Original Article

Labour Force in Urban Labour Market of India and Mizoram: Trends Analysis

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Abstract – This paper highlights the general trends in Labour Force Participation in the urban labor market of India and Mizoram. The data in this paper are purely based on secondary data of the different rounds of NSSO and Annual Reports of Periodic Labour Force Survey. By using simple descriptive statistics, it is found that population group is one of the key attributes that serve in defining and explaining high and low unemployment rates, absorption rate, and labor force participation rates in India and Mizoram.

Keywords - Labour Force Participation Rate, Labour Market, Unemployment, Self-Employed

I. INTRODUCTION

A well understanding of labor market trends is a key to implement and formulate effective policies for job creation both for the public and private sectors. Globally, there has been an ever-increasing new entrant labor force in the labor market. In order to read and absorb these new entrants, global and regional estimates and projections on employment are made from time to time. Estimation of unemployment rates by age group to identify the most vulnerable groups, estimation of working poverty to promote decent work and for poverty reduction are some of the important indicators that form the Labour Market Information and Analysis (LMIA) system, that further support the arrangement and assessment of national employment policies. Meanwhile, with the global population growth and population aging, it is projected to have a significant impact on the labor market shortly. It is further estimated that the size of the global labor force will expand over the next decade, but this growth would not be uniformly experienced in particular regions. It is also estimated that the growth would be at a slower pace than at present. In India, the National Sample Survey Office under the Ministry of Statistics and Programme Implementation is the premier organization, which collects primary data throughout the country. Some of these surveys contribute information relating to employment, unemployment, and the laborforce in the country. There are some other sources as well which provide information relating to employment and unemployment, but this is the main source for estimates of the labor force. Few important terms used in studying the labor market are:

Labour Force
Persons, who were either 'working' (or employed) or 'seeking or available for work, (or unemployed) constitute the labor force.

Not in Labour Force
Persons, who are neither 'working' nor 'seeking nor available for work' for various reasons during the reference period are considered as 'not in the labor force. Those under this latter category are students, those engaged in domestic duties, rentiers, pensioners, recipients of remittances, those living on alms, infirm or disabled persons, too young or too old persons, prostitutes, smugglers, etc. and casual laborers not working due to sickness.

Labour Force Participation Rate (LFPR) LFPR is defined as the number of persons/ person-days in the labor force (which includes both the employed and unemployed) per 1000 persons / person-days.

II. TRENDS IN LABOUR FORCE AND EMPLOYMENT IN URBAN INDIA

In India, where agriculture-based activities are the mainstay of a majority of the population in rural areas, there is a strong possibility of underutilization of labor time or incidence of underemployment. This is because many of the agriculture-related activities can absorb a large number of persons at a very low productivity level and with a marginal engagement. Moreover, as agriculture-related activities are seasonal in nature, persons may not find enough work in lean seasons, though they may get categorized as employed as per their usual status.

To have a better picture of the urban labor market, the rural labor market is also considered in this analysis. In India, over 36.6 percent of the urban population constitutes the labor force. Of which, 56.3 percent were male, and 15.5 percent were females. The corresponding figure for rural areas is much higher, with 40.5 percent. In terms of

gender, 55.2 percent were male, and 25.1 percent were female (NSSO,2012. Table 1 highlights the long-term trend in Labour Force Participation Rates (LFPRs) in India wherein the LFPRs for males in urban areas has been increasing whereas it was declining for females, particularly during the post-reform period. The decline in female LFPRs has been more pronounced in rural areas, especially in the age group of 15-29 years. The main reasons for the decline in female participation rates in rural areas include increasing participation in education and withdrawal from low-income activities (Rangarajan et al., 2011, Gang et al., 2012, Verick & Chaudhary, 2017, Mamgain, 2019). Let us analyze the gender-wise trends in urban and rural India as below.

According to the Annual Report of Periodic Labour Force Survey (PLFS-2018-19), about 55.1 percent of the rural males, 19.7 percent of the rural females, 56.7 percent of the urban males, and 16.1 percent of the urban females were in the labor force. Among persons of age 15-29 years, LFPR in India was 38.1 percent, 37.8 percent in rural areas, and 38.7 percent in urban areas. Among persons of age 15 years and above, LFPR in India was 50.2 percent, 51.5 percent in rural areas, and 47.5 percent in urban areas. 54.9 percent of the rural males, 18.2 percent of the rural females, 57 percent of the urban males, and 15.9 percent of the urban females were in the labor force in usual status (ps+ss). Among persons of age 15-29 years, LFPR in usual status (ps+ss) in India was 38.2 percent, 38.1 percent in rural areas, and 38.5 percent in urban areas. Among persons of the age group 15 years and above, LFPR in usual status (ps+ss) in India was 49.8 percent, 50.7 percent in rural areas, and 47.6 percent in urban areas.

