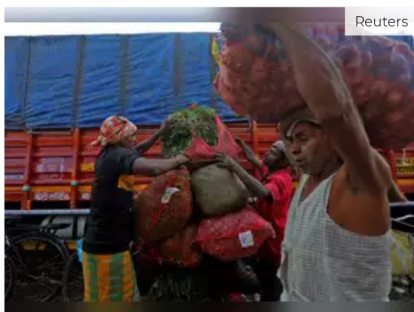


Unemployment rate falls to 7.7% in May on decline in labour participation: CMIE

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Synopsis

The unemployment rate inched down as a consequence of a fall in the labour participation, which implies a fall in the number of people who entered the labour market in search of work. Compared to April, labour participation rate (LPR) fell by 1.1 percentage point to 39.6 per cent in May, she said.



FILE PHOTO: Labourers load vegetables on a bicycle at a fruit and vegetable wholesale market in Mumbai, India, February 8, 2023. REUTERS/Niharika Kulkarni

The [unemployment rate](#) in [India](#) fell to 7.7 per cent in May due to a decline in the labour participation at 441.9 million, according to a data released by private economic think tank [CMIE](#).

Unemployment rate in India among people aged 15 years and above fell to 7.7 per cent in May 2023, from 8.5 per cent in the previous month, CMIE's [Natasha Somayya K](#) said in an analysis on its website.

The unemployment rate inched down as a consequence of a fall in the labour participation, which implies a fall in the number of people who entered the labour market in search of work.

Compared to April, labour participation rate ([LPR](#)) fell by 1.1 percentage point to 39.6 per cent in May, she said.

"This drop in LPR in May was expected because April witnessed a large number of people entering the labour force but only a small share was able to secure employment in the month. This was bound to discourage many from searching for work in the month of May. As a result, the labour force shrunk in size from 453.5 million to 441.9 million," she noted.

Meanwhile, the decline in labour participation in May 2023 was considerably higher in [rural India](#) compared to urban India.

She stated that in urban India, the labour force shrunk by close to 4.5 million.

There were around 147 million people in the urban labour force in April, which inched down to 142.5 million in May.

According to the CMIE (Centre for Monitoring Indian Economy) data, the urban labour market recorded a fall in the number of employed as well as unemployed people.

The 4.5 million fewer people in the urban labour force in May was the result of a combination of a decline in jobs by around 2.4 million and a fall in the number of unemployed in urban India by 2.1 million, it said.

This resulted in a total of 129.5 million people in the urban workforce, and around 13 million unemployed persons, it added.

Rural India also displayed a similar trend, posting a fall in both employment and unemployment numbers.

The rural labour force reduced to 299.4 million in May from 306.5 million in the previous month.

In April, rural India had recorded an impressive employment generation compared to urban India, however, in May, it has not been able to sustain the creation of jobs, she added.

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