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UNEMPLOYMENT IN URBAN INDIA

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## UNEMPLOYMENT IN URBAN INDIA

Today there are about 2.5 million persons in Indian cities who are unemployed and are seeking work -- almost 10 per cent of the employ-<sup>1</sup>able population in urban India. These estimates are based primarily upon the results of two National Sample Surveys made in the fall of 1953.<sup>2</sup> The 'urban areas survey' dealt with Indian towns of 50,000 population or above, excluding the four big cities of Bombay, Calcutta, Delhi and Madras. The other focussed on Calcutta. The results of the first survey are generalized for the 59 million persons or so who are urban, but not living in these four large cities. The results of the Calcutta survey have been applied to the approximately 12 million persons now in these four cities. Finally, the estimates for 1953 have been brought up to date (beginning 1956) by the use of the 1953 relationship between the sample results and the number on the live registers of the Employment Exchanges.

Table I - Urban Unemployment

	Urban areas	Four large cities	Total
Total population (millions)	59	12	71
In Labor Force (millions)	20.55	4.75	25.3
Gainfully occupied	19.0	3.90	22.9
Unemployed	1.55	.85	2.4
Ratio of unemployed to labor force	7.5%	17.9%	9.5%

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1. GOI Planning Commission, Second Five Year Plan, Draft Outline, February 1956, p. 41.

2. Neither of these NSS studies has yet been published. The urban survey is in press and should soon appear (as No. 8) in the NSS series. The Calcutta survey (NSS No. 13?) will probably not be available for some months. These two sample studies are of basic significance not only for their appraisal of the scope and nature of urban employment, but for their description of the economic structure of the urban labor force.

Survey ratios of gainfully occupied persons, of labor force and of total population have been brought together, on the current population basis, in Table I. The incidence of unemployment is much greater in the large cities of India. This is true, despite the fact that differences in the definition of unemployment in the two surveys make the two specific ratios non-coterminous. In the Calcutta survey, a somewhat less rigorous concept was applied than is advocated by the <sup>1</sup> ILO.

In the urban area survey, information was also obtained on the degree of employment. Thus the number of persons only partially employed was more than 3 times as great as the number actually unemployed. If persons who worked for not more than 1/4 of the amount of time they were willing to work are added to the unemployed, the figures are more than doubled. It is probable that at least some of this group of underemployed would have been counted as unemployed in the Calcutta survey. In the discussion that follows, the "unemployed" will refer to the persons and ratios shown in Table I. More correct, however, would be the generalization that at least one out of five members of the urban labor force is today either fully unemployed or underemployed in the sense of having work for "a quarter or less" of the time he would be willing to work. For the larger cities taken alone -- the urban areas with the highest rates of population growth -- this ratio may be one in three or four.

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1. A person was unemployed in the urban area survey if he was without work throughout the 30 day period preceding the date of enquiry. In the Calcutta survey he had simply to be unemployed on the date of enquiry. While the two definitions will give different results, and in a known direction, the degree of difference is probably small. (The NSS ninth round - August-October 1955 - has sample material which will provide some basis for measuring the difference. The results are not yet available.)

Some Characteristics of the Urban Labor Force.

The bulk of the labor force is male, and in the 16 - 61 age bracket (Table II). There are more female members of the labor force in the smaller cities -- almost 3 times as many, proportionately. Similarly, there seems to be a somewhat large participation of young people (under 16 years of age) in the labor force in the smaller urban areas than in the four large cities -- about 6 per cent as against less than 2 per cent. This last may be a reflection of better, or at least stricter, school arrangements in the large urban centers. There is some evidence in both groups that somewhat larger percentages of

Table II - Age and Sex Distribution of Labor Force (Percentages)

Age	Urban areas		Four large cities	
	Employed	Unemployed	Employed	Unemployed
0 - 15	5.7	7.2	1.6	2.8
16 - 61	91.2	92.0	96.8	95.8
Above 61	3.1	0.8	1.6	1.4
<u>Total</u>	100.0	100.0	100.0	100.0
Male	82.4	86.2	93.5	95.9
Female	17.6	13.8	6.5	4.1

the unemployed are below 16 years of age than is the case for the employed. This in part reflects the fact that about half of those seeking work in both areas are seeking work for the first time.

The industrial composition of the gainfully occupied labor force show significant differences in the two urban areas (Table III). About 40 per cent of the gainfully occupied in urban areas finds employment in distributive and other services, while in the four large cities this ratio is above 55 per cent. The large cities have not

only much smaller percentages in agricultural and extractive industries (1.2 per cent as against 13.1 percent), but also a smaller ratio of employment in manufacturing (26.1 per cent as compared to 31.9 per cent). The data do not permit a separation into factory and small manufacturing establishments -- which might explain some of the latter difference. In the large cities, unemployment seems to characterize

Table III - Industrial Composition of Gainfully Occupied Labor Force (percentages)

	<u>Urban areas</u>	<u>Four large cities</u>
Agriculture, etc.	11.3	.9
Mining, etc.	1.8	.3
Manufactures	31.9	26.1
Construction	3.0	2.6
Transportation, Communication and other public facilities	11.4	15.0
Distributive services	17.8	25.4
Other services	22.8	29.7
	100.0	100.0

all the industrial sectors. In any case, a classification of the unemployed (seeking work not for the first time) by their last type of employment gives essentially the same distribution as for the employed in Table III. For the rest of the urban areas, comparable unemployment data are not available. However, the underemployed component of the employed suggests the same type of distribution as for the employed alone; there is a somewhat higher incidence of underemployment in manufacturing industries and construction, a lower incidence in the various distributive services.

