

## UNEMPLOYMENT SCENARIO IN MAHARASHTRA: AN OVERVIEW

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### ABSTRACT

*Maharashtra has been facing a serious problem with unemployment. Based on current data, Maharashtra has a higher unemployment rate than the entire country. The COVID-19 epidemic has worsened the state's unemployment crisis and resulted in job losses in several industries. The unemployment rate in Maharashtra has varied over time. It reached a startling rise of 15.1 percentage points to 20.9% in April 2020 as compared to the prior year<sup>1</sup>. The high unemployment rate in Maharashtra is caused by several factors. The mismatch between the skills held by the worker and the demands of the job market is one of the main causes. Specialized skills are necessary for many industries in the state, and there is frequently a discrepancy between job seekers' skills and employers' demands. Although the state's educational system generates a great number of graduates, the skills they possess frequently do not meet the demands of business. Job seekers and available employment are not well matched, which is made worse by a lack of practical skills and vocational training. A large section of Maharashtra's workforce is employed in the agriculture industry, which is also confronting difficulties. Agriculture's productivity and employment prospects have been influenced by elements like water shortages, a lack of technical developments, and fragmented land. Furthermore, a sizable portion of the workforce in Maharashtra is employed in the unorganized sector; nevertheless, the benefits of social security, stability, and decent working conditions are frequently absent from these positions. Underemployment is a result of low production and seasonal variations in agriculture, which yet provides a substantial means of subsistence. A large percentage of workers in Maharashtra are employed in the unorganized economy. This sector is made up of small business owners, daily wage workers, and street sellers. In Maharashtra, the industrial sector has played a major role in creating jobs, especially in cities like Mumbai and Pune. However, the pandemic's effects on the economy have resulted in job losses in sectors like manufacturing, trade, and services. The state's problems with unemployment have been exacerbated by company downsizing and closures. Initiatives such as the Maharashtra State Skill Development Society (MSDSS) equip individuals with the necessary skills required by industries in the state. Women face unique challenges in the labor market. Social norms, safety concerns, and limited access to education hinder their participation. Encouraging women's entrepreneurship and skill development is crucial for inclusive growth. The government has also been promoting entrepreneurship and self-employment through schemes like the Chief Minister's Employment Generation Programme (CMEGP) and the Maharashtra State Rural Livelihoods Mission (UMED). These initiatives encourage individuals to start their businesses and create job opportunities not only for themselves but also for others in the community. The Maharashtra government has been focusing on enhancing vocational*

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<sup>1</sup> <https://www.livemint.com/news/india/unemployment-in-maharashtra-increased-15-1-pct-points-rose-to-20-9-in-apr-2020-cmie-survey-11588315982063.html>

*education, bridging the skills gap, and promoting entrepreneurship. Public-private partnerships can drive job creation across sectors. In conclusion, addressing unemployment in Maharashtra requires a holistic approach, involving stakeholders from government, industry, and civil society. By fostering skill development, promoting inclusive growth, and ensuring equitable opportunities, we can pave the way toward a more prosperous and employed Maharashtra.*

**KEYWORDS:** *Unemployment, Skill Development, Education, Agriculture, Industry.*

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## **Introduction**

Interest in the relationship between unemployment and well-being has been growing across multiple disciplines, including economics, sociology, work and organizational psychology, and public health. There is a consensus that employment provides more than just a source of income; it also confers social status, daily structure, opportunities for socialization, and a sense of purpose or meaning in life (Cigdem, Gedikli; Mariella, Miraglia; Sara, Connolly; Mark, Bryan; David, Watson, 2023).

Unemployment is one of the most pressing socio-economic issues plaguing India and other developing nations. It fuels a vicious cycle of poverty, hunger, malnutrition, homelessness, inequality, crime, and child labor. With a rapidly growing population, India faces an increasing need for employment opportunities. However, the available jobs fall far short of the number of job seekers. Low education levels and lack of vocational skills further compound the unemployment problem. The Indian society also grapples with inadequate government support and poor infrastructure, hampering economic growth. In rural areas, where a substantial portion of the poor reside, people often have no choice but to resort to informal, irregular jobs with health risks.

