**Economic Analysis of Unemployment in Kerala**

**Abstract**

*Kerala state is in the south – west part of India with some special economic features of low economic growth and high Human Development Index (HDI). However Unemployment is one of the greatest socio-economic issues faced by Kerala which is characterized by educated unemployment (47.1%) and high rate of female unemployment (19.3%). As per the latest Periodic Labour Force Survey (PLFS) released by Ministry of Statistics and Programmes Implementation, the state has registered highest unemployment in country among people aged 15-29 years with figure soaring to 28.7 per cent as against national average of 10 percent. This paper will explains the reasons behind the unemployment in Kerala, e.g. population explosion, slow economic growth, unsuitable education system and white-collar job preference. Highly educated youths are also forced to do low paid jobs because of unavailability of proper job facilities. Amid the paradox of having highest rate of unemployment and on the other hand presence of labourers from outside state. It includes 40 lakhs immigrant labourers, who are doing manual works. In particular, unemployment in the state results to loss of human resources, migration of laborer force, student migration and brain drain.* *This paper will give important details about the unemployment in Kerala from an economic angle and it can help us to introduce targeted policies that lead us towards a sustainable growth of employment.*

**Key words:** Educated unemployment, Worker- Population Ratio, Usual -status, Secondary data.

**Introduction**

Kerala is a state in India situated in the south-west part of the country covering 38,863 sq km with 3.43 per cent of total population of India. Kerala continues as one of the highest unemployment rates among Indian states and Union Territories. According to the latest Periodic Labour Force Survey (PLFS) covering July 2023 – June 2024 period Kerala's Youth unemployment rate in the age group of 15-29 age group was 29.9 per cent. Female unemployment rate was 47.10 per cent and male was 19.30 per cent. India Employment Report published by International Labour Organisation (ILO) reveals that 31.28 per cent of of educated males in Kerala remains unemployed higher than the national average 20.28 per cent. One of the main features of unemployment is educated unemployment. Though Kerala showed high performance in literacy, education and health it is a challenge to utilise the human capital into productive activities. A great number of high literacy rates and remarkable accomplishments in human development have been made by Kerala, yet unemployment remains a constant issue (Nair, 2020). The unique demographic structure of Kerala, coupled with the skill mismatch prevalent in the local job market alongwith the high dependency on remittances are contributing to a complex labour dynamic wherein traditional employment generation is limited (Varghese & Menon, 2020). Research indicates the structural unemployment challenges in the state as even educated youth are unable to find jobs appropriate to their qualification within Kerala, leads many job-seekers abroad or elsewhere in India for a gainful employment (Joseph & Thomas, 2021; ILO, 2020).

The crisis has been aggravated by COVID-19 pandemic, as decline in remittances and tourism have increased job loss in Kerala (World Bank, 2021). These circumstances highlight the necessity of sustainable job creation, skill development and economic diversification in order to further bolster local employment opportunities for Kerala (Thomas 2022). By using the data from Economic Review 2022 (Government of Kerala, 2022) and National Sample Survey (NSSO, 2019), this paper explores the trends in unemployment in Kerala, its causes and proposes policy recommendations. Through an extensive economic analysis of unemployment in Kerala, it proposes more resilient labor policies that will help meet the state’s broader economic growth and social development objectives.

**Statement of the problem**

Even with its high literacy rate, well-functioning healthcare system and the best social indicators in the country Kerala suffers from an exceptionally high unemployment rate (Mathew, 2020; Radhakrishnan & Prasad, 2021). This paradox poses an enormous economic and social challenge entailing underemployment, brain drain and economic dependency as educated youth fail to find job opportunities (George & Thomas, 2019). Kerala is plagued by unemployment and unemployability due to various factors, such as insufficient industrial growth in the State, lack of private sector job opportunities, mismatch of education with market demand and excessive dependence on overseas employment opportunities (Sreekumar, 2020).

