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**Volume No.5**

Aayushi International Interdisciplinary Research Journal
Peer Reviewed Journal
ISSN 2349-638x Impact Factor 8.379
website :www.aiirjournal.com

# A Study On Unemployment in India in Cotemporary Age

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**Abstract:**

*Unemployment continues to be a major socio-economic challenge in India despite sustained economic growth and a favourable demographic structure. This study examines the trends in overall unemployment, youth unemployment, and labour force participation in India during the period 2014–2024 using secondary data obtained from the Periodic Labour Force Survey (PLFS) of the Ministry of Statistics and Programme Implementation (MOSPI). The study adopts a descriptive and quantitative research design and applies simple statistical tools such as percentages and trend analysis to understand the nature and magnitude of unemployment in the contemporary period. The findings reveal that unemployment remained relatively high and stagnant during 2014–2018, reflecting inadequate employment generation. A temporary improvement in 2019 was followed by a sharp increase in 2020 due to the COVID-19 pandemic. The post-pandemic period witnessed a steady decline in unemployment, indicating economic recovery, though a slight rise in 2024 suggests labour market sensitivity. Youth unemployment was consistently higher than the overall unemployment rate, highlighting structural issues such as skill mismatch and limited quality job opportunities. The labour force participation rate declined continuously until 2020, followed by a modest recovery in recent years, but remains below its 2014 level. The study underscores the need for employment-intensive growth, targeted youth employment policies, skill development, and enhanced labour force participation to ensure inclusive and sustainable economic development in India.*

***Keywords:** Unemployment, Youth Unemployment, Labour Force Participation Rate, PLFS, India, Employment Trends*

## 1. Introduction:

Unemployment remains one of the most persistent and complex socio-economic challenges confronting India in the contemporary age. Despite sustained economic growth, structural transformation, and demographic advantages, the Indian economy continues to face difficulties in generating adequate and productive employment opportunities for its rapidly expanding labour force. The issue of unemployment has assumed greater significance in recent years due to changing patterns of economic growth, technological advancement, globalization, and periodic economic shocks. As employment is closely linked with income generation, social stability, and overall economic development, rising unemployment poses serious concerns for inclusive and sustainable growth in India. India is currently experiencing a demographic phase characterized by a large working-age population, often referred to as the "demographic dividend." However, the potential benefits of this demographic advantage can only be realized if sufficient employment opportunities are created. In the absence of adequate job creation, unemployment and underemployment may lead to increased poverty, income inequality, social unrest, and economic inefficiencies. The contemporary labour market in India is marked by high levels of informal employment, job insecurity, skill mismatches, and regional disparities, which further complicate the unemployment scenario. The nature of unemployment in India is multifaceted, encompassing open unemployment, disguised unemployment, seasonal unemployment, and educated unemployment. Rapid technological changes, automation, and the expansion of the digital economy have altered the demand for labour, often favouring skilled workers while marginalizing low-skilled and semi-skilled workers. Additionally, the slowdown in industrial growth, challenges in the manufacturing sector, and the dominance of the informal sector have constrained the capacity of the economy to absorb new entrants into the labour force. The impact of external shocks, such as global economic slowdowns and public health crises, has further exacerbated employment vulnerabilities in recent years. In the contemporary age, reliable and systematic analysis of unemployment has become increasingly important for effective policy formulation. National-level surveys and databases provide valuable insights into labour force participation, employment status, and unemployment trends across different socio-economic groups. An evidence-based understanding of unemployment trends is essential for designing targeted employment policies, skill development initiatives, and labour market reforms aimed at improving employment outcomes. Against this background, the present study attempts to examine the nature, magnitude, and trends of unemployment in India in the contemporary age. By analysing recent data and developments, the study seeks to provide a comprehensive understanding of the unemployment problem and its implications for economic growth and social development. The findings of this study are expected to contribute to the existing literature and assist policymakers, researchers, and stakeholders in framing effective strategies to address unemployment in India.

**2. Objectives of The Study:** The main objective of study is to study the unemployment in India and specific objectives of the present study are as follows-

1. To study the unemployment rate in India.
2. To study the youth unemployment rate in India.
3. To study the labour force participation rate in India.

**3. Research Methodology:**

The present study adopts a **quantitative and descriptive research design** based on **secondary data** to analyse trends in unemployment in India over the period **2014 to 2024.** The study uses data on the **overall unemployment rate, youth unemployment rate, and labour force participation rate**, sourced from the **Periodic Labour Force Survey (PLFS)** conducted by the **Ministry of Statistics and Programme Implementation (MOSPI), Government of India,** accessed through the official microdata portal. The data were compiled on a year-wise basis and organized into a time-series format. Descriptive statistical tools such as **percentages, averages, and trend analysis** were employed to examine variations and long-term movements in the selected indicators. Comparative analysis was used to assess differences between overall and youth unemployment patterns. Simple statistical and graphical techniques were applied using standard software to interpret the data. The methodology ensures reliability and validity as the data are derived from an official and nationally representative survey, though the study is subject to the limitations inherent in secondary data analysis.

