



Cover Page



DATASETS AND THE SOCIO-ECONOMIC SIGNIFICANCE OF UNEMPLOYMENT IN INDIA: A BRIEF DISCUSSION

Dr. Madhusree Mukherjee

State Aided College Teacher, Department of Economics, Jagannath Kishore College, Purulia, West Bengal

Abstract:

Unemployment is one of the most critical indicators in economic analysis. While aggregate macroeconomic datasets are useful for identifying broad trends, they often fail to capture the heterogeneity and complexity of labour market realities. In India, unemployment is not merely a macroeconomic statistic; it is deeply intertwined with the country's socio-economic structures of caste, religion, gender, informality, and regional disparities. Therefore, the choice of an appropriate dataset is essential for any meaningful analysis of unemployment.

This paper seeks to explain the socio-economic impacts of unemployment in India. It also examines the various datasets used to measure employment and unemployment in the country. Finally, through logical reasoning, the paper concludes that the Employment-Unemployment Survey (EUS)—now replaced by the Periodic Labour Force Survey (PLFS)—is among the most suitable datasets employed by the National Sample Survey Organization (NSSO) while capturing the socio-economic realities of the employment-unemployment scenario of our country.

Keywords: Unemployment, NSSO data, Socio-economic implications, Macro-economic variable.

1. Introduction: Unemployment is one of the most critical indicators used in economic analysis. Traditionally, it has been understood within the macroeconomic framework alongside inflation, gross domestic product (GDP), and fiscal variables. In this approach, unemployment is defined as the share of the labour force that is willing and able to work but cannot secure employment, and is primarily treated as an indicator of underutilized labour resources. While this conventional understanding provides valuable aggregate insights for comparing economies and evaluating policies, it does not sufficiently capture the multidimensional socio-economic realities of unemployment, particularly in a country as complex and diverse as India (Mehrotra & Parida, 2017).

The primary objective of this paper is to consider unemployment not only as a purely macroeconomic variable but also as a socioeconomic variable. It argues that the choice of dataset becomes fundamental in this case, because socio-economic structures vary not only across countries but also across regions, communities, and households within the same country. In India, unemployment manifests differently in rural versus urban areas, among men versus women, and across caste and class lines. Without the right dataset, these variations remain invisible, leading to partial and misleading conclusions. Therefore, the paper seeks to identify which dataset is appropriate for capturing unemployment when analysed as a socio-economic phenomenon.

Again, India's labour market exemplifies why unemployment cannot be reduced to a single macroeconomic number. In India, as we know, agriculture continues to employ a significant share of the population, despite the expansion of services and industry. Most agricultural work is seasonal, casual, and low-productivity, resulting in cycles of underemployment and disguised unemployment. Households often experience fluctuations in labour demand – employment surging during sowing or harvesting and declining sharply in lean months. Such patterns, central to household livelihoods, are not reflected in headline unemployment rates (Papola, 2012).

The dominance of the informal sector adds further complexity. Over 90% of India's workforce is employed informally, often without written contracts, social protection, or secure wages (ILO, 2018). In such contexts, employment cannot be neatly classified into employed versus unemployed. For instance, rickshaw pullers in Indian cities often divide their working hours among themselves so that each has a chance to earn some income. A daily wage labourer may find work only



Cover Page



sporadically, and while technically employed, the family may still face deep insecurity. Such arrangements highlight the need to move beyond binary classifications of “employed” and “unemployed” to capture the nuanced realities of underemployment, disguised unemployment, and intermittent work. Thus, it underscores the need for considering unemployment as a socio-economic rather than a purely macroeconomic lens (Kannan & Raveendran, 2019).