In addition to this, the high level of educated unemployment in Kerala reveals hints towards more structural problems of economy where an overemphasis on public sector jobs along with stagnant growth of manufacturing and technology sectors creates a limited job market (Nair & Pillai, 2018). Unemployment needs to be tackled not only for improving the livelihood of individuals and eliminating poverty but also but also for ensuring sustainable growth of the state and keeping talent in the same state itself (Rajeev, 2019). It is well known that unemployment in Kerala is a crucial socio-economic problem which is three times more than national level. This research paper tries to analyse the magnitude, reasons and effects of unemployment in Kerala.

**Objectives of Study**

1. To understand features and reasons of unemployment in Kerala.

2. To analyse the impact of unemployment on Kerala Economy.

**Methodology of study**

This study is conducted on the basis of secondary data. Data are collected from official sources of National Sample Survey Organisation, Reports of Periodic Labour Surveys and census survey reports. Various issues of Economic Review published by the Government of Kerala are used as a source secondary data. Data from Employment Exchange are also used for study.

**Unemployment Scenario: India and Kerala**

Unemployment is a huge problem even across India and in Kerala it is higher than the national average. The Worker Population Ratio (WPR), which is the share of the population with respect to all economic activities, stands at 58.2% for India as a whole and 50.5% in Kerala. The latest Periodic Labour Force Survey (PLFS) for July 2022 to June 2023 shows that the unemployment rate of those aged 15 years and above in Kerala is as high as 7 per cent against the national average of only 3.2 per cent. This is a drop from 4.1% unemployment in India last year, now 3.2%, with 3.3% men, and 2.9% women

While for men the 2022-23 unemployment rate in rural India was at 2.7% and it was at 1.8% for women, these numbers reached to as high as 4.7% for men and as high as up till 7.5% amongst women when measuring urban areas of Indian states against each other. In the case of Kerala, unemployment rates fell from 10.1% in 2021-22 to 7% in the year 2022-23: at 4.8% among men and 10.7% among women. The unemployment rate among men and women in rural Kerala was 4.7% and 9.2% respectively; urban figures were 4.8% for men and 12.9% for women."

According to CWS-based data for unemployment among persons aged 15 and above, Iran recorded a rate of 5.1% in India at the end of January this year, while Kerala recorded an alarming rate of 10.4%. CWS unemployment rate was 4.6 per cent for males and 4 per cent amongst females in rural India while it stood at 6.3 per cent and 9.1 per cent among men and women respectively in urban areas. However, the corresponding CWS unemployment for rural men and women was 8.3% and 13.4%, respectively, with urban rates at 8.5% and 15.1%, respectively — illustrating that it is indeed a widespread phenomenon in Kerala as well!

While employment of youth (15-29 years) is critical for economic growth, Kerala's unemployment rate among youth was highest -- at 29.4% in rural areas and 27.9% urban areas versus a national average of only 8% and 15.7%, respectively for rural and urban India. The following table compares youth (age 15–19) unemployment, based on usual status for Kerala and India in 2022–23.

**Table No.1-Unemployment Rate in India and Kerala in 2022-23 as usual- status**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | INDIA | | | KERALA | | |
|  | Rural | Urban | Total | Rural | Urban | Total |
| Male | 8.3 | 13.8 | 9.7 | 21.7 | 19.3 | 20.6 |
| Female | 7.4 | 21.7 | 10.6 | 44.7 | 42.8 | 43.8 |
| Total | 8 | 15.7 | 10 | 29.4 | 27.9 | 28.7 |

Source: Periodic Labour Force Survey 2021-22 and 202-23.

As given in the above table unemployment rate is high in Kerala both in rural and urban areas than national level. Unemployment among female is very high in Kerala. Total unemployment rate is 10 per cent in India while it is 28.7 per cent in Kerala. It is very important to note that unemployment among female is 10.6 per cent in India and it is 43.8 per cent in Kerala.

**Features of Unemployment in Kerala**

Unemployment in Kerala has some following distinct features.

**Educated unemployment**

The situation in which people with formal education are not able to find jobs suitable to their qualification is called educated unemployment. A study conducted by the Directorate of Economics and Statistics revealed that educated unemployed accounts 29 per cent of total unemployment in Kerala. It was 54. 50 per cent among SSLC qualified hands followed by technical qualified hands , 39.60 per cent among graduates and 27.80 per cent among post graduates. Following table explains number of job seekers registered in different employment exchanges.