Table 1. Gender- Wise Trends in Urban and Rural India (%)

	Rural			Urban		
Year	Male	Female	Person	Male	Female	Person
1983	55.49	34.19	45.04	53.93	15.88	35.86
1993-1994	55.95	32.73	44.7	54.28	16.37	36.38
2004-2005	55.33	33.04	44.48	57.03	17.88	38.39
2011-2012	55.17	25.06	40.48	56.29	15.48	36.64
2018-2019	55.1	19.7	51.5	56.7	16.1	47.5

Source: Different Rounds of NSSO, Annual Report of Periodic Labour Force Survey (PLFS) July 2018-June 2019

A. Employment and Unemployment

Generation of employment is crucial, and it is always one of the most challenging tasks for every government. As for developing nations, with a rapid rise in population with low investment, providing employment to them is often a serious problem. Therefore, there is often a mismatch between the demand for and supply of labor force in the labor market. Generation of employment, the status of employment, and unemployment in India are highlighted in the following table.

As seen from Table 2, the trends of workers engaged in different categories show that the majority of the workers in usual status (ps+ss) of the rural areas were self-employed followed by casual labor, while in urban areas, the majority of the workers were regular wage/salaried employees followed by self-employed persons. The statement shows that during 2017-18, in rural areas, among workers in usual status (ps+ss), the share of self-employed workers among males and femaleswas around 58 percent (57.8 percent among rural males and 57.7 percent among rural females). In 2018-19, the share of self-employed workers for males in rural areas is almost the same (57.4) while for females, it increased to 59.6.

Table 2. Trends and Distribution of Workers in Usual Status (ps+ss) by Statuses in Employment (%)

Period	Rural						Urban					
	Male			Female			Male			Female		
	SE³	RE	CL	SE	RE	CL	SE	RE	CL	SE	RE	CL
38th (1983)	60.5	10.3	29.2	61.9	2.8	35.3	40.9	43.7	15.4	45.8	25.8	28.4
43rd (1987-88)	58.6	10	31.4	60.8	3.7	35.5	41.7	43.7	14.6	47.1	27.5	25.4
50th (1993-94)	57.7	8.5	33.8	58.6	2.7	38.7	41.7	42	16.3	45.8	28.4	25.8
55th (1999-00)	55	8.8	36.2	57.3	3.1	39.6	41.5	41.7	16.8	45.3	33.3	21.4
61st (2004-05)	58.1	9	32.9	63.7	3.7	32.6	44.8	40.6	14.6	47.7	35.6	16.7
66th (2009-10)	53.5	8.5	38	55.7	4.4	39.9	41.1	41.9	17	41.1	39.3	19.6
68th (2011-12)	54.5	10	35.5	59.3	5.6	35.1	41.7	43.4	14.9	42.8	42.8	14.3
PLFS (2017-18)	57.8	14	28.2	57.7	10.5	31.8	39.2	45.7	15.1	34.7	52.1	13.1
PLFS (2018-19)	57.4	14.2	28.3	59.6	11	29.3	38.7	47.2	14.2	34.5	54.7	10.7

Source: Different Rounds of NSS, PLFS-2017-2018 & 2018-2019Where,

SE refers to Self- employed (own account worker and employer + helper in household enterprise)RE refers to Regular wage/salaried employees
CL refers to Casual labor

Table 3. Unemployment Rates (in percent) According to Usual Status (ps+ss) and Current WeeklyStatus (CWS)

Period	Status	Rural		All India	Urban		All India
		Male	Female		Male	Female	
2017-2018	Usual status (ps+ss)	5.8	3.8	5.3	7.1	10.8	7.8
	CWS	8.8	7.7	8.5	8.8	12.8	9.6
2018-2019	Usual status (ps+ss)	5.6	3.5	5	7.1	9.9	7.7
	CWS	8.7	7.3	8.4	8.9	12.1	9.5

Source: PLFS 2017-2018 & 2018-2019

As seen from Table 3, during 2017-18, the unemployment rate in the usual status (ps+ss) in rural areas for males was 5.8 percent while it was 3.8 percent for females. Meanwhile, the rates were 7.1 percent among males and 10.8 percent among females in urban areas. During the same period, the unemployment rate in Current Weekly Status (CWS) in rural areas for males was 8.8 percent, and it was 7.7 per for females. The percentages of unemployment for both male and female in rural and urban areas in 2018-19 has seen a slight decreased as compared to the previous year. In 2018-2019, the unemployment rate in India was 5.8 percent. It was 5.6 percent among males and 3.5 percent among females in rural areas, while the rates were 7.1 percent among males and 9.9 percent among females in urban areas.

