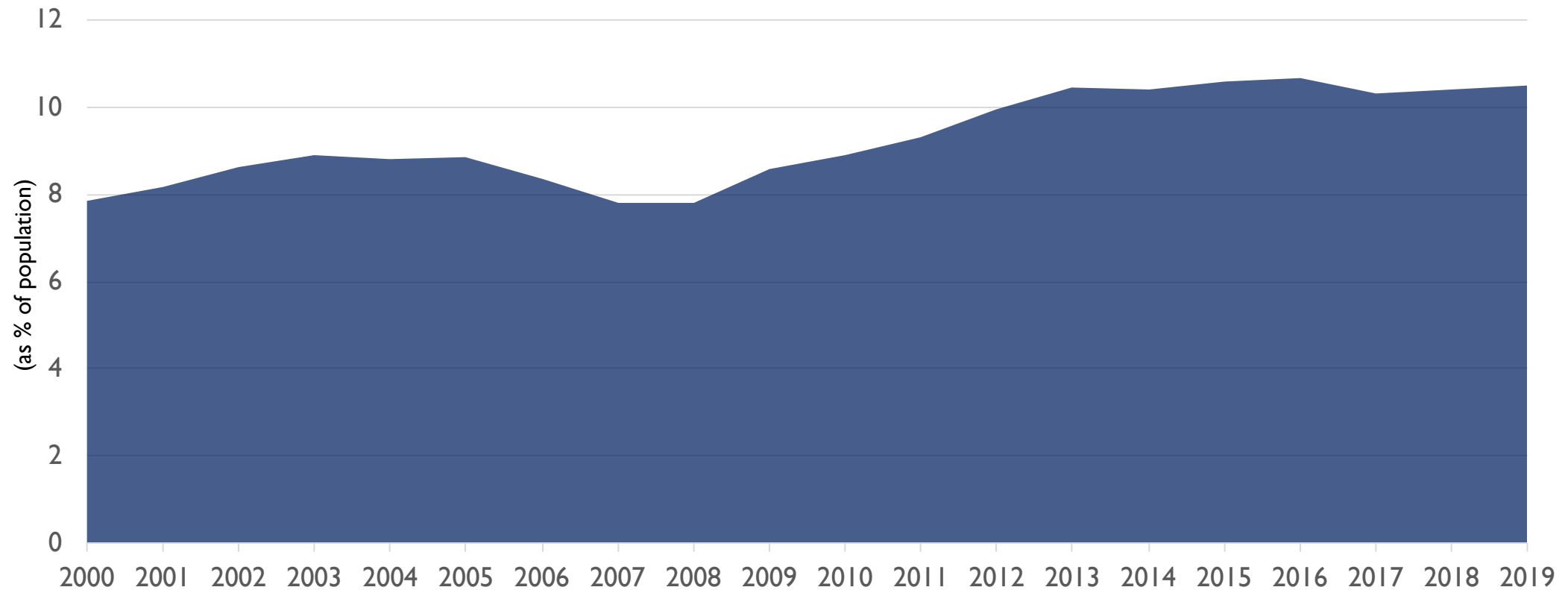
Women face much higher rates of unemployment as against their male counterparts across all the educational categories.

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

Unemployment Gendered Decomposition



Total Unemployed Youth (% of total labor force ages 15-24) (modeled ILO estimate)