A large part of the labor force in urban India originates outside of their present place of residence. About 40 per cent of the labor force in the urban areas excluding the large cities came from

outside with the intention of remaining for at least one year. In the large cities, this ratio is almost 70 per cent.<sup>1</sup> (Table IV). The figures bear out the strong pressure for migration to the larger

Table IV - Migration Status: Urban Labor Force

	<u>Urban areas</u>		<u>Four large cities</u>	
	<u>Employed</u>	<u>Unemployed</u>	<u>Employed</u>	<u>Unemployed</u>
Non-migrants	<u>59</u>	<u>57</u>	<u>31.5</u>	<u>38.6</u>
Migrants	<u>41</u>	<u>43</u>	<u>68.5</u>	<u>61.4</u>
Rural area				
same state	19	14	11.6	7.2
Urban area				
same state	6	4	3.2	2.3
Rural area				
other states	5	3	25.2	10.0
Urban area				
other states	1	2	4.9	3.2
Pakistan	9	19	21.9	38.4
Elsewhere	1	1	1.7	.3

cities. There is the same general pattern for the unemployed as for those gainfully occupied, the notable disparity being with respect to refugees from Pakistan. Thus 9 per cent of the employed in urban areas constitutes displaced persons from Pakistan, while 19 per cent of the unemployed is in this category. For the large cities (or at least for Calcutta), 22 per cent of the employed comes from Pakistan, whereas 38 per cent of all unemployed is displaced persons. In general, for both urban groups, rural areas provide most of the migrants (apart from those from Pakistan). In general too, a lower percentage of the unemployed is from rural areas than of the employed.

1. It is not certain how typical are the Calcutta results on migration for the other three large cities. Calcutta has always attracted large migrations from neighboring states. Also, the partition of Bengal may have resulted in an abnormally large influx from the East.

Worker incomes tend to be higher in the large cities. Thus about 61 per cent of the families in urban areas (Table V) has household expenditure which does not exceed Rs. 100/- per month. The comparable ratio for the four large cities is 30 per cent. Only 14 per cent of the families in the smaller cities has total household expenditure in excess of Rs. 200/- monthly, while the comparable ratio for the four large cities (as shown by the Calcutta survey), places more than 43 per cent of the families in this expenditure group. The situation is also borne out by the income distribution of gainfully occupied

Table V - Expenditure Classes - All Families

<u>Household expenditure</u> Rs. / month	<u>Urban areas</u>	<u>Four large cities</u>
0 - 50	24.5	7.4
51 - 100	36.4	22.4
101 - 200	25.4	27.3
201 - 300	7.9	18.8
301 - 500	4.2	16.0
501 -	1.6	8.1
	100.0	100.0

persons in the two groups of urban areas. (Table VI). 86.5 per cent of all the gainfully employed in urban areas has a monthly average

Table VI - Income Group Gainfully Occupied

<u>Rs. / month</u>	<u>Urban areas</u>	<u>Four large cities</u>
0 - 50	61.1	32.0
51 - 100	25.4	36.9
101 - 200	10.2	19.3
201 - 300	2.1	6.4
301 - 500	.7	3.0
501 -	.5	2.4
	100.0	100.0

income not in excess of Rs. 100/-. For the four large cities only 69 per cent of the gainfully occupied has a monthly income not in

excess of Rs. 100/-. Tables V and VI also suggest that there is a larger number of workers per family in the large cities as compared with the rest of the urban area.

Some Characteristics of the Urban Unemployed.

The unemployed seem to have a higher educational status than do the employed. (Table VII). There is some evidence too that the technical qualifications (on paper) of the unemployed is somewhat superior to that of the employed. (Table VIII). A few figures will

Table VII - Educational Status: Employed and Unemployed

	Urban areas		Four large cities	
	Employed	Unemployed	Employed	Unemployed
1. Illiterate	48.2	21.6	25.0	9.9
2. Literate below Matric	43.1	60.2	53.5	63.4
3. Matric	5.7	13.1	11.1	18.3
4. Intermediate	1.4	3.0	4.6	5.6
5. Graduate and above	1.5	1.9	5.8	2.8
6. (Not reported)	.1	.2	--	--
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Table VIII - Technical Qualifications: Employed and Unemployed

