Indian Job Market During and Post Pandemic Period: Looking through the Lens of Education

ENAKSHI SINHA RAY CHAUDHURY*[1] AND SASWATA CHAUDHURY[2]
[1]Associate Professor and [2]Senior Fellow
[1]Rajdhani College, University of Delhi, New Delhi (India)
[2]The Energy and Resources Institute, New Delhi (India)

ABSTRACT

The dynamics of education and employment is less explored in the Indian context. Using CMIE Unemployment data during 2017-22, this study analyzed the trend and pattern of labor force participation and unemployment status across various educational qualification categories. The analysis reveals that the pandemic has widened the disparity in labor force participation and unemployment across various qualification categories. Moreover, highest and lowest educated classes are relatively more affected by the pandemic situation compared to other educated sections. This draws special attention to the policy makers for effective policy formulation regarding reskilling and creation of job opportunity.

Key Words : Labour force participation, Unemployment, Disparity, Educational qualification, Pandemic

INTRODUCTION

Employment opportunity is a major concern for the policy makers as it is a very important issue for the future generation and for development of the economy. However, employment opportunity depends on various socio-economic, political, natural, and environmental factors. In a densely populated country like India, issue of employment opportunity is more challenging because of increasing young population, presence of informal economy and availability of relatively less social security. Moreover, employment opportunity in India has multi-dimensional aspects due to the presence of wide variation in labor force in terms of age structure, educational qualification, regional (rural versus urban) and gender perspectives. Unemployment which is the worst form of lack of suitable employment opportunity is a burning issue in most countries especially after COVID-19 pandemic. As per International Labor Organization estimates, during the pandemic, approximately 114 million people[1] lost their jobs globally while 4.1 million youths[2] were thrown out of their jobs in India. Many of these workers failed to find suitable job even after recovery due to dynamic change in nature of job markets and skill requirements other than overall reduction in job potential. The impact of the pandemic on unemployment is not even across various dimensions and for an effective policy formulation, this variation cannot be ignored.

The persistent issue of unemployment situation in India further deteriorates during COVID pandemic (Rajpal, 2020). There are various studies which explored and estimated the level and nature of COVID impact on unemployment situation. Due to diverse economic structure of various states, the impact is expected to be uneven across states. Majority of the literature (Parvathamma, 2019, Shameem and Rajeswari, 2022, Mukherjee and Ghosh, 2021, Parul, 2020) assess the

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1. ILO Monitor: COVID-19 and the world of work. Seventh edition, 2021

2. ILO and ADB (2020): Tackling the COVID-19 youth employment crisis in Asia and the Pacific

pandemic effect on unemployment by focusing on inter-state variation of unemployment and job loss. Exploring the state-wise, sector-wise and age-wise analysis of unemployment in India during the covid-19 period, Parvathamma (2019) concludes that hilly states have the lowest incidence of unemployment and migrant labourers are the most affected part of the population. Moreover, IT sector has been a minimal effect on job loss. Other than inter-state analysis, Shameem and Rajeswari (2022) have also explored rural-urban variation in unemployment situation during pandemic period (March-July 2020). In a similar study by Ali and Kamraju (2020), it is concluded that informal sector is the most affected part of the economy. On the other hand, analysing the unemployment rates during pre-lockdown, lockdown and unlock phases (September 2019 to August 2020), Mukherjee and Ghosh (2021) have concluded that the pandemic-led lockdown enhanced the unemployment rate of the populous areas (northern, eastern, and central part of India which hold the maximum population) rapidly and the most affected population are unskilled workers, daily wage labourers, and migrant labourers. Parul (2020) has concluded that the pandemic adversely affect the entire Indian economy and specifically individuals suffer from it. Similarly, by analysing the monthly unemployment rate (Aug. 2019-Feb. 2022) of India across states and regions (rural and urban), the Meena (2022) concludes that labour class already in disadvantageous positions are the most suffered community due to their vulnerability in terms of various factors including lower pay and lack of educational accomplishments. On the other hand, analysing monthly unemployment data for the period June 20202-May 2021, Aggarwal (2021) has suggested that strong government role is required to address the unemployment issue especially after the pandemic situation. Suggested policy includes encouragement of self-employment and MSME sector, focus on vocational training and more effective coverage of Attamnirbhar Bharat programme.