The agriculture and industrial sectors have struggled to absorb the excess labor supply driven by population growth. Even those in the prime working-age group face diminishing job prospects, reflecting the nation's inability to fully utilize its labor resources for economic development. Rural-urban migration is another major challenge, mirroring the scarcity of opportunities in rural regions.

While population control can facilitate economic progress, it is not a panacea. A multi-pronged approach is needed, focusing on skills training, agricultural diversification, labor-intensive technologies, service sector expansion, education, healthcare, and on-the-job training programs.

According to Goal 8 of the 2030 Agenda for Sustainable Development, the International Labour Organization (ILO) emphasizes that productive employment and decent work are key to achieving fair globalization and reducing poverty. This agenda focuses on job creation, rights at work, social protection, and social dialogue (Ramos-Herrera, 2023).

### **Objectives**

- To study the status of unemployment in Maharashtra.
- To examine the reasons for unemployment in Maharashtra.

### **The Indian Scenario**

India's burgeoning population has led to an ever-increasing demand for employment opportunities that far outstrips the available jobs in the market. This supply-demand mismatch is further exacerbated by the low levels of education and vocational skills among a significant proportion of the workforce. The lack of adequate governmental support and shortcomings in infrastructure development have compounded the economic challenges faced by the nation.

Given India's status as a developing country with a predominantly rural population, a substantial segment of the populace is heavily reliant on informal employment opportunities, characterized by irregularity and potential health hazards. The agricultural sector, which employs a significant portion of the rural workforce, is plagued by low productivity levels, necessitating a structural shift toward the industrial and service sectors to absorb the surplus labor force. Moreover, the manufacturing sector's lacklustre performance, marked by insufficient investment and sluggish growth, has further constrained the creation of new employment avenues. Consequently, the nation's slow economic growth has been accompanied by an alarming rise in poverty and malnutrition rates, reflecting the dire socio-economic consequences of widespread unemployment and underemployment.

Addressing this multifaceted challenge requires a multipronged approach, encompassing investments in education and skill development, infrastructural improvements, and policies aimed at boosting productivity across sectors while simultaneously promoting labor-intensive industries and services (Chaturvedi, 2022).

### **Historical Background**

India's pursuit of economic growth and job creation has been a long and arduous journey, punctuated by significant policy shifts and ongoing challenges. Maharashtra, with its rich cultural and historical legacy, has played a pivotal role in India's economic development. The state's diverse industrial base, thriving services sector, and vibrant urban centers have made it a hub of economic activity, contributing substantially to the country's GDP. Its strategic location and commercial importance have also attracted substantial investments, further bolstering its economic standing.

Despite these achievements, Maharashtra's labor market remains a pressing concern. Characterized by a high unemployment rate and a large number of job seekers, the state's labor market is marked by significant job-market mismatches. This complex issue requires a deep understanding of the various factors contributing to the mismatch, including education levels, vocational skills, government support, and infrastructure. Addressing these challenges is crucial for creating a more robust and inclusive labor market, ultimately enhancing the state's economic prospects and improving the lives of its citizens (Naubde, 2023).

### **Maharashtra's Role in India's Economic Development**

Maharashtra, with its rich historical and cultural heritage, has been at the forefront of India's economic progress. The state boasts a diverse industrial landscape, a thriving services sector, and vibrant urban centres, collectively contributing significantly to the country's GDP. Maharashtra's strategic position and commercial significance have attracted substantial investments, further bolstering its economic standing.

#### **• Challenges in the Labor Market**

Despite Maharashtra's economic achievements, the state's labor market remains a pressing concern. Characterized by a high unemployment rate and many job seekers, the labor market is marked by significant job-market mismatches. This complex issue requires a deep understanding of the various factors contributing to the mismatch, including education levels, vocational skills, government support, and infrastructure.

