



Unemployment in India

For Prelims: National Statistical Office, Types of Unemployment, Government's Initiatives

For Mains: National Statistical Office, Unemployment; its Types, Causes and Related Initiatives

Why in News?

Recently, the [National Statistical Office \(NSO\)](#) has released the **Periodic Labour Force Survey (PLFS)**.

- The unemployment rate in urban areas for persons aged above 15 eased to 7.2% in July-September 2022 from 9.8% in July-September 2021.

What are the Key Findings of the PLFS (July-September 2022)?

- **Unemployment Ratio:**
 - The unemployment ratio is defined as the **percentage of persons unemployed** among the persons in the labour force.
 - The unemployment rate was **6.6% for men** and **9.4% for women** (9.3% and 11.6% in July-September 2021).
- **Worker-Population Ratio (WPR):**
 - The WPR is defined as the **percentage of employed persons** in the population.
 - The WPR in urban areas for persons aged 15 and above stood at **44.5%** (42.3% in July-September 2021).
 - The WPR among **men was 68.6%** and **19.7% among women** (66.6% and 17.6% in 2021).
- **Labour Force Participation Rate (LFPR):**
 - It is defined as the **percentage of persons in the labour force** who are **working or seeking or available for work** in the population, in urban areas for persons aged 15 and above.
 - It increased to **47.9%** (46.9% in July-September 2021).
 - The LFPR among **men was 73.4%** and **21.7% among women** (73.5% and 19.9%, in July-September 2021).

What is the Periodic Labour Force Survey?

- Considering the importance of the availability of labour force data at more frequent time intervals, the **National Statistical Office (NSO)**, Ministry of Statistics & Programme Implementation launched the **Periodic Labour Force Survey (PLFS)** in April 2017.
- **The objective of PLFS is primarily twofold:**
 - To estimate the **key employment and unemployment indicators** (viz. Worker Population Ratio, Labour Force Participation Rate, Unemployment Rate) in the short time **interval of three months for the urban areas only** in the **Current Weekly Status (CWS)**.

- To estimate employment and unemployment indicators in both Usual Status and CWS in both rural and urban areas annually.

What is Unemployment?

- Unemployment occurs when a person who is **actively searching for employment is unable to find work**.
 - Unemployment is often used as a **measure of the health of the economy**.
- **NSO** defines employment and unemployment on the **following activity statuses of an individual**:
 - Working (engaged in an economic activity) i.e., '**Employed**'.
 - Seeking or available for work i.e., '**Unemployed**'.
 - Neither seeking nor available for work.
 - The first two constitute the **labour force** and unemployment rate is the **percent of the labour force** that is without work.
 - **Unemployment rate** = (Unemployed Workers / Total labour force) × 100.

What are Different Types of Unemployment?

- **Disguised Unemployment:**
 - It is a phenomenon wherein **more people are employed than actually needed**.
 - It is primarily traced in the **agricultural and the unorganised sectors** of India.
- **Seasonal Unemployment:**
 - It is an unemployment that occurs **during certain seasons** of the year.
 - **Agricultural labourers** in India rarely have work throughout the year.
- **Structural Unemployment:**
 - It is a category of unemployment arising from the **mismatch between the jobs available in the market and the skills of the available workers** in the market.
 - Many people in India do not get jobs due to lack of requisite skills and due to poor education level, it becomes difficult to train them.
- **Cyclical Unemployment:**
 - It is a **result of the business cycle**, where unemployment **rises during recessions and declines with economic growth**.
 - Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.
- **Technological Unemployment:**
 - It is the loss of jobs due to changes in technology.
 - In 2016, **World Bank** data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.
- **Frictional Unemployment:**
 - The **Frictional Unemployment also called as Search Unemployment**, refers to the **time lag between the jobs** when an individual is searching for a new job or is switching between the jobs.
 - In other words, an employee **requires time for searching a new job or shifting from the existing to a new job**, this inevitable time delay causes frictional unemployment.
- **Vulnerable Employment:**
 - This means, **people working informally, without proper job contracts** and thus **sans any legal protection**.
 - These persons are **deemed 'unemployed'** since **records of their work are never maintained**.
 - It is one of the **main types of unemployment in India**.

What are the Major Causes of Unemployment in India?

- **Social Factors:**
 - In India the **caste system is prevalent**. The work is prohibited for specific castes in some

areas.

- In big joint families having big business, many such persons will be available **who do not do any work and depend on the joint income of the family.**
- **Rapid Growth of Population:**
 - Constant **increase in population** has been a big problem in India.
 - It is one of the main causes of unemployment.
- **Dominance of Agriculture:**
 - Still in India nearly **half of the workforce is dependent on Agriculture.**
 - However, **Agriculture is underdeveloped** in India.
 - Also, it provides seasonal employment.
- **Fall of Cottage and Small industries:**
 - The **industrial development** had adverse effects on **cottage and small industries.**
 - The production of cottage industries **began to fall and many artisans became unemployed.**
- **Immobility of Labour:**
 - **Mobility of labour** in India is low. Due to **attachment to the family**, people do not go to far off areas for jobs.
 - Factors like **language, religion, and climate** are also responsible for low mobility.
- **Defects in Education System:**
 - Jobs in the **capitalist world have become highly specialised** but India's **education system does not provide the right training and specialisation** needed for these jobs.
 - Thus, many people who are willing to work become unemployed due to lack of skills.

What are Government's Initiatives to Curb Unemployment?

- [Support for Marginalized Individuals for Livelihood and Enterprise \(SMILE\)](#)
- [PM-DAKSH \(Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi\)](#)
- [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#)
- [Pradhan Mantri Kaushal Vikas Yojana \(PMKVY\)](#)
- [Start Up India Scheme](#)
- [Rozgar Mela](#)

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. Disguised unemployment generally means (2013)

- (a) large number of people remain unemployed
- (b) alternative employment is not available
- (c) marginal productivity of labour is zero
- (d) productivity of workers is low

Ans: (c)

Exp:

- An economy demonstrates disguised unemployment when productivity is low and too many workers are filling too few jobs.
- Marginal productivity refers to the additional output that is gained by addition of one unit of labour.
- Since, in disguised unemployment, more number of labour than required are already engaged in the work, the marginal productivity of labour is zero.
- Therefore, option (c) is the correct answer.

[Source: TH](#)