**Table No.2 Number of Work Seekers from 2016 to 2022 in Kerala**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| year | General work seekers | | | Professional work seekers | | | Total work seekers | | |
|  | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 2016 | 1203248 | 2109306 | 3312554 | 137456 | 109388 | 146844 | 1340704 | 2218694 | 3559398 |
| 2017 | 1159247 | 2070841 | 3230088 | 134452 | 138225 | 272677 | 1293699 | 2209066 | 3502765 |
| 2018 | 1156734 | 2110661 | 3267395 | 140778 | 152923 | 293701 | 1297512 | 2263584 | 3561096 |
| 2019 | 1126070 | 2075362 | 3201432 | 152413 | 167940 | 320353 | 1278483 | 2243302 | 3521785 |
| 2020 | 1089593 | 1990500 | 3080093 | 160795 | 190277 | 351072 | 1250388 | 2180777 | 3431165 |
| 2021 | 1299955 | 2443120 | 3743075 | 116178 | 173835 | 290013 | 1416133 | 2416955 | 3833088 |
| 31/07/2022 | 937704 | 1666803 | 2604507 | 96826 | 139171 | 235997 | 1034530 | 1805974 | 2840504 |

Source: Directorate of Employment, Govt of Kerala 2023

In Kerala, the official statistics based on employment exchange records report a decline in registered job seekers from 34.9 lakh as on December 31, 2015 to 28.4 lakh by December 31, 2022. Professional professional job seekers stood at 235997 in July 2022. Others claim that reduced number of registered job seekers is an indication of employment exchanges inability to tackle unemployment. With reference to the educational status of job seekers, 93.5percent of the SSLC level has secured qualification above that. The table below depicts the percentage of job seekers on the basis of different educational levels.

**Table No: 3- Distribution of job seekers in Kerala by Educational level in 2022-23 (percent)**

|  |  |
| --- | --- |
| **Education qualification** | **Percent** |
| Below SSLC | 6.4 |
| SSLC | 43.4 |
| Higher Secondary | 32.5 |
| Degree | 13.5 |
| Post Graduate | 4.5 |

Source: Compiled from Directorate of Employment, GOK 2023

The percentage of job-seekers with education lower than SSLC is very low-6.4% as compared to SSLC holders. Total number of skilled professional and technical job-seekers to July 31, 2023 stood at 250,000. I T I certificate holders, diploma holders and engineering graduates combined are 63.7% of the total number. There are 45932 registered engineering graduates, 8302 medical graduates and 181757 other professional as unemployed job seekers in Kerala. Unemployment among educated is a crucial both among professional and non-professional graduates. It is also noted that the above table is the number of unemployed who registered in employment exchanges. Unregistered candidates are higher than registered. Unemployment among engineering graduates is alarming which is about 50 thousand.

**Table No: 4 - Number of Professional and Technical Work Seekers**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year  December | Medical graduates | Engineering Graduates | Diploma Holders Engg | ITI certificate Holders | Agricultural Graduates | Veterinary Graduates | Others | Total |
| 2016 | 3369 | 30719 | 51080 | 88682 | 1182 | 609 |  | 175641 |
| 2017 | 4185 | 40436 | 52421 | 92003 | 1575 | 305 | 81752 | 272677 |
| 2018 | 6710 | 42772 | 60162 | 93833 | 1309 | 486 | 88429 | 293701 |
| 2019 | 8753 | 45913 | 79731 | 96446 | 1344 | 498 | 87668 | 320353 |
| 2020 | 9000 | 47525 | 99459 | 102345 | 1397 | 554 | 90792 | 351072 |
| 2021 | 11103 | 56540 | 43081 | 66916 | 1533 | 856 | 109984 | 290013 |
| 2022(July) | 8308 | 45932 | 37461 | 66155 | 752 | 885 | 76504 | 235997 |

Source: Directorate of Employment GoK 2022

Total number of professional job seekers was 235997 in July 2022 which includes 8308 medical graduates and 45932 engineering graduates. Above table shows extend of educated unemployment in Kerala.

