Causes of Unemployment in Kerala, India: A Secondary analytical Case Study

**Abstract**

*Kerala, a state in southwest India, has a high Human Development Index (HDI) and slow economic growth, among other unique economic characteristics. Nonetheless, one of Kerala's biggest socioeconomic problems is unemployment, which is typified by a high rate of female unemployment and educated unemployment. According to the Ministry of Statistics and Programs Implementation's most recent Periodic Labour Force Survey (PLFS), the state has the highest unemployment rate in the nation among those between the ages of 15 and 29, with a rate of 28.7 per cent compared to the national average of 10 per cent. This essay aims to clarify the causes of Kerala's unemployment, including the state's rapid population growth, sluggish economic expansion, inadequate educational system, and preference for white-collar jobs. Young people with high levels of education are also compelled to work at low-paying jobs due to a lack of suitable employment opportunities. despite the paradox of having the highest unemployment rate and, at the same time, having immigrant workers from other states. It comprises about 40 lakhs of manual labourers who are immigrants. Specifically, the state's unemployment causes brain drain, labour force migration, student migration, and the loss of human resources. This research paper tries provide crucial information regarding Kerala's unemployment rate from an economic perspective, which will aid in the introduction of focused policies that will promote long-term job growth. Secondary data from different official reports are used for this study.*

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

**1.Introduction**

Kerala is a state in southwest India that occupies 38,863 square kilometers and is home to 3.43 per cent of the nation's total population. Among Indian states and Union Territories, Kerala continues to have one of the highest unemployment rates. Kerala's youth unemployment rate for those aged 15 to 29 was 29.9 per cent, according to the most recent Periodic Labour Force Survey (PLFS), which covered the July 2023–June 2024 period. The unemployment rate was 19.30 per cent for men and 47.10 per cent for women. According to the International Labour Organization's (ILO) India Employment Report, Kerala's educated male unemployment rate is higher at 31.28 per cent than the national average of 20.28 per cent. Educated unemployment is one of the primary characteristics of unemployment. Kerala performed well in literacy, education, and health, but it is difficult to turn human capital into useful endeavours. Despite Kerala's impressive human development achievements and high literacy rates, unemployment is still a persistent problem . Kerala's distinct demographic makeup, the skill gap in the local labour market, and the state's heavy reliance on remittances are all factors in the complicated labour dynamics that limit the creation of traditional jobs. According to research, Kerala faces structural unemployment issues because even educated young people cannot find jobs in the state that match their qualifications, which drives many job seekers to look for gainful employment abroad or in other parts of India.

**II. Statement of the Problem**

Kerala has a very high unemployment rate despite having the best social indicators in the nation, a high literacy rate, and a functional healthcare system. Due to the inability of educated youth to find employment, this paradox presents a significant economic and social challenge that includes underemployment, brain drain, and economic dependency. Due to a number of factors, including the State's inadequate industrial growth, a dearth of private sector job opportunities, a misalignment of education with market demand, and an over-reliance on employment opportunities abroad, Kerala is beset by unemployment and unemployability.   
Furthermore, Kerala's high rate of educated unemployment points to more structural issues with the economy, where a large focus on public sector employment combined with the manufacturing and technology sectors' slow growth results in a small job market. In addition to enhancing people's quality of life and eradicating poverty, addressing unemployment is necessary to maintain the state's sustainable growth and retain talent within the state. Kerala's unemployment rate is three times higher than the national average, making it a significant socioeconomic issue.

**III .Objectives of Study**  
1. To comprehend Kerala's unemployment characteristics and causes.   
2. To examine how Kerala's economy is affected by unemployment.

**IV. Methodology of Study**

This investigation was based on secondary data. Data are collected from periodic labour survey reports, census survey reports, and official sources of the National Sample Survey Organisation. Data from Economic Review issues published by the Planning Board of the Government of Kerala and data from the Organisation Employment Exchange were also used in the study.

**V. Unemployment Scenario: India and Kerala**

Kerala's unemployment rate is higher than the national average, and it is a major issue throughout India. The population's share of all economic activity, known as the Worker Population Ratio (WPR), is 50.5 per cent in Kerala and 58.2 per cent in India overall. Kerala's unemployment rate for people aged 15 and over is as high as 7 per cent, compared to the national average of 3.2 per cent, according to the most recent Periodic Labour Force Survey (PLFS) for July 2022–June 2023. India's unemployment rate has decreased from 4.1 per cent to 3.2 per cent in the past year, with 2.9 per cent of women and 3.3 per cent of men.   
In rural India, the unemployment rate for men was 2.7 per cent in 2022–2023, while for women it was 1.8 per cent. However, when comparing Indian states' urban areas, the figures rose to as high as 4.7 per cent for men and as high as 7.5 per cent for women. Kerala's unemployment rate decreased from 10.1 per cent in 2021–2022 to 7 per cent in 2022–2023—that is, 4.8 per cent for men and 10.7 per cent for women. In Kerala's rural areas, the unemployment rates for men and women were 4.7 per cent and 9.2 per cent, respectively, while in the city, they were 4.8 per cent for men and 12.9 per cent for women.