There are few studies (Shi *et al.,* 2022, Gururaja and Ranjitha, 2022) in the global context with specific reference to India. Shi *et al.* (2022) collect unemployment data on seven developing countries of Asia during the pandemic period to predict the unemployment rate for developing countries of Asia in near future. According to their findings, unemployment will rise significantly in developing economies in the coming years and it will lead to severe impact on the region's economies that are not yet developed. On the other hand, Gururaja and Ranjitha

(2022) analyse the socio-economic impact of covid-19 on the informal sector in the world by collecting data from lower middle-income countries, upper middle-income countries, and higher income countries and also analyse the impact on the overall Indian economy by collecting data from urban and rural India separately. Their analysis find that 93 per cent of the informal workforce are in the informal sector and provided 83 per cent employment in India. Moreover, the accumulation of the social, health and economic problems exacerbated by the covid-19 pandemic will severely affect poverty, hunger, deprivation, unemployment, economic and social inequality in the informal sector in India. As a result, it increases socio-economic problems in India. They also indicate that more effective governmental intervention is required in South Asian countries as social security coverage in South Asian countries are lower compare to other countries.

The relationship between unemployment and educational qualification is relatively less explored in the Indian context. It is important for the social scientists to explore the role of educational qualification in determining the unemployment situation especially during pandemic time. Measuring this dynamicity will help to provide informed inputs to the policy makers regarding educational and employment policies. Presence of any such strong relationship can establish policy focus on improvement of educational infrastructure and provide necessary supports for development of educational qualification among young generation. Kapoor (2020) examined the vulnerability of India's workforce in terms of educational qualification and sectoral distribution with respect to educational qualification other than distribution of employment in formal sector factory size. The study also explored the distribution of regular wage salaried workers by the social security benefits and distribution of workers by employment status during the pandemic period. On the other hand, Kashni and Thakur (2021) analyse the impact of covid-19 lockdown on job security in India with respect to educational status (and age group) of labour force. The study also explore the factors that helped employment rate to grow faster after lockdown in India.

Finally, in an interesting study by Ray *et al.* (2020) questioned the appropriateness and effectiveness of lockdown with respect to Indian employment and economic context. This study concludes that in societies like India, a lockdown can kill via job loss, increased vulnerability to economic shocks, and via social stigma

and misinformation. Then the objectives of saving lives through lockdown cannot be achieved.

Objective:

Due to lack of sufficient job opportunity, absorption of labor force in Job market is not satisfactory. However, there is limited literature in the Indian context which explored the education-job opportunity dynamics in detail. Given this background, the objective of the paper is to explore Indian job market and looking through the lens of educational qualification. In brief, the objectives are

1. Explore various aspects of job market through educational qualification
   a. Labor force participation
   b. Unemployment rate
2. Identify and measure disparity across educational qualification.

METHODOLOGY

For the analysis, data is collected for January to April, May to Aug and Sep to Dec. 2017 to 2022 from various issues of "Unemployment in India: A statistical profile", by Centre for Monitoring Indian Economy (CMIE). Due to limited data availability, the study has utilized descriptive analysis only.

RESULTS AND DISCUSSION

In any job market, the most important aspects are labor force participation and employment/unemployment rate. This study will discuss these two aspects separately but employment /unemployment aspect in more details.