PART III

EMPLOYABILITY CONCERNS

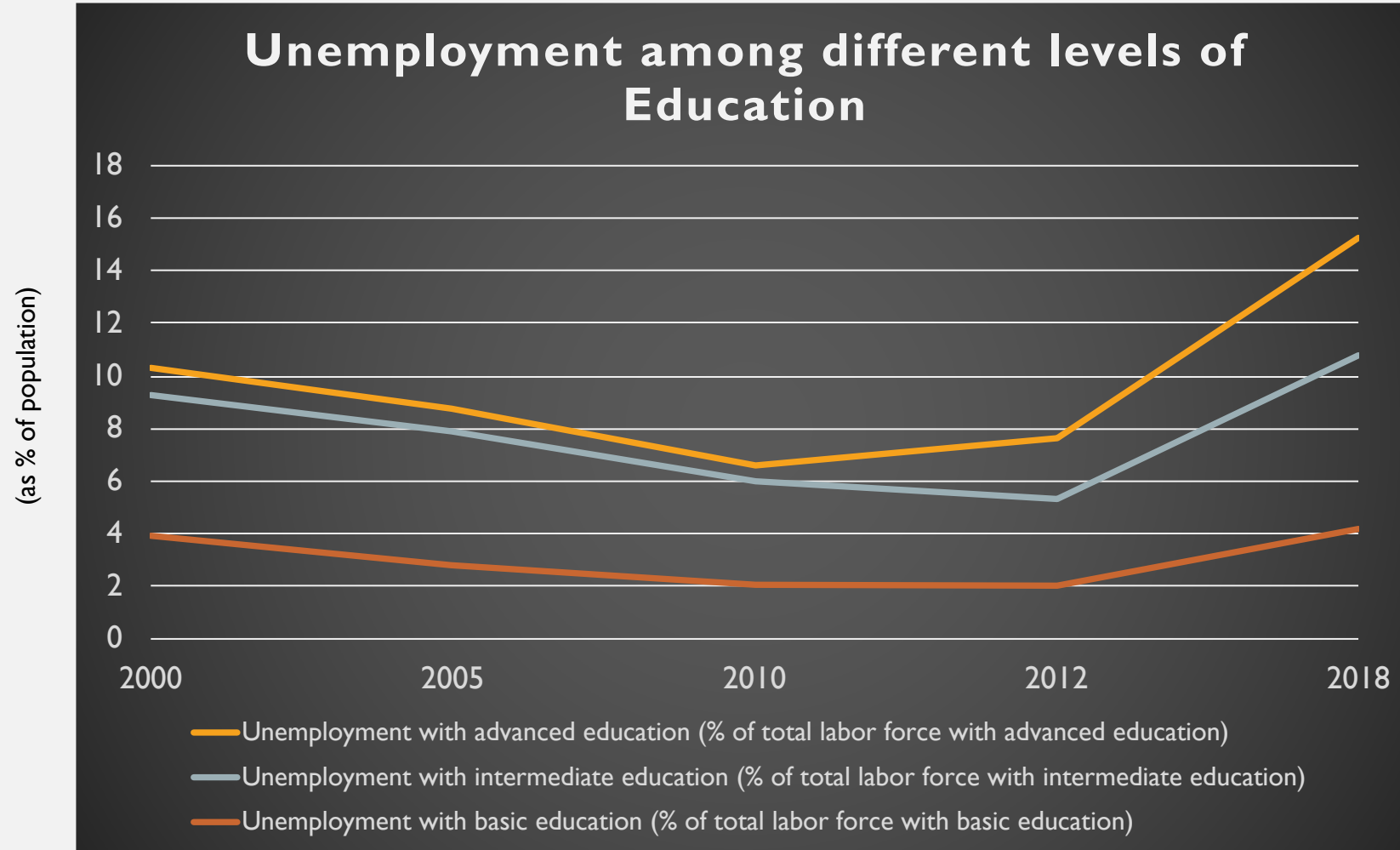
GAPS BETWEEN EDUCATION AND EMPLOYABILITY OF POPULATION

EDUCATION AND (UN)EMPLOYMENT

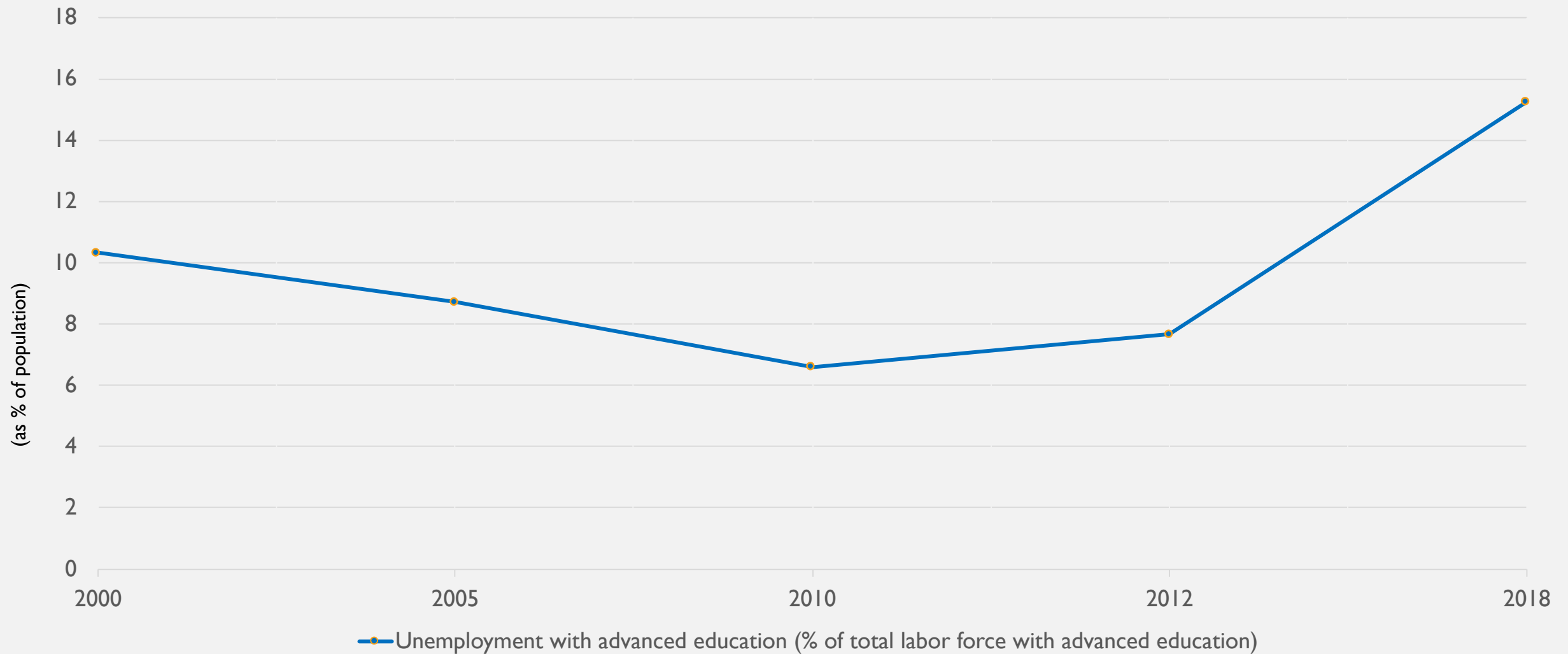
About 2 million graduates and half a million post-graduates are unemployed in India.

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.



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



	2000	2005	2010	2012	2018
Unemployment with advanced education (% of total labor force with advanced education)	10.31439972	8.722999573	6.598700047	7.648900032	15.25669956