Social and cultural dynamics also significantly influence unemployment in India. Caste remains a powerful determinant of occupational opportunities, with marginalized groups such as Dalits and Adivasis often confined to insecure, low-paying, and stigmatized forms of labour (Deshpande, 2011). Similarly, religious minorities encounter structural disadvantages that constrain their access to formal sector employment and upward mobility. Regional disparities further compound these inequalities because industrialized states such as Gujrat, Tamil Nadu, or Maharashtra present a different labour market landscape compared to agrarian underdeveloped states like Bihar or Uttar Pradesh, where poverty and seasonal migration dominate the employment pattern of the country. Such diversity underscores why unemployment in India is not a uniform phenomenon but a layered socio-economic experience.

The gender dimension of unemployment adds another layer of complexity. Despite advances in educational attainment, India’s female labour force participation remains one of the lowest globally (Mehrotra and Parida, 2019). Socio-cultural norms, domestic responsibilities, and the absence of flexible and safe working opportunities systematically exclude women from the labour market or from paid labour, and they continue to contribute through unpaid household labour, which is rarely recognised in official statistics. However, recently in the post-COVID situation, a significant rise in female labour force participation has been noticed, especially in rural areas. This is regarded as a distress-driven entry in labour market due to the job losses of earning members of the families in COVID-19.

Again, the persistence of child labour in India illustrates another socio-economic dimension. For many impoverished households, children’s earnings constitute a vital supplement to family income. Here, unemployment is not merely the absence of adult jobs but also about intergenerational vulnerabilities that compel children to enter the workforce prematurely. These socio-economic realities highlight why unemployment must be studied not only as a macroeconomic variable but also as a social problem intertwined with inequality, household-decision making, and survival strategies.

At the other end of the spectrum, educated youth face rising unemployment, creating frustration and a sense of disillusionment. Youth unemployment, particularly among graduates, has profound socio-political implications, as it not only reflects wasted human capital but also undermines the promise of the “demographic dividend” that India has long been expected to harness (Bloom, Canning, & Sevilla, 2003).

Given these complexities, the choice of dataset becomes crucial for any meaningful analysis of unemployment in India. Aggregate macroeconomic datasets, while useful for measuring broad trends, often fail to capture the heterogeneity and complexity of labour market realities. For instance, standard measures of open unemployment exclude discouraged workers, unpaid family labour, and underemployed individuals. They also tend to gloss over variations across gender, caste, religion, and region. Without disaggregated data, it is impossible to understand who is excluded from employment, how labour market inequalities operate, and why certain groups remain persistently vulnerable.

So, unemployment in India cannot be reduced to a single macroeconomic statistic. It is a multi-layered socio-economic condition, shaped by structural inequalities, cultural norms, and survival strategies. Understanding it requires not only a conceptual shift but also methodological sensitivity, particularly in the choice of dataset. The dataset becomes the lens through which unemployment is viewed, as an appropriately chosen dataset can illuminate the full complexity of labour market realities. In a country of India’s diversity, where agriculture still employs the majority, where informal labour dominates, and where social hierarchies remain powerful, the importance of selecting the right dataset is paramount. Only with such careful attention can research and policy move beyond macroeconomic aggregates to capture the socio-economic dimensions of unemployment and respond to them in meaningful ways.



Cover Page



Therefore, here are two main objectives of this paper: to discuss the socio-economic implications of the unemployment scenario in India at the first glance, and secondly, with appropriate logic, the consideration of appropriate datasets in this regard for broader analyses.

In this study, there are four sections. Section 2 carries a short literature survey to show the several socio-economic implications of the unemployment scenario in India, Section 3 presents the debate about the choice of an appropriate dataset, and in Section 4, we conclude.

2. Socio-economic Implications of Unemployment Scenario in India by Review of Literature:

Unemployment has significant and far-reaching socio-economic consequences for individuals, communities, and the nation as a whole. A review of the literature reveals that these implications are multifaceted, affecting economic stability, social cohesion, and personal well-being. Several socio-economic factors are highly responsible for unemployment trends of our country, such as different regions, different household types, different social and religious groups, different age and sex groups, different education-wise, and different seasonal fluctuation wise specially in the case of rural and urban India.