Labor Force Participation:

During 2016-22, average annual labor force participation rate (LFPR) (as indicated in Fig. 1) has declined steadily from 46.74% in 2016 to 39.46% in 2022. The data indicates that significant variation of LFPR is present across various educational qualification categories. However, irrespective of education qualification, LFPR for each educational qualification has declined during 2016-22. LFPR was highest (59.95%) for graduate and above category followed by upto 5th std (51.36%) and 10-12th std (49.57%). In 2022, LFPR was highest among graduate and above category (61.59) followed by 10-12th std (39.68) and 6-9th std (38.16). While LFPR has reached peak in 2022 (compared to all other years 2016-2021) with marginal fluctuations in
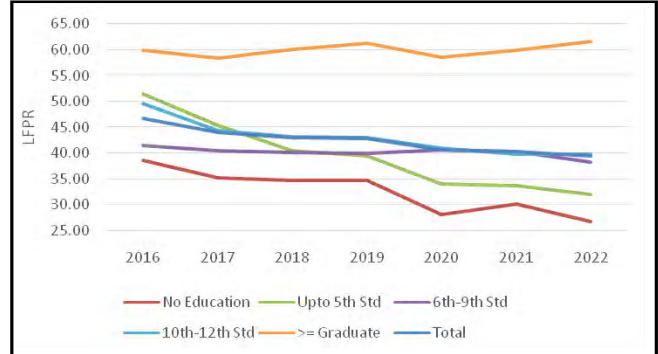
Fig. 1 : Trend of average annual LFPR and variation across educational qualification

interim period, LFPR for 10-12th std has steadily declined from 49.57% in 2016 to 39.68% in 2022. Similarly, LFPR for upto 5th std has steadily declined from 51.36% in 2016 to 31.99 in 2022. Disparity (measured by standard deviation of LFPR) in LFPR across various educational qualification has steadily increased from 8.52% in 2016 to 13.31% in 2022 (as indicated in Fig. 2). During this period, the gap of LFPR between uneducated and most educated (graduate and above) sections has steadily increased from 21.45% in 2016 to 34.84% in 2022. This widening of gap between lowest and highest qualified sections and disparity across various section (educationally qualified) attracts special attention to the policy makers.
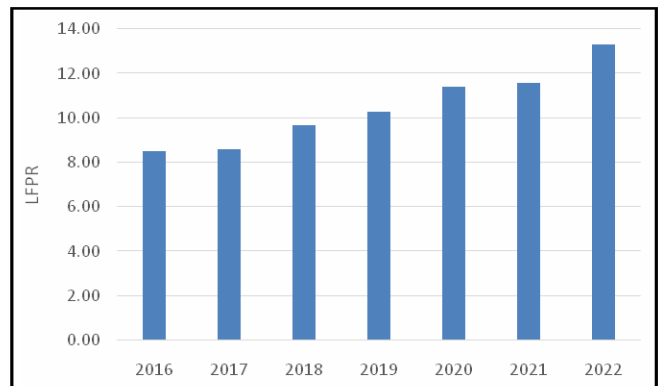
Fig. 2 : Disparity in LFPR across various qualified sections

Within the labour force, share of 10-12th std has increased from 28.48% in 2016 to 40.34% in 2022. Similarly, share of 6-9th std has increased from 17.69% in 2016 to 27.21% in 2022. However, share of uneducated section has reduced from 19.6% to negligible 0.08% in 2022. On the other hand, share of upto 5th std has declined

from 20.52% in 2016 to 18.36% in 2022. But, share of graduate and above remained more or less stable during this period (as indicated in Fig. 3).
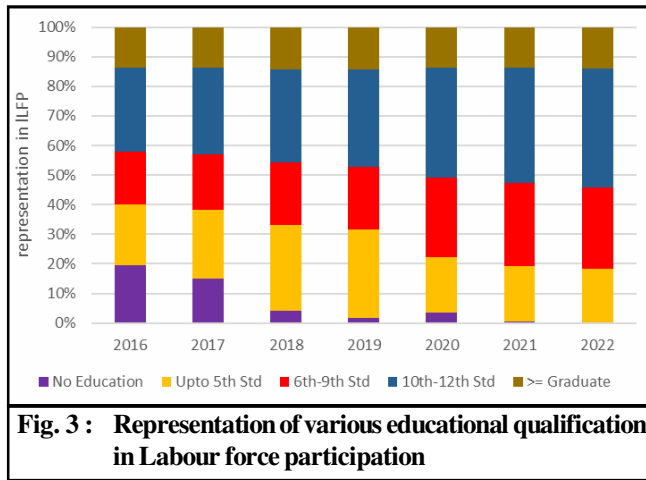

