UNEMPLOYMENT IN INDIA

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Abstract: This paper examines the reason behind high rate of unemployment in the current market. The general cause of unemployment in India has always been slow economic growth, rapid increase in population, low savings and investment. But due to this pandemic the mobility of labour has played an important role. This paper also talks about labour participation rate (LPR), structural unemployment, regression model. It can also be concluded from the research that most people want jobs in their hometown but the salary and opportunity offered is not that appealing.

1. Introduction

UNEMPLOYMENT IN INDIA is one of the major problems because of its continuous increase from very long time. One of the real reasons behind this is unavailability of suitable job for every individual. There is lack of connection between skill and location of work. Most population want a real- and full-time job, but are getting part-time jobs. In today's pandemic time, the migration of people to their hometown has really increased the unemployment rate, hitting 23.5% all-time high in the month of April, 2020. India is second largest countries in terms of population with population around 136.64 crore in 2019, which is around 17.7% of total world population.

During pandemic, when whole country was under lockdown India experienced the highest percentage of unemployment rate, i.e., 23.5%. But this was totally understood because the whole economic process was stopped and there was no growth in the economy. The general cause of unemployment in India has always been slow economic growth, rapid increase in population, low savings and investment. But due to this pandemic the mobility of labour has played an important role. Most of working professional travelled from their work location to their hometown during this pandemic at the cost of their jobs. The first question of my research is exactly the same, i.e., What was the reason for the highest percentage of unemployment in the month of December,2020? In December, 2020, the **unemployment rate shoots up to 9.1% from** 6.5% in November. These figures gave rise to this question to find the reason why unemployment has been rising and reaching six-month high despite starting of major economic process. The reason behind this was the increase in **LPR (labour Participation Rate),** from 40% in November to 40.6% in December (CMIE).

The next question is: Are the unemployed willing to work in the given wages? The objective behind this is to find whether people prefer just jobs or jobs with decent salaries. Everyone wants to be with their family but there is lack of opportunity that is the reason the go to big cities to get one.

Due to pandemic most individual lost job and travelled back to their hometown when lockdown started in march 2020. But when all the savings was over people wanted jobs in their hometown. But it was seen that neither enough opportunity nor the salary was welcoming. People were not ready to work in the given wages which in turn created the environment of structural unemployment, i.e., where there was mismatch between the jobs available and the skill individual possess. Not only construction labours but also engineers, degree professionals migrated to their hometown and where comfortable doing work from home. Most young graduated wanted jobs in hometown but the salary offered was not very welcoming to them.

We also wanted to know whether this location change has increased the unemployment rate due to covid-19. As most of the people working out of their hometown travelled back to their home created unemployment rate spike high. Most of the lower class and lower-middle class people were affected badly as they didn't have enough saving feed them bread without working. Because of this we saw a growth in unemployment rate which was 6.5% in November suddenly went 9.1% in December. For this process I have gathered a primary data of about 70 responses in form of google form to conduct a regression model to understand better about people opinion for working in hometown.

2. Review of literature

It was deduced that monetary development contrarily affects unemployment rate. The finding is in accordance with the Okun's law which clarifies the negative connection between economic growth and unemployment rate (Chand, Tiwari et al. 2018). This relation was also identified where financial development has negative impact on joblessness rate (Hassan and Nassar 2015). Unemployment is the base of various social and financial issues, since when a man is jobless or even underemployed, he or she can't in overseeing livelihood for himself and his family. It leads to creation of income inequalities in the economy and widens gap between rich and poor (Mehra 2018). There were some conclusions given by Gali, i.e., The compensation markup stuns assume a more modest part in driving yield and business changes than already however. The vacillations in our assessed yield hole are demonstrated to be the close to perfect representation of those accomplished by the unemployment rate, and to be very much approximated by customary proportions of the repetitive segment of GDP. Third, request stuns are the primary driver of joblessness variances at business cycle frequencies, however wage markup stuns are demonstrated to be more significant at lower frequencies(Galí 2012).

Rural unemployment, and the methods of measurement adopted have immensely risen in number, variety and in sophistication over the last two decades. The first step that needs to be taken for this purpose is to make estimates of the growth in the number of rural households over the period and of the total area of land operated by them (Raj 2016). The connection between total yield and total data sources, numerous macroeconomists make a sharp differentiation between pattern issues and cycle issues. Pattern is tended to through a Solow creation work; the cycle through Okun's law.47 This exposition proposes improvement of a comparable division for examination of the work market, in that the effectiveness boundary of the standard total coordinating with capacity ought to shift over the span of a cycle (Diamond 2013). It was presumed that in a climate of occupation shortage implies more youngsters are confronted with restricted work openings, making them be either underemployed or jobless. There is likewise steps taken for presenting various business producing plans, including those under MNREGA (Sinha 2013). The cause of unemployment was is a factor which is critical, many such factors were also discussed by (Singh 2018), such as; population growth which says approx. 68.8% belongs to rural areas , and it is know that rural people have lack of education because of which they lack skills, this is main reason for youth unemployment; labour participation rate, which demonstrates about the level of populace who are as of now connected any sorts of works and the individuals who are prepared to works ; Poverty, which is one of the primary justification joblessness. There are numerous individual's poor in this country. In this way, they don't have any hotspots for the investigation, that is the reason they are the retrogressive in the general public on the subject of business.