BARRIERS IN YOUTH EMPLOYMENT

Dimensions of youth employment vary according to sex, age, ethnicity, educational level and training, family back-ground, health status and disability, amongst others.

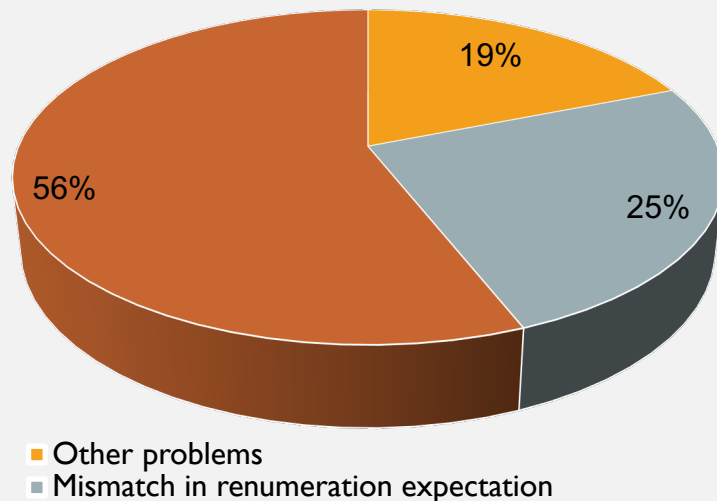
As observed in the data, **gender gap in youth employment is relative higher and tends to have had increased over years.**



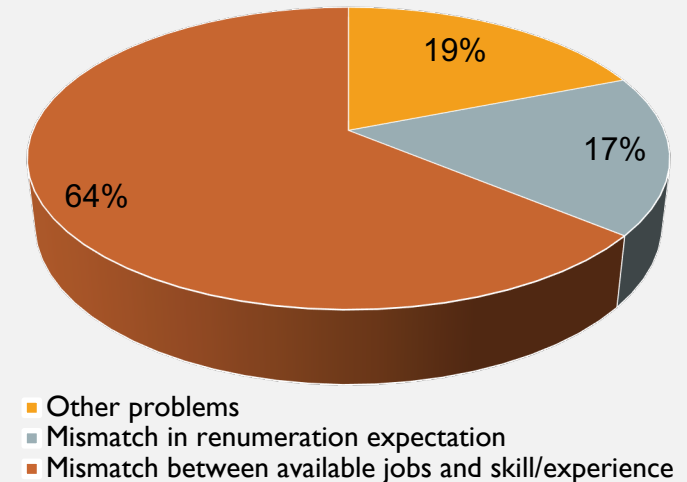
- Unemployment, youth female (% of female labour forces 15-24) (modeled ILO estimate)
- Unemployment, youth male (% of male labour forces 15-24) (modeled ILO estimate)