Fig. 3 : Representation of various educational qualification in Labour force participation

Employment/unemployment:

While getting employment is the concern for labor force, presence of unemployment is a challenge for the policy makers. In India, providing employment opportunity to the job seekers is not only a major policy focus, but also plays important role in inclusive development of the entire economy.

During 2016-22, four-monthly unemployment rate (UER) in India varied from 3.81% to 11.55% (as indicated in Fig. 4). 2017 was a year where unemployment rate was relatively low during all four-months periods. During this time, unemployment rate was lowest (3.81%) in May-Aug 2017 while it reached its peak (11.55%) in May-Aug. 2020 due to COVID pandemic. Following the identification of COVID cases, complete lockdown (except for few essential services) was imposed in March 2020 in the entire country and that led to huge job losses in India. Unemployment rate was immediately increased
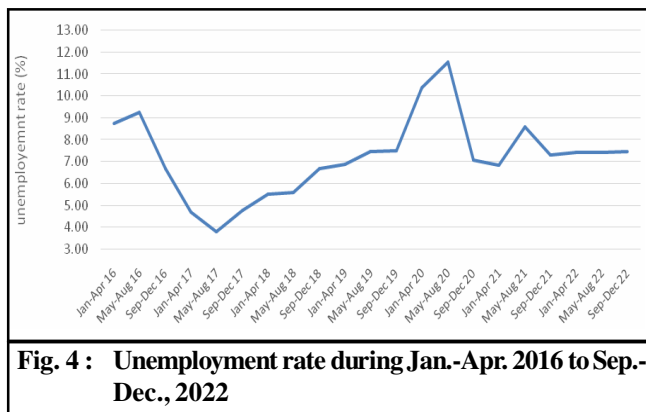
Fig. 4 : Unemployment rate during Jan.-Apr. 2016 to Sep.-Dec., 2022

from 7.52% in Sep-Dec 2019 to 10.40% in Jan-Apr 2020.

Fig. 5 indicates that during this time period, unemployment rate for uneducated job seekers has increased from 2.19% to 3.02% with the peak (11.95%) occurred in 2020. Unemployment rate also increased for graduate and above section from 16.72% to 17.47% with the peak of 19.65% occurred in 2021. On the other hand, unemployment rate has declined during the period for all other educated sections. Maximum reduction in unemployment rate was observed (9.16% in 2017 to 1.80% in 2022) for labors with 6-9th class of education.
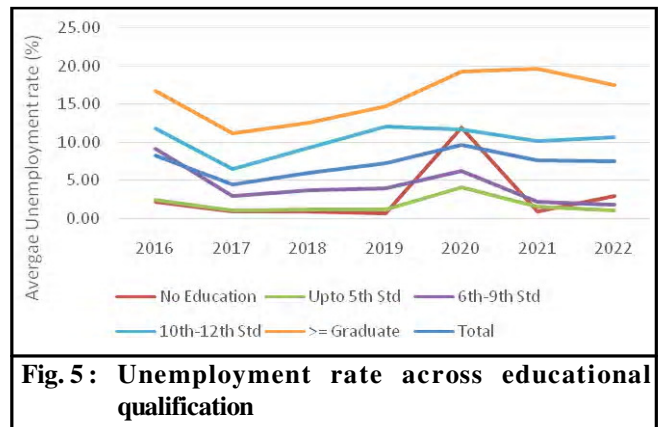

Fig. 5 : Unemployment rate across educational qualification

Within the unemployed persons, uneducated section constitutes 27% of total unemployed in 2016 which became as low as 9% in 2019 while it was higher than average UER in 2020. On the other hand, UER for highest educated section was almost double (2.03 times) that of total UER in 2016 which surged to 2.6 times in 2021.