#### **• Addressing the Job-Market Mismatch**

Addressing the job-market mismatch in Maharashtra is crucial for creating a more robust and inclusive labor market, ultimately enhancing the state's economic prospects and improving the lives of its citizens. Policymakers and stakeholders must work collaboratively to implement targeted interventions, such as:

- Improving access to skill-based and vocational training programs to better align the workforce with industry demands.
- Increasing government investment and diversifying the agricultural sector to enhance productivity and create alternative employment opportunities
- Employing labor-intensive technologies in both the formal and informal sectors to expand job opportunities in rural and urban areas
- Expanding the services sector to generate more jobs for skilled workers, thereby improving societal standards of living
- Enhancing education and healthcare systems to boost human capital and create new employment avenues

### **Strategies to Address Unemployment in India**

India's journey towards economic development has been marked by persistent challenges in the labor market, particularly high unemployment rates. To address this pressing issue, a multifaceted approach is required. Here are some key recommendations:

- **Skill Development and Vocational Training**

Providing skill-based and vocational training programs can help equip unemployed youth with the necessary skills to secure jobs in the industrial and services sectors. This will not only improve their employability but also bridge the gap between the skills demanded by employers and the skills possessed by job seekers.

- **Boosting Agricultural Productivity and Diversification**

Increasing government investment and diversifying the agricultural sector can improve productivity and create alternative employment opportunities. This will help reduce unemployment, particularly in rural areas, and contribute to a more balanced and inclusive economic growth.

- **Adopting Labor-Intensive Technologies**

Implementing labor-intensive technologies in both the formal and informal sectors can expand job opportunities in both rural and urban areas. This approach can help generate more employment while leveraging technological advancements.

- **Expanding the Services Sector**

Focusing on the expansion of the services sector can create more job opportunities for highly-skilled workers, thereby improving the overall standard of living. This strategy can help address the mismatch between the skills of job seekers and the demands of the labor market.

- **Investing in Education and Healthcare**

Enhancing the quality and accessibility of education and healthcare services can boost human capital formation, leading to the creation of more employment opportunities. This holistic approach can contribute to the development of a skilled and healthy workforce.

- **Providing On-the-Job Training and Employment Subsidies**

Offering on-the-job training and employment subsidies can help improve the skills and job satisfaction of employees, reducing job turnover and promoting long-term employment stability.

By implementing these strategies, India can address the persistent challenge of unemployment, foster inclusive economic growth, and improve the overall well-being of its citizens.

India's labor market landscape has been grappling with concerning unemployment trends in recent months, casting a shadow over the nation's economic progress. According to the latest data from the **Consumer Pyramids Household Survey conducted by the Centre for Monitoring Indian Economy (CMIE)**, the country's unemployment rate witnessed a disquieting rise to 8.1% in April 2024, up from 7.4% in the preceding month of March.

This upward trajectory in joblessness was not confined to any particular region, as both urban and rural areas experienced an increase in unemployment rates. In rural India, the unemployment rate climbed to 7.8% in April, marking a notable increase from the 7.1% recorded in March. Similarly, the urban unemployment rate surged to 8.7%, up from the previous month's figure of 8.1%.

Compounding the gravity of the situation, the rise in unemployment was accompanied by a simultaneous decline in the labor force participation rate (LPR) and the employment rate. The LPR, which measures the proportion of the working-age population actively engaged in the labor force, inched down to 40.9% in April from 41.1% in March. Concurrently, the employment rate, which reflects the percentage of employed individuals within the working-age population, fell from 38.1% to 37.6% during the same period.

These worrying trends in India's labor market stand in stark contrast to the resilience exhibited by various high-frequency economic indicators. Sectors such as manufacturing and services continued to display expansionary momentum, as evidenced by robust Purchasing Managers' Index (PMI) readings. Additionally, the nation's Goods and Services Tax (GST) collections remained buoyant, while bank credit growth maintained a robust trajectory, suggesting a sustained appetite for investment and economic activity.

However, despite these positive signals, the spectre of rising unemployment looms large, underscoring the urgent need for concerted efforts to address the labor market challenges and unlock inclusive employment opportunities across the country<sup>1</sup>.