	Urban areas		Four large cities	
	Employed	Unemployed	Employed	Unemployed
1. Nil		61.3	71.4	67.4
2. Practical, no training		34.4	20.1	22.4
3. Certificate or diploma (in typing, midwif- ery, pharmacy, etc.)		2.9	2.3	4.4
4. Degree or equival- ent in engineering, etc.		1.4	6.2	5.8
		<u>100.0</u>	<u>100.0</u>	<u>100.0</u>



illustrate this: 48 per cent of the employed in urban areas is illiterate; 43.1 per cent is literate but below the matric level. Over 91 per cent of the employed is thus below matric. Only 21.6 per cent of the unemployed is illiterate and 60 per cent more (a total of 82 per cent) is below matric. Almost twice the percentage of the unemployed in the 'urban areas' has matriculated or has higher education than is the case for the employed.

Essentially the same is true for the large cities, although the general educational level seems somewhat higher. Thus, only 25 per cent of the employed is illiterate and 53.5 per cent more is literate below matric. Of the unemployed in these four large cities, some 10 per cent only is illiterate and 63 per cent more is literate below matric. In Calcutta, there seems also to be some evidence that the more educated have been longer unemployed. Thus, of the illiterate unemployed, some 57 per cent has been out of work for a year or more. The ratio is higher for the higher educational groups. In particular, among matriculates and people of intermediate level who are unemployed, more than 75 per cent has been unemployed for at least a year. The ratio declines for graduates and above.

The unemployed seek jobs, rather than business opportunities of their own. This is particularly true in the four large cities. Here 85 per cent of the unemployed labor force seeks employment, roughly half as manual workers, mostly unskilled, and half as non-manual workers, mostly in administrative, executive and clerical posts. (Table IX). For the other urban areas 75 per cent of the unemployed seeks employment -- again, roughly the same kind as in the large cities. With respect to those seeking their own business opportunities, roughly

Table IX - Types of Positions Sought

	<u>Urban areas</u>	<u>Four large cities</u>
Own business	<u>25.4</u>	<u>14.5</u>
1. Agriculture, etc.	1.7	2.2
2. Manufacturing and handicrafts	7.5	2.8
3. Transportation service	2.4	2.9
4. Trade	8.9	5.6
5. Profess. financial	4.9	1.0
As Employee - Manual	<u>39.6</u>	<u>43.4</u>
1. Unskilled	25.0	29.4
2. Skilled	14.6	14.0
As Employee - Non-manual	<u>35.0</u>	<u>42.1</u>
1. Admin., Executive, Clerical	16.6	26.5
2. Technical	4.5	9.0
3. Medical	1.4	.6
4. Teaching, Law, etc.	4.2	3.0
5. Others	8.3	3.0
	<u>100.0</u>	<u>100.0</u>

a third in both cases wanted to establish their own trading business. As compared to the 42 per cent of all unemployed in the four large cities who sought white collar employment, 90 per cent of the educated unemployed (matriculates and above) sought work in this category. And two-thirds of these are interested in administrative, executive or clerical positions.

To some extent, the difference in types of position sought as between the two urban groups can be explained by the difference in the employment status of all workers in the two areas. In general, 'own account' workers are a more important part of the working force in the smaller urban areas (Table X).

Finally, the two areas show roughly the same picture with respect to the registration of the unemployed on the employment registers. About

Table X - Industrial Status - Labor Force

	<u>Urban areas</u>	<u>Four large cities</u>
<u>Employed</u>		
Employers	1.3	1.8
Employees	50.5	52.5
Own-account worker	32.8	24.5
Unpaid household labor	7.9	3.3
All gainfully employed	<u>92.5</u>	<u>82.1</u>
<u>Unemployed</u>		
Seeking work for first time	3.4	9.6
Seeking work not for first time	4.1	8.3
Total unemployed	<u>7.5</u>	<u>17.9</u>
TOTAL	100.0	100.0

Table XI - Unemployed and Registration

	<u>Urban areas</u>		<u>Four large cities</u>	
	<u>Total</u>	<u>Matric and above</u>	<u>Total</u>	<u>Matric and above</u>
Registered	<u>27.0</u>	<u>43.0</u>	<u>23.0</u>	<u>34.4</u>
Non-registered due to:	<u>73.0</u>	<u>57.0</u>	<u>77.0</u>	<u>65.6</u>
Ignorance	37.9	8.3	27.3	3.8
Lack of faith	11.4	19.0	36.0	47.3
Indifference	4.6	7.2	4.2	5.3
Ineligibility	2.5	--	2.6	1.1
Remoteness	1.0	3.6	3.1	3.3
Other reasons	15.6	18.9	3.8	4.8

one-fourth of all the unemployed registered, while 50 per cent more of the educated unemployed registered. Ignorance of the registration procedure is by far the most important reason for non-registration in the urban areas. In the large cities it is lack of faith in the efficacy of this procedure, closely followed by ignorance. For the educated unemployed, the major reason for non-registration is lack of faith; this is particularly true in the four large cities. (Table XI).