(Pasha, 2003; ILO, 2004; 2005; 2006); Illiteracy, most people in India are uneducated, which is why most of them remain unemployed. Uneducated people only involve in primary sector in large number and don't get enough opportunity for growth. They are living without the work which is huge issue for them (ILO, 2004; 2005; 2006). we analyse the connection between nominal GDP and joblessness, quarterly, occasionally unadjusted, for the UK, the

US and Japan (Gil-Alana 2009). The public authority can pick a specific worth of a relying upon its mentality towards unemployment. On the off chance that the public authority is concerned more with seriously jobless and less with imperceptibly jobless, at that point an appropriate worth of a for figuring. Notwithstanding, assuming the public authority is concerned generally with the full joblessness, the record with higher worth of an or just the individual pace of full joblessness may fill the need. The record has the property of added substance decomposability (Paul 2016).

India's metropolitan workforce is essentially male while female specialists establish a lot higher proportion around multiple times as high-outside the biggest metropolitan territories. Every one of the overviews show a higher occurrence of joblessness among guys. This is because of the diverse word related designs for the two genders; ladies are essentially utilized in homegrown and individual administrations where the occurrence of unemployment in India isn't high. Essentially, the lower age bunches highlight all the more conspicuously among the jobless on account of the trouble which new contestants into the workforce find in acquiring business (Malenbaum 2014). Unemployment makes extreme issues like rapid population growth, limited land, seasonal agriculture,

fragmentation of land, backward method of agriculture, decline of cottage industries, defective in education system and lack of transport and communication.

The significant purposes behind the joblessness are imperfect instructive framework, absence of business venture and jumble the ability necessities of managers which might be named as compulsory joblessness. Reasons for unemployment is fast populace development, restricted land, occasional horticulture, discontinuity of land, in reverse technique for agribusiness, decrease of bungalow ventures, deficient in schooling framework and absence of transport and correspondence (Korekar 2019).

3. Research Model

The reason I wanted to conduct a research on unemployment was because of sharp increase in the unemployment rate touching 9.1% in December, 2020. And this increase was seen highest from the time when India started recovery in June, as November marked unemployment rate of 6.5%. The unemployment rate was seen rising steadily during weeks in December. As the first week marked unemployment rate to 8.4%, the second and third week marked the rate to 9.9% and 10.1% consecutively before moderating to 9.5% in the last week. It makes it even worse that rising unemployment comes along with higher inflation, which was close to 7 percent in recent months. In addition, a sharp increase in unemployment reinforces concerns regarding the recovery process. To

know what was reason behind this increase I found some points which can be the reason or say is the reason for sharp increase of unemployment rate.

The increase in unemployment in December is a result of partially achieving labour participation rates. The LPR in November trickled to 40% from 40.7% in the past two months, which was the lowest LPR since the rescue. The LPR below has reduced pressure on labour markets as it has meant that young people are looking for work. Outcome of which, the unemployment rate dropped to 6.5% in November. In December, the LPR gained partially, to 40.6 percent. Participation of Employees increased from 421 million in November to 427 million in December. However, labour markets were unprepared for this sudden increase in labours which left them without work.

One of the main sources of this issue that led to increase in unemployment rate in December was the inability of the agriculture sector to absorb the inflow of labour. Farming is a way to keep many employed who are rendered jobless. However, December is not the month in which one could have found work, rather it is the month in which it releases jobs. In the last five years since 2016, agricultural employment in December has declined compared to November. In December 2019, job losses in agriculture were 10 million, whereas the sector lost an estimated 9.8 million jobs in December 2020 (CMIE).

Because of which the unemployment rate reached to 38.7 million in December 2020 in comparison to 27.4 million in November, registering a significant increase of 11.3 million. This lockdown has increased the unemployed people than before this pandemic. The average number of unemployed in 2019-2020 was 33.3 million while the highest number was touched in march 2020 with 37.9 million people unemployed. The reason behind this is not only the increase in labour force but also the increase in unemployment was because many jobs were also lost during December. This is down from 4.8 million, from 393.6 million in November to 388.8 million in December.

Third week of December estimated that employment in December will be 394 million. This sharp decline in labour market conditions raises concerns about the recovery process. Employment has been declining month by month since September 2020 when it was estimated at 397.6 million. As a result, employment has not only remained steadily below previous year's rates, and has declined significantly over the past two years. Employment in November and December 2020 was lower than in November and December 2019 and also lower than in November and December 2018, respectively.