It is also worth mentioning that according to PLFS 2017-18, the unemployment rates in usual status for the highest level of education (i.e., secondary and above) in rural areas for both male and female of age 15 years and above were 10.5 percent and 17.3 percent respectively. Meanwhile, in urban areas, it was 9.2 percent and 19.8 percent, respectively. However, in 2018- 194, the rate of unemployment for the same age in India was 11.0 percent, of which 11.2 percent in rural and 10.8 percent in urban areas, respectively. During 2017-2018, the unemployment rate among the rural male and female youth (persons of age 15-29 years) was 17.4 percent and 13.6 percent. While in 20118-2019, the unemployment rates for the same age group were 16.6 percent and 13.8 percent. In 2017-2018, the unemployment rate among the urban male and female youth were 18.7 percent and 27.2 percent, while it was 18.7 percent and 25.7 percent for male and female in 2018-2019.

III. TRENDS IN LABOUR FORCE AND EMPLOYMENT IN URBAN MIZORAM

The urban labor market in Aizawl is quite different from the rest of the states. It is mainly due to its location, which is being secluded from mainland India and its industrial backwardness in particular. The state economy is mainly driven by the service sector. In other words, it is a service-led sector economy. As such, the majority of the regular salaried employed people are working under government and its related agencies. The opportunities for regular salaried employment are also limited as the majority of the workforce are engaged as self-employed workers. Being one of the eight states in NER, the increase of youth population and literate persons in general and educated in particular with the limited job opportunities suitable for their educational qualifications itself originated the problem of unemployment in the State. The region's underdevelopment, modest economic growth, and slow employment growth have led to the unemployment problem in the region. Industrialization is relatively poor and underdeveloped in NER (Marchang, 2017 and 2019). Meanwhile, it is worthwhile to mention that the worldwide problem pandemic popularly known as the 'Covid-19 has greatly affected the state economy in various ways.

A. *Labour Force*

As per Population Census 2011, the population of Mizoram stood at 10,97,206, which accounts for only 0.09% of India's population. The decadal growth rate during 2001-2011 was 23.48% that makes the third-highest among the seven North-Eastern states. Meanwhile, the capital city and the most populous district, Aizawl, has a population of 400309 persons in 2011, which is 36% of the total population in the state in 2011. The decadal growth in population in the Aizawl district in the year 2021 is also projected to be 492045 persons. This means that the decadal growth would be 23 percent. As such, it might be helpful to give an insight into the Worker Population Ratio of Mizoram. The employment-to-population ratio is defined as the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities, because they are either unemployed or (more likely) out of the labor force altogether. Data pertaining to Worker Population Ratio (WPR) in rural and urban Mizoram is presented in the following Table 4.

It can be seen from Table 4 that the Worker Population Ratio (WPR) for both males and females in a rural area is declining since 2011. There can be many factors that led to the decline in the ratios. Factors like an increase in migration from rural to urban areas for better economic conditions, youth become more acquainted with the urban educational life, hence making them to shift to urban areas for higher studies. The decline in WPR for the working age population of both males and females is also due to the better scope of job opportunities in urban areas. Meanwhile, the Worker Population Ratio in an urban area for both males and females also experienced a declining rate, but it is rather more stable than the rural areas.

Table 4. Trends in Worker Population Ratio (WPR) in Urban and Rural Mizoram (%)

Year	Rural			Urban		
	Male	Female	Person	Male	Female	Person
2011-2012	59.1	39.4	0	48.7	24.9	0
2017-2018	56.5	20.4	39.1	46.1	20.2	32.5
2018-2019	55.8	21	39	48	21.2	34.2

Source: NSSO 68th Round, July 2011-June 2012, Annual Reports of PLFS 2017-18 & 2018-19

Table 5. Dependency Ratio of Mizoram

Year	Rural	Urban	Rural + Urban
2017-2018	36.1	39.3	37.7
All India	50.2	41.4	47.5
2018-2019	34.3	30.8	32.6
All India	49.5	40.5	46.6

Source: Annual Reports of PLFS 2017-18 & 2018-2019

B. Dependency Status

The dependency ratio is a measure of the number of dependents generally aged zero to 14 and over the age of 65, compared with the total population aged 15 to 64. It gives an insight into the number of people of non-working age, compared with the number of those of working age. It is also used to understand the relative economic burden of the workforce, and has implications for taxation. Table 5 below shows the dependency ratios of Mizoram in rural and urban areas for the years 2017-2019.

As seen from Table 5, the dependency ratio in rural Mizoram declined from 36.1 to 34.3 in rural areas and from 39.3 to 30.8 in urban areas in the year 2017-2018 and 2018-2019 respectively, which in fact, is lower than the all India ratio but in overall it is not quite impressive. Meanwhile, a low dependency ratio means that there are sufficient people working who can support the dependent population. However, a decrease in ratios does not necessarily mean that majority of the working population or the labor force got employment.