Srivastav (2011), De (2011) have found that the employment situation in North-East India is worse, and this problem is associated mainly with educated people & the working age population group 15-59 years. However, Mitra and Singh (2019) have discussed that nowadays there is a convergence among the states regarding the levels of unemployment.

Not only does unemployment rather underemployment, becomes a dominant feature of the labour market of present India. Minhas and Mazumdar (1987) had discussed that there is an increase in casual labour force and hence households based on casual labourers and this create the problem of underemployment for the Indian economy. Mehrotra and Parida (2019) have found that from 2011-12 to 2017-18, there is an increase in regular salaried employment, but the organised sector employment has increased for non-formal jobs with or without a written job contract. Analysing PLFS: 2017-18 data, Anand and Thampi (2019) pointed out that this increase in regular wage employment is partly due to the denominator effect, since there is a decline of the labour force overall by four percentage points, but not all regular jobs in recent days are paying well.

Evidence has suggested that the employment situation of the country differs among different kinds of social groups. Mohanty (2006) pointed out that the unemployment condition for socially backward classes (SCs & STs) is worse compared to upper class Hindus (UCHs). Kumar et al (2009) had discussed that most of the SCs and STs are underemployed as well as poor. Puhan (2016) has discussed that despite reservations from the part of government to socially backward classes (STs & SCs) how unemployment increases over time. Dutta et al (2020) have shown that the unemployment rate is highest for the ST population, followed by the SC population.

Again, considering religious groups, Robinson (2007) has pointed out that according to the Sachar committee report, illiteracy is higher among Muslims, and hence they are engaged in low-skilled jobs with low wages. As per Singh & Srijia (2014), due to having low educational attainment, labour force participation among Muslims is lower, and they are mainly engaged in self-employment activities. The secondary and above level of educational attainment is also highest among Christians, and in regular salaried employment the Christians have the maximum share than the other communities. Thus, both are minorities but have opposite features to elaborate their socio-economic status.

While discussing women's unemployment, Srivastav and Srivastav (2010) argued that the married women in rural areas are largely involved in household activities, and the single women are still self-employed based on landholding. Mazumdar and Neetha (2011) have analysed that from 1993-94 to 2009-10, there is a decline in the women's work participation rate. Sundari (2020) discussed that women's unemployment in India has increased both in rural and urban areas with the process of development.



Cover Page



However, Sharma and Sharma (2017) pointed out that employment is more vulnerable and risk-prone for educated individuals and emphasised to promote skill-based education. Bairagya (2018) pointed out that not only unemployment is higher for educated people compared to uneducated people, but also unemployment increases with the level of education. Bisht and Pattanayaik (2021) opined that it may be possible to increase employment with skill-based education, but with general educational achievements, the employability conditions are becoming more devastating day by day.

A huge amount of the labour force in India is still dependent on agriculture, so agricultural seasonality could be a great indicator for understanding the pattern of employment in the country. Bidinger, Nag, and Basu (1986) pointed out that since our rural economy is dependent on agriculture, seasonal fluctuations of employment and food availability to the poor people adversely affect their nutritional levels and cause serious health problems. Agarwal (1990) pointed out that how poor rural families cope with food insecurity in seasonal employment fluctuations in agriculture, and hence due to seasonality, there arises a huge amount of involuntary unemployment every year. Hence, sometimes they choose to migrate temporarily to the nearest urban areas in search of jobs. Mehar (2019) has noticed that in the agricultural lean season, the temporary out-migration from rural to urban areas is highest for agricultural labourers. They work temporarily in the informal sector and construction industries and in other types of casual work.

Thus, the socio-economic perspective is a major perspective one should keep in mind while considering the employment-unemployment situation of a country like India.

3. Debate about Choice of Database:

The existing literatures point out to the fact that the unemployment situation of the country differs across different regions, different socio-religious groups with different educational attainment and economic status. Thus, there are several socio-economic factors based on which the unemployment situation of the country changes. From this viewpoint, the present study wishes to choose an appropriate database while discussing the socio-economic features and analysis of the unemployment scenario.

