



Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment

News: The **Centre for Monitoring Indian Economy (CMIE)** has released a report on **Unemployment in India**.

Prelims focus: Key findings of the report.

Mains focus: Concerns, reasons for rise in unemployment, challenges ahead and steps to be taken to address them.

Key findings:

1. India's unemployment rate in October rose to 8.5%, **the highest level since August 2016**.
2. **Urban unemployment** rate at 8.9%, is **more than the rural unemployment rate of 8.3%**.
3. **Highest unemployment rate in** Tripura and Haryana, at more than 20%.
4. **Lowest** in Tamil Nadu at 1.1%.
5. **Rajasthan** saw its **unemployment rate double between September and October 2019**.

Main concern

1. CMIE findings are in line with the findings of the latest **Periodic Labour Force Survey**, which had estimated an **unemployment rate of 6.1% between July 2017 and June 2018, the worst in 45 years**.
2. The data also comes on the back of other indicators showing a **downturn in the economy, including the core sector output in September posting its worst contraction in at least 14 years**.
3. Earlier, **August industrial output shrank at its fastest rate in more than six years**.
4. Another research estimates that **between 2011-12 and 2017-18, employment declined by an unprecedented nine million jobs (a 2% drop)**, with agricultural employment declining by 11.5%. In the same period, employment in the service sector increased by 13.4%, while manufacturing employment dipped by 5.7%.
5. While **employment has been declining, the number of working age people who are "Not in Labour Force, Education and Training" has continued to increase** — from about 84 million in 2011-12, it has now crossed 100 million.

Causes

Most of the decline in employment has happened due to **the fall in the number of workers in agriculture and a sharp fall in the absolute number of female workers-** Roughly 37 million



workers left agriculture in the last six years. During the same time, 25 million women workers were out of the workforce.

While the trend of workers moving out of agriculture is seen since 2004-05 and is welcome, it also points to the rising vulnerability of farm production.

Way ahead:

No doubt, the problem is not new and even earlier governments are to be blamed for the mess that the economy is in. Unfortunately, blaming the data or earlier governments does not make people who are looking for jobs vanish from the country. Stagnant wages and jobless growth are not just indicators of a weakening economy, but also a recipe for political instability and a crisis in the countryside. The least that is expected of the government is an acknowledgement of the extent of the problem and then try to address it.

Steps to be taken:

Falling manufacturing employment and decelerating construction employment growth are bad news for the economy.

To sustain the growth of income, improve standard of living, and to reduce poverty, **employment opportunities in manufacturing and construction (although a transitory sector) is necessary.**