**Female Unemployment in Kerala**

Kerala has one of the highest rate of female work force participation among the Indian states. It may be as a result of higher literacy levels in Kerala. According to Periodic Labour Force Survey (2018-19) conducted by the National Statistical Office in age group of 15-59 only 35 percent of female are working while it was 78 per cent among male in Kerala. The share of women employed was only 29 per cent. It was estimated that 23 per cent of male remaining unemployed compared to 55 per cent of women reporting unemployed. The Periodic Labour Survey (PLFS) noted the gender difference in unemployment rate in Kerala it is 47.1 per cent among female in the age group of 15-29 while for male it is 19.3 per cent. Following table (Table No:5) shows total number of female work seekers was 1805974 while male work seekers is 1034530 .Number of women seekers is high in all districts in Kerala.

**Table No: 5 - District-wise distribution of work seekers as on 31.07.2022**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **District** | **General work seekers** | | **Professional work seekers** | | **Total work seekers** | | |
|  | Men | Women | Men | Women | Men | Women | Total |
| Trivandrum | 147777 | 264658 | 14835 | 22926 | 162612 | 287584 | 450196 |
| Kollam | 107849 | 179987 | 12134 | 15659 | 119983 | 195646 | 315629 |
| PathanamThitta | 35516 | 58856 | 3981 | 5883 | 39497 | 64739 | 104236 |
| Alappuzha | 78851 | 132423 | 6767 | 8434 | 85618 | 140857 | 226475 |
| Kottayam | 62009 | 100006 | 5290 | 7222 | 67299 | 107228 | 174527 |
| Idukki | 31849 | 50249 | 2904 | 3396 | 34753 | 53645 | 88398 |
| Ernakulam | 85602 | 154445 | 10177 | 12126 | 95779 | 166571 | 262350 |
| Trissur | 63163 | 126348 | 8877 | 12747 | 72040 | 139095 | 211135 |
| Palakkad | 62237 | 115288 | 7531 | 7938 | 69768 | 123226 | 192994 |
| Malappuram | 69993 | 124579 | 7840 | 10164 | 77833 | 134743 | 212576 |
| Kozhikkode | 92888 | 183170 | 6658 | 13420 | 99546 | 196590 | 296136 |
| Waynad | 27805 | 45325 | 2306 | 3924 | 30111 | 49249 | 79360 |
| Kannur | 47751 | 87064 | 4829 | 10250 | 52580 | 97314 | 149894 |
| Kasargod | 24414 | 44405 | 2697 | 5082 | 27111 | 49487 | 76598 |
| Total | 937704 | 1666803 | 96826 | 139171 | 1034530 | 1805974 | 2840504 |

Source: Directorate of Employment GoK 2022

It is clear from the table that number of female job seekers is high in all the districts of kerala. Total number of male job seekers is 1805974 while it is 2840504 among female both in rural and urban areas.

**Paradox of unemployment and immigrant laboures.**

There exists a paradox in unemployment of Kerala that there are more than 30 lakh immigrant workers in Kerala from other parts of the country. Higher wage rate , more employment opportunities , social harmony and high quality of life are some pull factors of immigration. Immigrant workers engage mostly in manual unskilled works. While Kerala is experiencing sever unemployment problem it gives employment to lakhs of immigrant workers. According to a study conducted by State Planning Board (Evaluation division), Government of Kerala, It was estimated that about 7.5 billion rupees is going out of Kerala annually as remittance to other states of India.

**Causes of Unemployment in Kerala**

Following are some major causes for unemployment in Kerala

**Population Growth**

The rate of population growth was very high in Kerala during early decades of 20th century. It was estimated that population of Kerala increased by 354 per cent during the period 1901 to 1991 while it was 254 per cent in India as a whole. The total population of Kerala was 3,34,06,061as per the census report of 2011 against3,18,41, 374 in 2001 census. The percentage growth in the population of the state during 2001 to 2011 was 4.91 per cent. Density of population was 860 persons per square kilometre which is much higher than national level 382.

