

Ajit Kumar Ghosh Memorial Conference Bangaluru 7-8 December

Employment, Unemployment and Underemployment
Some Measurement Challenges

Sudipto Mundle



Centre for Development Studies
Thiruvananthapuram, Kerala, India

Table 1. Labour force, work force and unemployment

		2011-12	2023-24	Growth (%)
1	Labour Force (Millions)	477	595	1.9
2	Work Force (Millions)	466	577	1.8
3	Unemployment [(1)-(2)] Millions)	10	19	5.5
4	Unemployment Rate (%) [(3)/(1)]	2.1	3.2	-



Table 2: Average hours worked (on days worked) and availability for additional work (on days worked), classified by type of worker & number of days worked in a week

	Days of work per week							
	1	2	3	4	5	6	7	All
Self-employed								
Average hours worked	5.33	4.02	3.98	5.21	6.02	7.25	6.48	6.40
Average hours available for additional work	2.76	2.04	2.43	2.84	2.71	2.40	2.72	2.68
Regular employed								
Average hours worked	7.84	7.34	7.02	8.21	8.08	8.21	8.26	8.20
Average hours available for additional work				2.87	2.59	2.34	2.56	2.46
Casual worker								
Average hours worked	7.44	7.56	7.59	7.61	7.65	7.63	7.62	7.62
Average hours available for additional work	2.02	2.55	2.76	2.18	2.16	1.95	2.67	2.38
Total								
Average hours worked	6.46	5.63	5.98	6.65	7.13	7.80	6.83	7.05
Average hours available for additional work	2.39	2.14	2.50	2.68	2.54	2.28	2.70	2.60



Table 3: A lower bound estimate of under-employment

	Days of work per week							
	1	2	3	4	5	6	7	All
Self-employed								
i. Average hours worked	5.33	4.02	3.98	5.21	6.02	7.25	6.48	6.40
ii. Average hours available for additional work	0.02	0.07	0.13	0.16	0.11	0.05	0.10	0.10
% [(ii)/(i)]	0.31	1.84	3.26	3.14	1.86	0.74	1.50	1.49
Regular employed								
i. Average hour worked	7.84	7.34	7.02	8.21	8.08	8.21	8.26	8.20
ii Average hours available for additional work	0.0	0.0	0.0	.03	.04	.03	.06	.04
% [(ii)/(i)]	0.00	0.00	0.00	0.34	0.45	0.37	0.67	0.46
Casual worker								
i Average hours worked	7.44	7.56	7.59	7.61	7.65	7.63	7.62	7.62
ii Average hours available for additional work	.01	.03	.04	.03	.05	.07	.10	.06
% [(ii)/(i)]	0.15	0.36	0.47	0.46	0.62	0.89	1.33	0.84
Total								
i. Average hours worked	6.46	5.63	5.98	6.65	7.13	7.80	6.83	7.05
ii Average hours available for additional work	.01	.05	.08	.09	.07	.04	.09	.08
% [(ii)/(i)]	0.21	0.93	1.29	1.33	0.97	0.55	1.36	1.07

Note: Assuming zero availability for work for workers on days not worked.



Table 4: An upper-bound estimate of underemployment

	Days of work per week							
	1	2	3	4	5	6	7	All
Self-employed								
i. Average hour	5.33	4.02	3.98	5.21	6.02	7.25	6.48	6.40
ii Average hours available for additional work	2.68	2.66	2.67	2.64	2.04	.93	1.01	1.23
% [(ii)/(i)]	50.33	66.04	67.01	50.78	33.95	12.76	15.63	19.23
Regular employed								
i. Average hour	7.84	7.34	7.02	8.21	8.08	8.21	8.26	8.20
ii Average hours available for additional work	2.46	2.46	2.46	2.10	.31	.20	.28	.28
% [(ii)/(i)]	31.36	33.53	35.03	25.63	3.80	2.38	3.38	3.44
Casual worker								
i. Average hour	7.44	7.56	7.59	7.61	7.65	7.63	7.62	7.62
ii Average hours available for additional work	2.38	2.38	2.38	2.33	.77	.46	.23	1.03
% [(ii)/(i)]	31.95	31.50	31.41	30.65	10.04	6.00	3.08	13.55
Total								
i. Average hour	6.46	5.63	5.98	6.65	7.13	7.80	6.83	7.05
ii Average hours available for additional work	2.52	2.53	2.51	2.45	1.14	.48	.83	.97
% [(ii)/(i)]	39.00	44.98	41.95	36.79	15.98	6.18	12.17	13.79

Note: Assuming zero availability for additional work for workers who worked more than half day (more than 40 hours per week). For those who worked less than half day (less than 40 hours per week) it is assumed they were available for same hours of additional work on days they did not work as on days they worked



Circulatory Migration

- Typically workers temporarily migrate from states like Bihar, Orissa , West Bengal, Jharkahnd, UP, etc.
- Popular destinations include Kerala, Chennai, Bengaluru, Hyderabad, Mumbai, Gujarat, Delhi, Gurgaon, NOIDA among others
- Typically workers go through known labour contractors, channels well established
- Wage rates range from Rs 350 - 550 per day, depending on the destination. With overtime, a worker may earn between Rs 600-800 per day
- Typically, working for, say, 8 months they may make Rs 1.5-2 lakhs per year, send remittances via PayTM and save up to Rs 20,000-30.000 per year
- This is a large sum for poor villagers in the less developed states



Circulatory Migration

- In the PLFS schedule only those resident in a household for at least 6 months are counted as resident members of the households
- So those away working for over 6 months as temporary migrant labour would not be counted as members of the household
- They also may not be counted in the destinations if they are not resident in the same location for six months
- Thus the large number of circulatory migrant workers do not get recorded in the labour force or work force at either end. A missing migrant workforce
- If they were recorded and added to the labour force and workforce, the number of both forces would go up by the same volume.
- The ratio of work force to labour force (unemployment rate) would be adjusted downwards.



Key Takeaways

- What would be the impact on total number of employment after correcting for underemployment and circulatory migrant workers?
- Net impact not clear. Separating out underemployment would reduce the normal employment number but correcting for circulatory migrant labour would add to it.
- The impact on unemployment rate is similarly ambiguous ex ante. Only after adjusting the data can we see the result.
- Regarding drivers of change, the improvements in transport and communications, access to cell phones and phone-banking in rural areas etc. have been key factors of change driving the circulatory migration phenomenon.





Thank you...