Based on Current Weekly Status (CWS) based data, India's unemployment rate for people 15 and older was 5.1 per cent at the end of January this year, while Kerala's rate was a startling 10.4 per cent. In rural India, the CWS unemployment rate was 4.6 per cent for men and 4.1 per cent for women, whereas in urban areas, it was 6.3 per cent and 9.1 per cent for men and women, respectively. To show that it is a common occurrence in Kerala as well, the corresponding CWS unemployment rates for men and women in rural areas were 8.3 per cent and 13.4 per cent, respectively, while the rates in urban areas were 8.5 per cent and 15.1 per cent, respectively.   
Although youth employment (ages 15 to 29) is essential for economic growth, Kerala had the highest youth unemployment rate in the country, with rural areas reporting 29.4 per cent and urban areas 27.9 per cent, compared to the national average of only 8 per cent and 15.7 per cent for rural and urban India, respectively. The unemployment rate for youth (ages 15 to 19) in Kerala and India in 2022–2023 is compared in the following table based on usual status.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 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.

Kerala has a higher unemployment rate than the national average, as shown in the table, in both rural and urban areas. Kerala has a very high rate of female unemployment. India's overall unemployment rate is 10 per cent, but Kerala's is 28.7 per cent. It is crucial to remember that Kerala has a 43.8 per cent female unemployment rate, while India's rate is 10.6 per cent. In India, the unemployment rate for people aged 15 and over was 5.1 per cent at the end of January this year, while Kerala had a startling rate of 10.4 per cent, according to CWS-based data. In rural India, the CWS unemployment rate was 4.6 per cent for men and 4 per cent for women, whereas in urban areas, it was 6.3 per cent and 9.1 per cent for men and women, respectively. But the corresponding CWS unemployment rates for men and women in rural areas were 8.3 per cent and 13.4 per cent, respectively, while the rates in urban areas were 8.5 per cent and 15.1 per cent, respectively. It is interesting to know the unemployment rates in neighbouring states of Kerala, such as Tamil Nadu and Karnataka. It was 3.5 per cent in Tamil Nadu and it was 2.5 per cent in Karnataka in 2024.

**VI. Features of Unemployment in Kerala**

Unemployment in Kerala has some distinct features.

**i. Educated unemployment**

Educated unemployment is the state in which individuals with formal education are unable to find employment that aligns with their qualifications. According to a study by the Directorate of Economics and Statistics, 29 per cent of Kerala's unemployment is among educated people. Among SSLC-qualified hands, it was 54.50 per cent; among technical-qualified hands, it was 39.60 per cent; and among post-graduates, it was 27.80 per cent. The number of job seekers registered in various employment exchanges is explained in the table (Table No.2).

**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, Government of Kerala, 2023

Professional job seekers stood at 235997 in July 2022, according to official statistics based on employment exchange records, and the number of registered job seekers in Kerala decreased from 34.9 lakh as of December 31, 2015, to 28.4 lakh by December 31, 2022. Others argue that this decrease is a sign of the incapacity of employment exchanges to address unemployment. In terms of job seekers' educational status, 93.5 per cent of those at the SSLC level have obtained a qualification above that. The percentage of job seekers by educational level is shown in the table below.

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

|  |  |
| --- | --- |
| **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, Government of Kerala 2023

The percentage of job-seekers with education lower than SSLC is very low, 6.4 per cent as compared to SSLC holders. The total number of skilled professional and technical job-seekers as of 31 July 2023 stood at 250,000. ITI certificate holders, diploma holders and engineering graduates combined are 63.7 per cent of the total number. There are 45932 registered engineering graduates, 8302 medical graduates and 181757 other professionals as unemployed job seekers in Kerala. Education-related unemployment is a significant issue for both professional and non-professional graduates. Additionally, the number of unemployed people who registered for employment exchanges is shown in the above table. The number of unregistered candidates exceeds that of registered candidates.

**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 Government of Kerala 2022

The total number of professional job seekers was 235997 in July 2022, which includes 8308 medical graduates and 45932 engineering graduates. Unemployment exist among educated youths at all levels.

**ii. Female Unemployment in Kerala**

Among Indian states, Kerala has one of the highest rates of female labour force participation. It might be because Kerala people are more literate. In Kerala, only 35 per cent of women in the 15–59 age group are employed, compared to 78 per cent of men, according to the National Statistical Office's Periodic Labour Force Survey (2018–19) just 29 per cent of women were employed. According to estimates, 55 per cent of women reported being unemployed, while 23 per cent of men were still unemployed. According to the Periodic Labour Survey (PLFS), Kerala's unemployment rate is 19.3 per cent for men and 47.1 per cent for women in the 15–29 age range. The table (Table No.5) indicates that there were 1805974 female job seekers overall, compared to 1034530 male job seekers. In every district of Kerala, there are a lot of female job seekers.