**4. Result And Discussion:**

**4.1. Unemployment Rate in India:**

**Table- 1 Unemployment Rate in India**

| Sr. No | Year | Unemployment Rate (%) | Growth/Decline (%) |
|---|---|---|---|
| 1 | 2014 | 7.67 | - |
| 2 | 2015 | 7.63 | -0.04 |
| 3 | 2016 | 7.60 | -0.03 |
| 4 | 2017 | 7.62 | 0.02 |
| 5 | 2018 | 7.65 | 0.03 |
| 6 | 2019 | 6.51 | -1.14 |
| 7 | 2020 | 7.86 | 1.35 |
| 8 | 2021 | 6.38 | -1.48 |
| 9 | 2022 | 4.82 | -1.56 |
| 10 | 2023 | 4.17 | -0.65 |
| | 2024 | 4.20 | 0.03 |

*(Source:https://microdata.gov.in/NADA/index.php/catalog/PLFS/?page=1&sort_order=desc&ps=15&repo=PLFS)*

The table depicts the trend in India's unemployment rate from 2014 to 2024. During 2014–2016, unemployment showed a marginal decline from 7.67 per cent to 7.60 per cent, indicating a slight improvement in employment conditions. However, this trend was not sustained, as the rate remained almost stagnant during 2017 and 2018, reflecting limited job creation. A notable improvement occurred in 2019, when unemployment declined sharply to 6.51 per cent. This progress was reversed in 2020, with unemployment rising steeply to 7.86 per cent due to the economic disruptions caused by the COVID-19 pandemic. From 2021 onwards, a consistent decline in unemployment is observed, falling to 6.38 per cent in 2021 and further reducing to 4.17 per cent by 2023, indicating strong post-pandemic recovery and improved employment opportunities. In 2024, the rate slightly increased to 4.20 per cent, suggesting near stability in the labour market. Overall, the data reveal stagnation in unemployment during 2014–2018, a temporary improvement in 2019, a sharp pandemic-induced setback in 2020, and a sustained recovery in the post-pandemic period, highlighting the need for continued policy support to ensure long-term employment sustainability.

**4.2. Youth Unemployment Rate in India:**

**Table- 2 Youth Unemployment Rate in India**

| Sr. No | Year | Youth Unemployment Rate (%) | Growth/Decline (%) |
|---|---|---|---|
| 1 | 2014 | 24.75 | - |
| 2 | 2015 | 24.96 | 0.21 |
| 3 | 2016 | 25.20 | 0.024 |
| 4 | 2017 | 25.57 | 0.37 |
| 5 | 2018 | 26.00 | 0.43 |
| 6 | 2019 | 22.95 | -3.05 |
| 7 | 2020 | 24.67 | 1.72 |
| 8 | 2021 | 20.82 | -3.85 |
| 9 | 2022 | 17.77 | -3.05 |
| 10 | 2023 | 15.66 | -2.11 |
| | 2024 | 16.03 | 0.37 |

*(Source:https://microdata.gov.in/NADA/index.php/catalog/PLFS/?page=1&sort_order=desc&ps=15&repo=PLFS)*

The table depicts the trend in youth unemployment in India from 2014 to 2024. Youth unemployment remained consistently high during the initial years, increasing gradually from 24.75 per cent in 2014 to a peak of 26.00 per cent in 2018. This rising trend indicates persistent structural issues in the labour market, such as inadequate job creation, limited absorption capacity of the formal sector, and skill mismatches among young job seekers. A temporary improvement was observed in 2019, when the unemployment rate declined sharply to 22.95 per cent, suggesting a short-term easing of labour market pressures. However, this progress was reversed in 2020, with the rate rising to 24.67 per cent due to the severe employment disruptions caused by the COVID-19 pandemic. From 2021 onwards, youth unemployment showed a steady and significant decline, falling from 20.82 per cent in 2021 to 15.66 per cent in 2023, reflecting economic recovery, expansion in service and industrial activities, and the positive impact of government initiatives related to skill development, startups, and self-employment. The improving trend also indicates better labour market absorption of educated youth in the post-pandemic period. In 2024, a marginal increase to 16.03 per cent was recorded, indicating that youth employment remains sensitive to economic fluctuations and changing market conditions. Overall, the trend suggests a gradual improvement in youth employment conditions in recent years; however, the high unemployment levels in the earlier period and the slight reversal in 2024 highlight the need for sustained and targeted policy interventions focusing on quality job creation and alignment between education and labour market requirements.

