Integrating NSSO data for demographic analysis and policy design.

Hidden underemployment and skill mismatch in western states labour market: Evidence from PLFS unit-level data (Jan–Dec 2024)

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Unemployment can be covered with hidden underemployment, which is the inefficiency in labour exploitation and under matches between job skill and job requirements in the areas of productivity and economic development. Even though the employment has increased, labour markets in western India are still struggling due to issues of poor working hours, skills mismatch, and unequal access to job opportunities among people. This work focuses on identifying the rate and causes of hidden underemployment in western states, Gujarat, Maharashtra, Goa, and Rajasthan. The research will help estimate the level of underemployment concealed, investigate the role of demographic and socio-economic factors, and the effects of the skill mismatch on the employment outcomes.

The research takes the unit-level PLFS data of the western states of India that have a sample population of 29,153. Multiplier weights by sub-sample were used in order to come up with population-level estimates, which gave a weighted population size of 213,589,855 individuals. Hiding underemployment was estimated on both working hours and employment condition, and skill mismatch was used to reflect the discrepancies between education and work requirements. Survey-weighted mean estimation, logistic regression and chi-square tests were used to determine the determinants such as gender, age, education, employment type, working hours, and skill mismatch.

Findings indicate that the total hidden underemployment rate is 22.99 (SE = 0.0059). Estimates indicate that the prevalence is the highest in Maharashtra (26.20%), Gujarat (20.56%), Rajasthan (19.78%), and Goa (17.62%). The differences in gender are ample with females having much higher hidden underemployment (38.63) than males (15.27). The type of employment has a strong impact, as the largest percentage (40.46) of the hidden underemployment is in casual labour, then self-employed (21.51), and regular wage workers (8.22). Hidden underemployment is dramatically decreased by the amount of working time per week (-0.0191, p = -0.001) which means that underworking hours are one of the key sources. Analysis of skill mismatch indicates that the highest number of hidden underemployed is over-qualified workers (28.57) as compared to matched workers (18.42). The results of the logistic regression show that hidden underemployment is largely influenced by skill mismatch (OR = 0.852, $p < 0.001$). The entire logistic model reveals that females become three times more likely to be exposed to hidden underemployment (OR = 3.36) and age contributes to risk and higher education to lower chances.

The results put forward the necessity of specific labour market policies that direct the skill-based job matching, the creation of jobs with sufficient working hours, and the gender-inclusive labour market methods. Hidden underemployment can be mitigated by strengthening vocational training and enhancing the education-employment match and creating more formal sector employment. These outcomes can directly aid the government

organization like the Ministry of Labour, NITI Aayog and Skill India Mission to develop targeted employment and skills enrichment strategies.