**Slow Economic Growth**

Kerala economy has been experiencing economic slow down. The economic growth in Kerala was during 3.7 per cent during 1960s,2.3 per cent during 1970s and 1 per cent during 1980s. Though economic growth have improved in recent years it was not enough to create employment opportunities. Performance of agriculture and industrial sectors are very poor in the state. Following table (Table No: 6) explains growth of productive sectors in Kerala.

**Table No.6: - Growth rate in GVA in Agricultural and Industrial Sectors in Kerala**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Agriculture Growth rate in Kerala | Growth rate of Industriual sector in Kerala at constant price 2011-12 (Per Cent) | |
| 2017-18 | 2.1 | 18.19 | |
| 2018-19 | -2.09 | -5.28 | |
| 2019-20 | -2.56 | -0.98 | |
| 2020-21 | 1.58 | 3.98 | |
| 2021-22 | 4.91 | 7.25 | |
| 2022-23 | 0.87 | 8.96 |  | |

Source: National Accounts Statistics, 2023 and DSE Kerala

It is clear from the Table that growth of both agriculture and industrial sectors were negative from 2017- 18 to 2019-20. Though industrial sector has shown signs of progress it was not able to produce employment opportunities.

**Inappropriate Educational system**

There is an argument that existing education system causes for unemployment in Kerala. Job seekers in Kerala have no technical skill needed for various types of jobs. Education system in the state is helpful for white collar jobs . There exist a mismatch between supply of and demand for educated workers. Existing education system is not appropriate to capture employment in modern times.

**Failure of investment in Production activities**

Investment in production activities is very low in the state. Militant trade union activities, high density of population, power shortage and lack of administrative support may attributed as causes for failure of investment.

**Preference for White -collar jobs**

Youths in Kerala prefer white- collar jobs. Universal education system leads them to prefer government jobs, jobs in banks and offices leading to a shortage of manual labourers. Large number of labourers migrated from Kerala to Middle-East countries are doing manual works there. But they are not ready to engage such activities in their home state.

**Economic Impact of Unemployment**

Following are some impact of unemployment on Kerala Economy

**Migration of Labour Force**

Unemployment in Kerala resulted in large migration of laboures to other states of the country and rest of the world. The total number of emigrants from Kerala was 21 lakhs in 2018. According to Kerala Migration Survey 2018 there were 21,21,887 emigrants from Kerala across the world. Besides international migration large number of educated people in Kerala are working outside the state.

**Wastage of human resources**

People who are an asset for economy becomes liability .Unemployment leads to economic lose of manpower, which can decrease output and capital formation. Unemployment increases economic overload as they depend on working population. It also leads slowdown of quality of life for individuals and society which can lead to health decline and children dropping out of school.

**Student Migration**

Unemployment situation in Kerala acts as a push factor for student migration. Students in Kerala wish to go to Western European countries for their higher studies with an intention to settle there. According to the Kerala Migration Survey (KMS) 2023 there are more than 2.5 lakhs students migrated from Kerala to abroad for higher education. The number of migrated students doubled from 129,763 in 2018 to 250,000 in 2023. Student migration leads brain drain and out flow of income from the state. It was estimated that more than 20 lakh rupees are spent by each student for studying abroad.

**Conclusion**

Unemployment is a socio-economic problem faced by the nation as a whole. There are differences in the unemployment rate among Indian states. Unemployment rate in Kerala is very high and more than national level. Unemployment among educated and female unemployment are the important features of unemployment in Kerala. There are a lot of unemployed professional graduates in the state. Rate of unemployment among females both in rural and urban areas is one of the important features of unemployment in Kerala. High population growth, low rate of economic growth, outdated education system and preference for white-collar job are some reasons for unemployment in the state. Unemployment leads to the wastage of human resources. Migration of labourer force and students to abroad resulted some drastic changes in demographic condition of Kerala. Attitude of youths towards manual jobs resulted in mismatch of demand and supply of manual unskilled labourers which was filled by immigrant labourers from other states of the county.

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