C. Employment and Unemployment

In Table 6 below, according to PLFS 2018-2019, the unemployment rate in India was 5.8 percent. It was 5.6 percent among males and 3.5 percent among females in rural areas, while the rates were 7.1 percent among males and 9.9 percent among females in urban areas. Meanwhile, the unemployment rate in Mizoram, according to PLFS 2017-2018, was 10.1%, of which it was 6.5% in rural and 14.4% in urban areas. On the other hand, according to PLFS 2018-2019, the rate of unemployment in Mizoram was 7.0 %, of which it was 5.2% in rural areas and 9.1% in urban areas. Undoubtedly, the rate of unemployment in Mizoram as compared with all India level was very high, which is a matter of concern and needs to be addressed at the macro level. There can be a number of factors for the high rate of unemployment in the state, particularly in the urban areas. Some of the possible causes include migration from rural to urban with the expectation of getting better jobs and security both in formal and informal sectors.

The unemployment rate of Mizoram in rural and urban areas according to usual status (ps+ss) for persons of age 15 years and above of different general education levels is highlighted in Table 6 below. It can be seen from this Table that youth having graduate degree suffers from the highest incidence of unemployment both in rural and urban areas and more so among female. For example, during 2017-2018, 29.4% of females with graduate were unemployed in urban areas as compared to 16% of their male counterparts. Though the rate was decreased for both genders in 2018-2019, the rate of unemployed graduates among females is still higher than male, which remained 7.3 percent for male and 21.7 percent for female, respectively.

Under the category of literate up to primary level, the unemployment rate of males in urban has impressively declined by 2.4 percent from 3.6 percent to 1.2 percent in 2017-18 and 2018-19 respectively. On the other hand, during the same period, the unemployment rate of females increased by 1 percent from 1.4 percent to 2.4 percent. Similar trend can be seen under the category of postgraduate & above for both genders in urban areas with 23 to 12 percent formale and 17.4 to 18.3 for female.

It can also be seen from Table 6 that the unemployment rate for both males and females in urban areas experienced a decline rate under the categories of middle, secondary, higher secondary, and secondary and above levels. Meanwhile, an interesting thing to note here is that there is a zeropercent rate of unemployment in the categories of 'not literate' and 'diploma/certificate course' for the two consecutive periods.

IV. CONCLUSION

From the trend analysis above, we can conclude that population group is one of the key attributes that serve in defining and explaining high and low unemployment rates, absorption rate, and labor force participation rates in India and Mizoram. High levels of unemployment and low levels of employment among various population groups indicate that certain groups in the population are not able to effectively use their labor in order to improve their living conditions or to positively contribute to the economy. Therefore, in depth research on the status of the laborforce is necessary to get a clearer picture which will contribute to further policy implications for the government.

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Table 6. Unemployment Rate of Mizoram (%) in Rural and Urban Areas according to Usual Status (ps+ss)for persons of age 15 years and Above of Different General Education Levels

Year	not literate		literate up to primary		Middle		secondary		higher secondary		diploma/certificate course		graduate		post graduate & above		secondary & above		all	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Rural																				
2017-2018	0	0	1.7	0.9	7.2	4.6	6.4	10.4	10.4	36.3	0	0	12.9	22.6	18.8	0	8.9	22.4	5.9	8.4
All India	1.7	0.1	3.1	0.6	5.7	3.7	5.6	4.4	9.5	14.4	26.3	25.4	18.1	32.7	13.3	36.8	10.5	17.3	5.7	3.8
2018-2019	0	0	0.4	1.1	4.4	9.3	4.9	11.6	10.2	9.6	0	0	7.6	26.5	0	0	6.8	15.8	4.2	7.9
All India	1.4	0	2.7	0.6	5.3	1.7	5.6	3.7	8.7	11.9	19.9	31.3	17	33.9	16.3	36.8	10.1	16.6	5.5	3.5
Urban																				
2017-2018	0	0	3.6	1.4	10.6	17.4	14.7	10.3	16.8	22	0	0	16	29.4	23	17.4	16.3	21.3	12.7	17.7
All India	2.1	0.8	3.6	1.3	6	5.1	5.8	10.6	9.2	17.2	12.1	23.9	11.7	24.4	8.6	19.5	9.2	19.8	6.9	10.8
2018-2019	0	0	1.3	2.4	5.5	9.4	10.8	9.6	11.2	14.1	0	0	7.3	21.7	12	18.3	9.4	16.7	7.4	12.7
All India	3.4	0.9	3.4	1.5	5.4	4.3	5.5	8.7	8	16	11.5	20.9	12.9	20.5	7.3	18.6	9.2	17.6	7	9.8

Source: Calculated from PLFS 2017-2018 & PLFS 2018-2019