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Q11

Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements.

UPSC Civil Services Mains 2023 · GS III · 15 marks · Indian Economy

Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Core demand of the question

- Examine why most Indian unemployment is structural
- **Explain Periodic Labour Force Survey methods:** usual status, Current Weekly Status, Current Daily Status
- Suggest improvements to measurement

Revision summary

- **India's unemployment is mostly structural:** too many workers in low-productivity farm work, skills that do not match vacancies, and weak manufacturing absorption.

PLFS usual status uses a 365-day reference and gives the lowest unemployment rate.

Current Weekly Status uses seven days and is the main internationally comparable headline.

Current Daily Status counts person-days and shows underemployment.

Improvements are hours, gig codes, women's time-use, district samples, and a vacancy module beside the household survey.

Introduction

India's job problem is not mainly a short recession. It is a **mismatch** between what people can do, where they live, and what the economy hires. That is **structural unemployment**. The **Periodic Labour Force Survey (PLFS)** tries to count it with three clocks: a year, a week, and a day. The clock you choose changes the rate.

Body

Why most unemployment is structural

- **Agriculture** still holds a large workforce while its share of output is much smaller; people are not idle every day, but they are not in productive non-farm jobs.
- **Education and skills** do not match factory, logistics, and care vacancies; graduates wait while machine operators are scarce.
- **Manufacturing** has not absorbed labour at East Asian speed; services hire the English-and-urban slice first.
- **Gender, caste, and region** lock many into local, unpaid, or casual work; a vacancy in another State is not a real option without housing and safety.

- Cyclical slumps add a layer. They do not explain why the same mismatch returns in a boom.
- Disguised unemployment** in the family farm is the rural face of the same structure.

Methodology in India

- After the old National Sample Survey employment rounds, **PLFS** (National Statistical Office) is the regular household survey.
- **Usual status (principal + subsidiary)**: a person is a worker if they worked for a major part of the last **365 days**, or had a subsidiary economic activity of at least 30 days. The unemployment rate on this basis is the **lowest**, because a few months of work in the year count.
- **Current Weekly Status (CWS)**: activity in the last **7 days**. A person who worked at least one hour in that week is employed. This sits between **usual status** and daily status and is now the headline international-style rate in **PLFS** annual and quarterly urban releases.
- **Current Daily Status (CDS)**: person-days in the week; unemployment is counted in **half-days**. This rate is the **highest** because underemployment (a worker idle three days) shows up.
- **Labour force** is those employed plus those seeking or available. **Not in labour force** (studies, unpaid domestic work) is not unemployment. That distinction matters for women.

Suggested improvements

- Publish **underemployment and hours** as prominently as the unemployment rate; **CDS**-type person-days should not stay a specialist footnote.
- Count **gig, platform, and unpaid family** work with clearer codes so informality is not hidden as self-employment.
- Raise **frequency and sample** for backward districts; urban quarterly **PLFS** is not enough for rural structure.
- Add a **job-vacancy and skill-mismatch** module (what employers cannot fill) beside household status.
- Align a **time-use** slice with **PLFS** so women's unpaid work is not read as voluntary withdrawal.
- Use administrative traces (EPFO, e-SHRAM, GST payroll) as **complements**, not as a replacement for a household survey that still sees the informal majority.

Flow diagram

Structural mismatch -> Farm surplus
 Structural mismatch -> Skill vs vacancy
 Structural mismatch -> Thin manufacturing
 PLFS -> Usual status 365 days
 PLFS -> CWS 7 days
 PLFS -> CDS person-days
 CDS person-days -> Shows underemployment

Conclusion

- **Most Indian unemployment is structural**: farm surplus, skill mismatch, and a thin factory layer. **PLFS usual status** understates it; **CWS** is the weekly headline; **CDS** shows person-day slack. Measurement will improve when hours, gig work, women's time-use, and vacancy data sit beside the single rate.

Facts & figures

PLFS

Periodic Labour Force Survey of the National Statistical Office; the regular national employment survey after the old NSS rounds.

Usual status

Principal and subsidiary activity over 365 days; a few months of work in the year count as employment.

CWS

Current Weekly Status: activity in the last seven days; at least one hour of work counts as employed.

CDS

Current Daily Status: unemployment measured in person-days, so idle days of a part-time worker are visible.

Labour force

Employed plus those seeking or available; unpaid domestic work is outside the labour force, not listed as unemployment.

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