### Research Methodology

This study utilizes a mixed-method research design, integrating quantitative and qualitative approaches to comprehensively analyze labor market dynamics and employment policies in Maharashtra.

- **Quantitative Analysis**

Quantitative analysis involves examining statistical data and conducting correlation calculations to explore the relationships between economic indicators and employment parameters. Key variables such as GDP rate, poverty rate, literacy rate, unemployment rate, and the number of job seekers will be scrutinized. Descriptive statistics and correlation analysis will be employed to understand the interplay of these variables.

- **Qualitative Analysis**

Qualitative analysis delves into historical backgrounds, policy documents, and expert opinions to gain deeper insights into the labor market dynamics and historical employment initiatives in Maharashtra and Gujarat. Thematic analysis will be utilized to identify recurring themes and patterns in the historical policies and employment strategies of the two states.

- **Data Collection**

Data will be sourced from reputable sources including government reports, statistical databases, and published research papers. The study will focus on key variables pertinent to the labor market and employment landscape in Maharashtra.

- **Sampling**

For quantitative analysis, the entire population of Maharashtra is considered. In contrast, a purposive sampling approach will be adopted for qualitative policy analysis, selecting relevant policy documents and expert opinions from scholars, policymakers, and industry experts.

By employing this comprehensive research methodology, the study aims to provide a nuanced understanding of the labor market dynamics and employment policies in Maharashtra contributing valuable insights for policymakers and stakeholders in the region.

### Factors Impacting GDP, Poverty Rate, Literacy Rate, Unemployment, and Job-Seeking

State	GDP	Poverty Rate	Literacy Rate	Unemployment	Job Seekers
Maharashtra	17.4%	17.4%	82.34%	22%	42.5 lakh

Source: NSSO survey reports on employment and unemployment in India, Naubde, 2023

**Table 1**

Year	Unemployment Rate	Annual Change
2015	5.44%	0.00%
2016	5.42%	-0.01%
2017	5.36%	-0.07
2018	5.33%	-0.03
2019	5.27%	-0.06
2020	8.00%	2.73
2021	5.98%	-2.02
2022	8.30%	2.32

Source: Centre for Monitoring Indian Economy (CMIE).Jan 2023

Table 1 Show that Unemployment rate in India rose to 8.30 per cent in December 2022, India unemployment rate for 2022 was 8.30%, a 2.32% increase from 2021, the highest in 16 months, according to data from Centre for Monitoring Indian Economy (CMIE). According to recent CMIE statistics released on 1st January 2023, here is a complete list of the Unemployment Rate in India State-wise in December 2022.

<sup>1</sup> <https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=20240502160006&msec=476>

### Conclusion

Addressing unemployment presents a complex challenge that demands collaborative action from policymakers, industry stakeholders, and society at large. Through initiatives aimed at bridging skill disparities, broadening industrial diversity, fostering inclusive economic development, and investing in human capital, India, including states such as Maharashtra, can harness their complete economic capabilities and offer meaningful employment opportunities to every individual, ensuring dignity and prosperity for all. Addressing unemployment presents a complex challenge that demands collaborative action from policymakers, industry stakeholders, and society at large. Through initiatives aimed at bridging skill disparities, broadening industrial diversity, fostering inclusive economic development, and investing in human capital, India, including states such as Maharashtra, can harness its complete economic capabilities and offer meaningful employment opportunities to every individual, ensuring dignity and prosperity for all.

Maharashtra's efforts to combat unemployment will not be easy. The percentage of unemployment in the state has increased recently, disproportionately affecting women and educated youngsters living in rural areas. The economic slowdown is a factor, but so is a lack of emphasis on training workers for the changing industry and creating new jobs.

Maharashtra needs to adopt a multifaceted strategy going forward. Important actions include funding industries with strong employment potential, supporting skill development programs that are in line with business requirements, and addressing the unique difficulties experienced by women and young people with education. By implementing these measures, Maharashtra can empower its people to realise their full potential and foster a more active employment market.

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