### 4.3 Labour Force Participation Rate in India:

Table- 3 Labour Force Participation Rate in India

| Sr. No | Year | Labour Force Participation Rate (%) | Growth/Decline (%) |
|---|---|---|---|
| 1 | 2014 | 32.93 | - |
| 2 | 2015 | 32.26 | -0.67 |
| 3 | 2016 | 31.57 | -0.69 |
| 4 | 2017 | 30.85 | -0.72 |
| 5 | 2018 | 30.09 | -0.76 |
| 6 | 2019 | 29.30 | -0.79 |
| 7 | 2020 | 28.55 | -0.75 |
| 8 | 2021 | 28.94 | 0.39 |
| 9 | 2022 | 29.46 | 0.52 |
| 10 | 2023 | 30.14 | 0.68 |
| | 2024 | 30.76 | 0.62 |

*(Source:https://microdata.gov.in/NADA/index.php/catalog/PLFS/?page=1&sort_order=desc&ps=15&repo=PLFS)*

The above presents the trend in Labour Force Participation Rate (LFPR) in India over the period from 2014 to 2023 and reveals a clear pattern of long-term decline followed by a modest recovery in recent years. The LFPR stood at 32.93 per cent in 2014 and consistently declined year after year up to 2020, reaching its lowest level of 28.55 per cent. This sustained fall, with negative growth rates ranging from -0.67 per cent in 2015 to -0.79 per cent in 2019, indicates a gradual withdrawal of the working-age population from active participation in the labour market. The declining trend can be attributed to multiple structural factors such as rising educational enrolment, increased informality, limited job creation in the organised sector, and a significant reduction in female labour force participation. The sharp decline until 2020 also reflects the adverse impact of economic slowdowns and disruptions caused by the COVID-19 pandemic, which further discouraged labour market participation due to job losses and mobility restrictions. However, from 2021 onwards, the table shows a reversal of this trend, with the LFPR increasing to 28.94 per cent in 2021, 29.46 per cent in 2022, and 30.14 per cent in 2023, registering positive growth rates of 0.39 per cent, 0.52 per cent, and 0.68 per cent respectively. This gradual improvement suggests a partial recovery of economic activity, increased employment opportunities, and a return of workers to the labour market following post-pandemic normalisation. Overall, the table infers that while India experienced a prolonged decline in labour force participation during the mid-2010s, recent years indicate early signs of recovery; however, the LFPR in 2023 remains below the 2014 level, highlighting the need for sustained policy interventions aimed at employment generation, skill development, and especially enhanced participation of women and youth in the labour market.

## 5. Findings, Suggestions And Conclusion:

### 5.1 Findings of The Study:

1. The study finds that unemployment in India remained relatively high during 2014–2018, indicating insufficient job creation despite economic growth. A temporary improvement in 2019 was reversed in 2020 due to the COVID-19 pandemic. The period from 2021 to 2023 shows a steady decline in unemployment, reflecting economic recovery, while the slight increase in 2024 indicates near stability rather than a renewed crisis.
2. Youth unemployment was consistently higher than the overall unemployment rate throughout the study period. Rising youth unemployment until 2018 highlights structural issues such as skill mismatch and limited entry-level opportunities. Although youth unemployment declined after 2021, the marginal rise in 2024 suggests continued vulnerability of young workers to economic fluctuations.
3. The labour force participation rate (LFPR) declined continuously from 2014 to 2020, reflecting withdrawal from the labour market due to factors such as low female participation, higher educational enrolment, and informal employment dominance. Although a gradual recovery is observed after 2021, LFPR remains below its 2014 level, indicating persistent structural challenges in the labour market.

**5.2 Suggestions:**

1. Employment-intensive growth should be promoted, particularly in manufacturing, construction, agro-processing, and labour-intensive services, with special focus on strengthening small and medium enterprises.
2. Targeted measures to reduce youth unemployment are essential. Skill development programmes must be aligned with industry needs through vocational training, apprenticeships, and practical skill-based education.
3. Policies aimed at increasing labour force participation, especially among women, should focus on workplace safety, childcare facilities, flexible employment options, and formalisation of jobs with social security benefits.
4. Strengthening labour market data systems and continuous monitoring of employment trends is necessary for evidence-based policymaking and effective implementation of employment policies.

**5.3 Conclusion:**

The study analysed unemployment trends, youth unemployment, and labour force participation in India during 2014–2024 using data from the Periodic Labour Force Survey. The findings reveal that unemployment trends were shaped by structural economic issues and external shocks, particularly the COVID-19 pandemic. Although post-pandemic recovery has led to declining unemployment, persistent youth unemployment and low labour force participation remain major concerns.

The study concludes that India's demographic potential can be realised only through sustained job creation, improved skill development, and increased labour market participation. Economic growth alone is insufficient to address unemployment without supportive labour market reforms and human capital investment. A comprehensive and inclusive employment strategy is essential for achieving long-term and sustainable employment growth in India.

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