EDUCATED UNEMPLOYMENT: URBAN AND RURAL POPULATION

Key reasons for unemployment among rural graduate



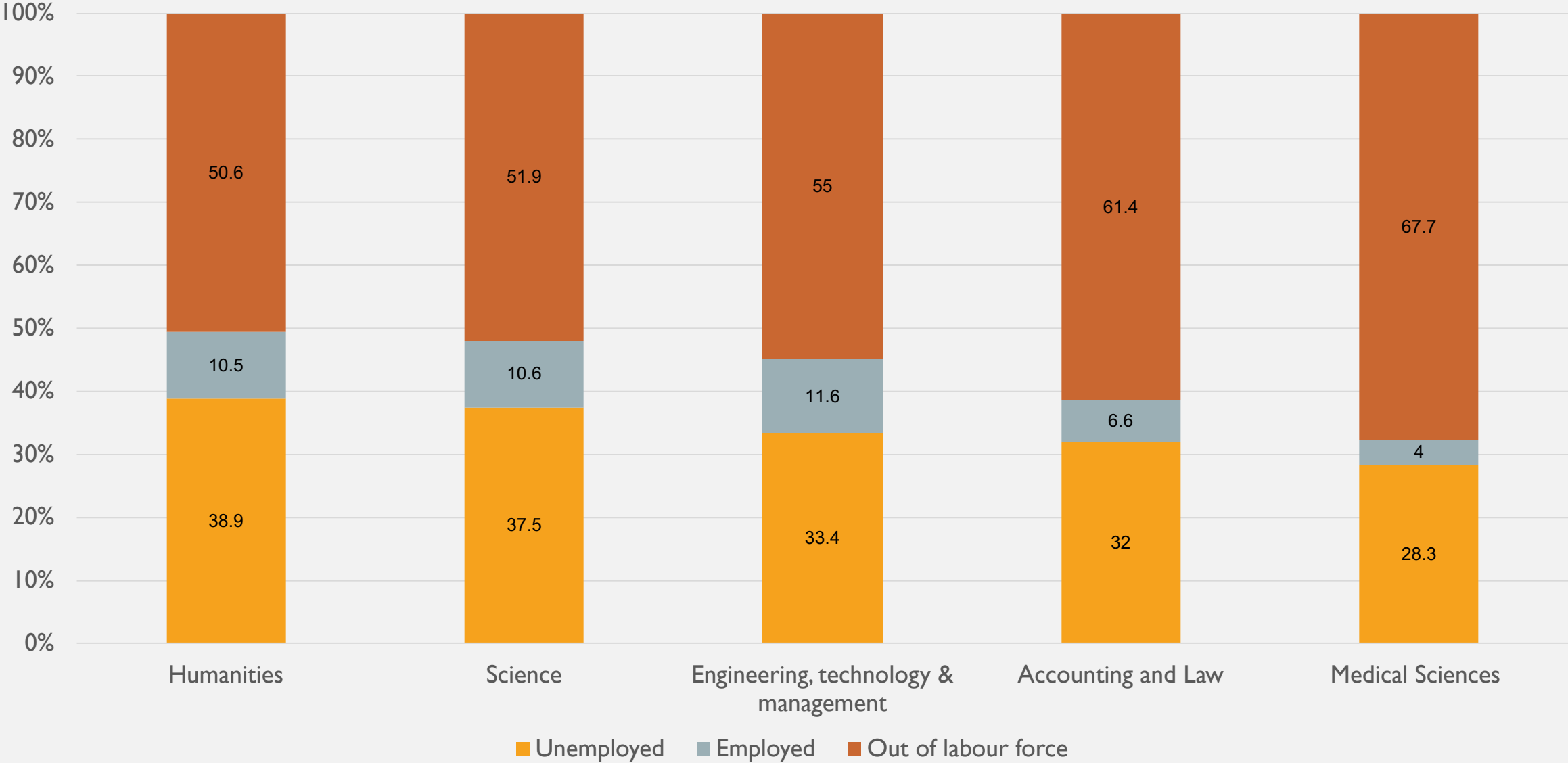
Key reasons for unemployment among rural graduate



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(%)



CONCLUSION

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!