Hence, through all the facts given it was identified what was the reason behind high percentage of unemployment in month of December,2020.
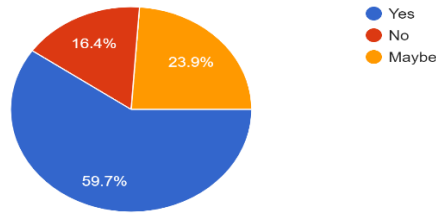
3.1 Methodology

Now, lets see the other two questions which is related to location of job. We have seen the increase in LPR in December,2020 and this is because many individuals travelled back to their hometown and didn't have jobs. For this research I conducted a primary research (in form of google form) to serve me as primary data to proceed with my research. Through my research it was clear that most of youngsters wanted job in the hometown itself because of all the reasons including covid-19. From the response of around 70, almost 80% of people wanted jobs in hometown where they can live close to there family and can work. It was seen that there exists structural unemployment, i.e., where there was mismatch between the jobs available and the skill individual possess. Not only construction labours but also engineers, degree professionals migrated to their hometown and where comfortable doing work from home. Most young graduated wanted jobs in hometown but the salary offered was not very welcoming to them. To understand this better I conducted a **regression model** from the data I collected through primary sources.

The question for research is there any effect of desirable salary and opportunity at hometown on the preference on taking job in hometown. The major objective is to find that do people want jobs in their hometown and if yes then do they get desirable salary or do they have enough opportunity so that they can have that job.

For this analysis, I used the SPSS software to study the empirical behaviour of the unemployment in India (occurrence of structural unemployment). To provide data for SPSS software I created a google form with few questions related to the topic. Total responses were 67. Out of which 60 were in the age of 21-36, which we say more of the youth generation with male constituting to 43 and female 23. Most respondents where either searching for job or would do job in a year or so. So, this data set was perfect for my research with having good number of responses. The responses stated that almost 60% of them believed that people migrating to their hometown during pandemic has increases unemployment rate. Even the statistics say the same thing what the form suggests.

Do you think most of the people migrating to their hometowns during pandemic, has increased unemployment?
67 responses

- Yes
- No
- Maybe

16.4% 23.9% 59.7%

3.2 Hypothesis

With the given data set I conducted regression with two independent variable and a dependent variable.

Dependent variable:

Do you prefer a job in your hometown?

Independent variable:

i)   There is enough opportunity in your hometown for the talent and skill you possess.
ii)   You can have the desirable salary in your hometown for the talent and skill you possess.

This analysis is conducted to know the effect of salary and opportunity offered at hometown in reference to the skill and talent one possesses.

The hypothesis is:

Alternative hypothesis (H1): salary and opportunity affect the preference to take jobs in hometown.

Null hypothesis (H0): salary and opportunity doesn't affect the preference to take jobs in hometown.

4. Result

Coefficients

	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	sig.
	1.399	.320		4.369	.000
There is enough opportunity in your hometown for the talent and skill you possess.	.186	.124	.276	1.500	.139
You can have the desirable salary in your hometown for the talent and skill you possess.	-.078	.134	-.108	-.585	.560

For the above given stats:
P values are greater in both the cases, i.e., i) $0.139 > 0.05$

ii) $0.560 > 0.05$

This means we will reject alternative hypothesis and accept null hypothesis. And null hypothesis says that there is no effect of salary and opportunity on the preference of job in hometown.

There is a very important reason behind this P value, i.e., the answer which we got about the preference of job in hometown is more towards taking it but all those people didn't find the suitable job on desirable salary. Because of the pandemic most people wanted to stay with their family but the standard of living they needed could not be given by the salary which is offered in small towns. The reason we accepted null hypothesis is that the relationship could not be seen in the data between the job and the salary. There was the need of job but the opportunity and salary needed is not delivered which has created more unemployment because of the location preference. There is lack of opportunity in many places which has created the structural unemployment in the economy.

5. Conclusion

Ultimately, it can be concluded that the reason behind increase in unemployment rate in december,2020 was because of high LPR rate. Due to pandemic the participation rate saw a fall but as lockdown was called off more people wanted jobs than ever before, there was steep increase in LPR rate and because of which unemployment rate also increased.

It can also be concluded from the research that most people want jobs in their hometown but the salary and opportunity offered is not that appealing. Because of the pandemic most people wanted to stay with their family but the standard of living they needed could not be given by the salary which is offered in small towns. The reason we accepted null hypothesis is that the relationship could not be seen in the data between the job and the salary. There was the need of job but the opportunity and salary needed is not delivered which has created more unemployment because of the location preference.

Hence, it can be concluded that location preference has also created increase in unemployment rate. People were more concerned about their family health, which was also needed. Unemployment is immensely affected by the location preference because of the pandemic.

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