Unemployment in India

1. Definition and Measurement

- **Unemployment** is defined as *people who have been unemployed and have been actively looking for work for a period of at least one month* 【1】.
- The **unemployment rate** is expressed as the percentage of the labour force that is unemployed.

2. Historical Trends (2000-2021)

Year	Unemployment Rate (%)	Source
2000	5.66	Table 1, IJRAR19D3405 【1】
2001	5.66	Table 1, IJRAR19D3405 【1】
2002	5.72	Table 1, IJRAR19D3405 【1】
2003	5.73	Table 1, IJRAR19D3405 【1】
2004	5.67	Table 1, IJRAR19D3405 【1】
2010	9.4 (40 million unemployed)	Labour Bureau survey 【6】
2017-18	6.1 (overall) – 7.8 % urban, 5.3 % rural	NSSO/PLFS report 【9】
2011-12 to 2017-18	Urban unemployment rose from 8.1 % to 18.7 %; rural from 5 % to 17.4 %	NSSO report 【9】
2020-21	8 % (sharp spike)	NSSO/PLFS report 【15】

Note: The data above are the only year-specific figures available in the provided sources. Detailed annual rates for 2005-2016 and beyond are not supplied.

3. Causes of Unemployment

Category	Key Factors	Evidence

Structural - Jobless growth after liberalisation

- Rigid labour market
- Technology and capital incentives outpacing skill supply
- Population growth and sectoral shifts | Discussed in IJFMR papers 【7】 【8】 【12】 | | **Seasonal** | - Agriculture-based employment fluctuations | Mentioned in IJFMR studies 【7】 | | **Voluntary** | - Preference for self-employment or informal work | Not quantified in the sources | | **Educational** | - Defective education system producing clerks rather than skilled workers
- Technical education does not guarantee employment | Bairagya (2023) on educated unemployment 【18】 | | **Policy-related** | - Broken government policies

- Lack of skill training and education | IJRAR objectives and methodology sections 【2】【3】 |

4. Government Interventions

Scheme	Employment Generated (Millions)	Investment (USD Billion)	Source
MGNREGA	15	20	Government Annual Reports, 2019 【23】
Skill India	5	10	Government Annual Reports, 2019 【23】
Make in India	8	15	Government Annual Reports, 2019 【23】

Other initiatives highlighted:

- Public sector enterprise creation
- Reservations in government jobs
- Financial assistance for entrepreneurship 【7】【8】

5. Regional Disparities

- Higher unemployment noted in Kashmir and other regions with broken policies 【2】.
- Rural unemployment (10.1 %) exceeds urban (7.3 %) as per Labour Bureau 2010 survey 【8】.
- Urban-rural gap widened from 2011-12 to 2017-18 (see Table above).

6. Education and Skill Mismatch

- Technical education alone does not secure employment; educated unemployment remains high 【18】.
- Skill development programmes (Skill India) aim to bridge the gap, but their impact is still being assessed 【23】.

7. Impact of Economic Growth

- Okun's Law suggests an inverse relationship between GDP growth and unemployment.
- Empirical studies (Chan Khem & Tiwari, 2017) find a strong negative correlation, with GDP explaining ~48 % of unemployment variation 【24】【25】.
- However, other factors (rigid labour market, technology) also influence unemployment 【24】.

8. Current Challenges and Missing Information

Gap	Why It Matters
Detailed annual unemployment rates (2005-2019)	Needed for trend analysis
Youth unemployment figures	Critical for policy targeting
Impact assessment of COVID-19 beyond 2020-21 spike	To evaluate recovery

9. Recommendations (Based on Evidence)

1. **Expand and strengthen skill development** programmes to align with industry demand.
2. **Enhance public sector employment** through targeted job creation schemes.
3. **Improve data collection** – more frequent NSSO/Labour Bureau surveys to capture real-time trends.
4. **Address regional disparities** by tailoring policies to local labour market conditions.
5. **Reform education curriculum** to reduce mismatch between skills taught and market needs.

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