**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 |
| Kozhikode | 92888 | 183170 | 6658 | 13420 | 99546 | 196590 | 296136 |
| Wayanad | 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 Government of Kerala, 2022

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

**iii. Paradox of unemployment and immigrant labourers.**

The fact that there are over 40 lakh immigrant workers in Kerala from other regions of the nation creates a paradox in the state's unemployment rate. Pull factors for immigration include higher wages, more job opportunities, social harmony, and a higher standard of living. The majority of the labour performed by immigrant workers is manual labour. Kerala employs thousands of foreign workers despite having a severe unemployment problem. An estimated 7.5 billion rupees are sent out of Kerala each year as remittances to other Indian states, according to a study done by the State Planning Board (Evaluation Division), Government of Kerala.

**VII. Causes of Unemployment in Kerala**

Following are some major causes for unemployment in Kerala

**i . Population Growth**

Kerala's population was growing at a very rapid pace in the early 20th century. Kerala's population was estimated to have grown by 354 per cent between 1901 and 1991, compared to 254 per cent for India overall. According to the 2011 census, Kerala had a total population of 3,34,06,061, up from 3,18,41,374 in the 2001 census. Between 2001 and 2011, the state's population grew by 4.91 per cent. The population density was 860 people per square kilometre, significantly higher than the national average of 382.

**ii . Slow Economic Growth**

Kerala's economy has been slowing down. Kerala's economy grew by 3.7 per cent in the 1960s, 2.3 per cent in the 1970s, and 1 per cent in the 1980s. Despite recent improvements in economic growth, job opportunities were not sufficiently created. The state's industrial and agricultural sectors are performing appallingly. The growth of Kerala's productive sectors is explained in the table (Table No. 6).

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

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Agriculture Growth Rate in Kerala | Growth rate of Industrial 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 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 has not been able to produce employment opportunities.

**iii. Inappropriate Educational system**

There is a claim that Kerala's current educational system contributes to the state's unemployment rate. Kerala job seekers lack the technical skills required for a variety of positions. White-collar jobs benefit from the state's educational system. The demand and supply of educated workers are not aligned. The current educational system is inadequate to prepare students for modern employment.

**iv. 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.

**v. Preference for White -collar jobs**

Kerala youths favour white-collar jobs. There is a shortage of manual labourers as a result of their preference for government, banking, and office jobs due to the universal education system. Many labourers from Kerala have migrated to the Middle East to work as manual labourers. However, in their home state, they are not prepared to participate in such activities.

**VIII. Economic Impact of Unemployment**

The following are some impacts of unemployment on the Kerala Economy

**I . Migration of Labour Force**

Due to Kerala's unemployment, many workers left the state for other states and the rest of the world. Kerala had 21,21,887 emigrants worldwide in 2018, according to the Kerala Migration Survey. In addition to international migration, a significant portion of Kerala's educated workforce is employed outside the state. According to the Kerala Migration Survey (KMS), the number of emigrants from Kerala is estimated to be 2.2 million

**ii . Wastage of human resources**

An economic asset turns into a liability. Economic manpower loss from unemployment can lower output and capital formation. Due to their reliance on the working population, unemployment exacerbates economic overload. Additionally, it causes people's and society's quality of life to slow down, which can result in health problems and school dropouts.

**iii . Student Migration**

Kerala's unemployment rate is a driving force behind student migration. Students of Kerala want to pursue higher education in Western European nations with the goal of relocating there. The Kerala Migration Survey (KMS) 2023 reports that over 2.5 lakh students have left Kerala to pursue higher education overseas. According to the KMS 2023, the number of student emigrants increased from 129763 in 2018 to 250000 in 2023. The survey revealed that the students constitute 11.3 per cent of total emigrants from Kerala. Brain drain and state revenue outflow are caused by student migration. According to estimates, each student spends over 20 lakh rupees on their studies overseas.

**iv. Decline in State Domestic Production**

Unemployment leads to a decline in the Gross Domestic Product of Kerala. According to Okun’s law, a 1 per cent increase in unemployment is usually associated with 2 per cent drop in gross domestic product. This is true in the development experience of Kerala also.

**IX . Conclusion**

A socioeconomic issue that affects the entire country is unemployment. The unemployment rate varies from state to state in India. Kerala has a much higher unemployment rate than the national average. The two main characteristics of unemployment in Kerala are the unemployment rate among women and educated people. The state has a large number of unemployed professional graduates. One of the key characteristics of Kerala's unemployment rate is the rate of unemployment among women, both in rural and urban areas. Unemployment in the state is caused by a number of factors, including a high population growth rate, a slow rate of economic growth, an antiquated educational system, and a preference for white-collar jobs. Human resources are wasted as a result of unemployment. Kerala's demographic situation underwent some significant changes as a result of labour force and student migration overseas. Young people's attitudes towards manual labour caused a mismatch between the supply and demand for unskilled manual labourers, which was filled by foreign workers from other parts of the nation.

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