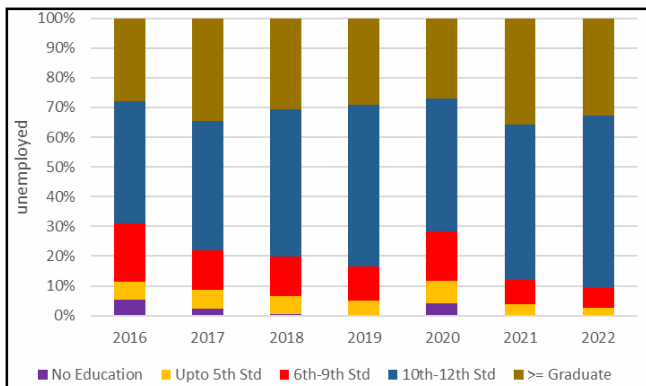**Disparity in UER across educational qualification:**

The gap (of UER) between least (uneducated) and most qualified (graduate and above) sections was lowest (7.35%) in 2020 while in 2021 this gap is highest (18.73%). However, disparity (as indicated in Fig. 6) across various educational qualified sections was 6.23 in 2016 which increased to 7.09 in 2022. But this disparity was lowest (4.34) in 2017 and highest (8.05) in 2021. Broadly it indicates that the widening of disparity is primarily caused by COVID pandemic, but this disparity regularly persists in the Indian economy.

Within the unemployed labor force, share of 10-12th standard has increased from 41.02% in 2015 to 57.91% in 2022. Similarly share of graduate and above has increased to 32.86% in 2022 from its 2016 value of 27.92%. Share of all other three categories has declined
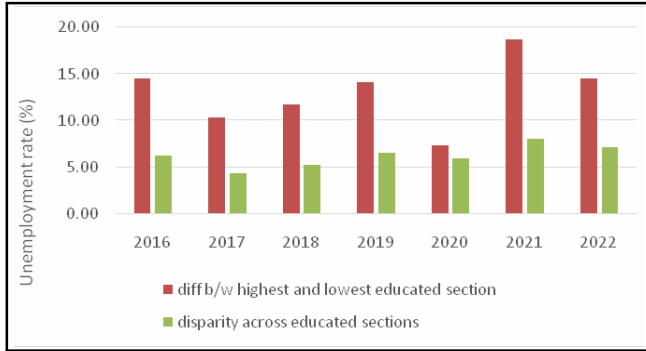
Fig. 6 : Disparity in UER across educational qualification

during 2016-2022 (as indicated in Fig. 7). Surprisingly, share of uneducated category has declined to negligible 0.05% in 2022 from its corresponding 2016 figure of 5.27%. This is quite possible if relatively more demand of unskilled jobs (including self-employment) are created during and post pandemic period.

Fig. 7 : Representation of various educational qualification among unemployed

Conclusion:

Disparity in Labour force participation and unemployment across educational qualification persist in the Indian economy but the pandemic has widened this disparity. Moreover, while 'labour force participation' has increased for highest educated section (over and above graduate), it has declined for all other qualified classes. On the other hand, while unemployment rate has increased for least and highest educated sections, it declined for other three (upto 5th standard, 6th-9th standard, and 10th-12th standard) qualification categories. Even the impact of lockdown was more pronounced for least and highest educated classes. It indicates that pandemic and its after math make these two classes

relatively more vulnerable. If qualification is considered as the proxy for job-skill, roughly it can be concluded that semi-skilled labourers are relatively less affected due to pandemic while low and high skilled labourers become relatively more exposed to the pandemic. In case of job loss, it is relatively difficult for the lowest and highest educated class to switch their skill and find a suitable job while this is relatively easier for the other categories. This finding provides important message to the policy makers regarding arrangement of reskilling facilities and creation of suitable job opportunity for the lowest and highest educated classes. In this context, special provision is required in existing government initiatives including skill India and Kaushal Bharat.

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