



## Measurement of Unemployment In India

**For Prelims:** Measurement of Unemployment In India, [Unemployment rate](#), [International Labour Organization \(ILO\)](#), [World Bank](#), [National Sample Survey Office \(NSSO\)](#).

**For Mains:** Measurement of Unemployment In India, Factors for Unemployment In India.

[Source: TH](#)

### Why in News?

In 2021-22, India's [Unemployment](#) rate dropped to 4.1% according to [Periodic Labour Force Survey \(PLFS\)](#) of 2021-22, but higher than the US (Fluctuating between 3.5% and 3.7%), highlighting the contrasting economic landscapes between the two countries and thus are differing methods to measure unemployment.

### What is Unemployment?

#### ▪ ILO's Definition:

- Unemployment, as per the [International Labour Organization \(ILO\)](#), involves being out of a job, being available for work, and actively seeking employment.
- A crucial aspect is that those **not actively searching for work are not considered unemployed**.

#### ▪ The Labour Force:

- It comprises the **employed and the unemployed**. Those not in these categories (e.g., students, unpaid domestic workers) are categorized as **out of the labour force**.
- The unemployment rate is calculated as the **ratio of the unemployed to the labour force**.
  - The unemployment rate could also fall if an economy is not generating enough jobs, or if people decide not to search for work.

#### ▪ 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.
- **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.

## How is Unemployment Measured in India?

- **NSSO Classification Methods:**
  - **Usual Principal and Subsidiary Status (UPSS):** Principal status is determined based on the activity one spent the most time on in the previous year.
    - Subsidiary roles lasting at least 30 days are also **considered employment**. This method tends to **lower unemployment rates**.
- **Current Weekly Status (CWS):**
  - A shorter reference period of a week is adopted. Individuals are counted as employed if they have worked **for at least one hour on at least one day in the preceding seven days**.
    - CWS often results in **higher unemployment rates than UPSS** due to the shorter reference period.

**Note:** The [National Sample Survey Office \(NSSO\)](#) is merged with the Central Statistical Office to form the National Statistical Office (NSO) in 2019.

### The unemployment rates as per the Periodic Labour Force Survey

	UPSS			CWS		
	Rural	Urban	Aggregate	Rural	Urban	Aggregate
2017-18	5.3%	7.8%	6.1%	8.5%	9.6%	8.9%
2018-19	5%	7.7%	5.8%	8.4%	9.5%	8.8%
2019-20	4%	7%	4.8%	7.9%	11%	8.8%
2020-21	3.3%	6.7%	4.2%	6.5%	10%	7.5%
2021-22	3.3%	6.3%	4.1%	6%	8.3%	6.6%

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- **Complexities in Measuring Unemployment in India:**
  - **Constraints from Social Norms:**

- In developing economies, social norms significantly influence work-seeking decisions, leading to variations in labour force participation rates.
- For instance, a 2009-10 **NSSO** survey revealed that 33.3% of rural women and 27.2% of urban women aged 15 and above **engaged in domestic work would be willing to work if it were available within the premises of the households**, but they are not counted among the unemployed because they aren't actively job-hunting.

▪ **Informal Sector Complexity:**

- In contrast to developed economies, the informal nature of jobs in India **complicates measurement**.
  - Unlike developed economies, individuals do not hold one job year-round.
- People often engage in various economic activities throughout the year, making it **challenging to categorize them as employed or unemployed** at any given time.
  - An individual may be unemployed this week, but may **have worked as a casual labourer last month**, and as a farmer for most of the year.

▪ **Rural vs. Urban Disparities:**

- The low threshold for employment in UPSS explains why unemployment rates are **typically lower in rural areas** than in urban areas.
- In agrarian economies, access to family farms or casual agrarian work **increases the likelihood of finding some work**.

## 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.

▪ **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.

## Way Forward

- Unemployment measurement in developing economies like India involves intricate challenges stemming from the informal job market, variations in labour force participation, and differing measurement criteria.
- Understanding these complexities is vital for addressing unemployment effectively and making informed policy decisions.

## 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)**

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