There is a debate among economists regarding the employment and unemployment situation of a person, which means who should be considered as employed and who as unemployed? In different countries (sometimes in the same country), different committees are established with well-recognised economists, for defining how to measure the employment and unemployment situations of individuals and thereby the whole country.

India has a dualistic type of labour market. A modern sector is developing side by side with the co-existence of a traditional sector. Thus, understanding the employment and unemployment conditions, we must note that the statistics regarding the labour market of the Indian economy can be categorised broadly into three heads (Kapoor, 2019). These are i) Household Sample Surveys, ii) Establishment Censuses and Establishment Sample Surveys, iii) Various types of administrative records. But we must not forget to discuss the Census data, which is based on a population survey in households and conveys several estimators of employment in the country. This is a decennial population survey, and it also collects information on the economic activity of the population.

Now consider the well-recognised household sample surveys of India are NSSO's Employment Unemployment Survey (which was later replaced by Periodic Labour Force Survey), annual Employment Unemployment Survey (EUS) of labour Bureau. These Government surveys are conducted by selecting sample households. Here, the respondent is a household member or head of a household. From the respondent, we can get detailed information regarding religion, age, education, gender, level of living, industry, and occupation category of its members.

The establishment surveys are MoSPI's Annual Survey of Industries (ASI), Unincorporated Enterprises, Economic Census (EC), and Labour Bureau's quarterly employment surveys (QES). In these surveys, data is collected from worksites, and a more detailed picture of the industry structure of employment and characteristics of enterprises is obtained. However, this data basically considers the working population or sometimes their labour time.



Cover Page



Lastly, there are some administrative data sources such as Employees Provident Fund Organisation (EPFO), Employees state insurance corporation (ESIC), and National pension scheme (NPS). These databases are related to payrolls, social security systems, and provident funds for compiling information about the labour market. They actually help to provide a count of formal jobs.

Thus, while selecting a database, it is important to diagnose first the nature of the study. Here, we have concentrated our analysis on understanding the general unemployment scenario of India from a socio-economic background. So, this study requires the household sample surveys to understand the overall unemployment scenario of the country, as these databases cover all sections of the population. These household surveys help to capture the labour market information of both the organised and unorganised sectors, particularly the self-employed category. They provide the most comprehensive data to understand the employment- unemployment condition of the country.

Among all the data sources (such as population census, annual employment and unemployment survey by the labour bureau), NSSO's EUS is one of the most reliable household surveys. This may be because of the fact that it is a quinquennial survey and covers a range of information regarding the labour market in both quantitative and qualitative aspects. NSSO's employment and unemployment survey provides us with statistics regarding labour force participation rate, worker population ratio, unemployment rate, and wage earnings of casual and regular workers, skills of labourers, and so on. Following the recommendations of the Dantwala committee¹ (1970), NSSO measures employment and unemployment by using three approaches- Usual status approach, Current weekly status approach (CWS), Current daily status approach (CDS).

i) Usual Status Approach: According to this approach, if an individual spent relatively longer time with no gainful work of the preceding 365 days prior to the date of the survey, then he/she would be regarded as unemployed. Thus, the usual status approach considers long-term unemployment prevailing in the economy.

ii) Current Weekly Status Approach: According to this approach, if a person had worked for at least one hour on any day of the reference week, he/she was considered employed; if not, then unemployed. Thus, this current weekly status is based on priority- cum-major time criterion and helps to capture the seasonal variations of employment.

iii) Current Daily Status Approach: In this approach, a full day of the reference week is divided into two halves. In assigning the activity status on a day, a person is considered as 'working' for the entire day if he/she is gainfully engaged for four hours or more for the reference day. Again, if he/she is engaged for one hour or more but less than four hours a day, then he/she is considered as employed for half a day. Otherwise, he/she would be considered unemployed if he could not find work for even one hour a day.

In recent days, following the recommendations of Task Force (TF) NSSO's EUS is replaced by Periodic Labour Force Survey (PLFS). These PLFS surveys are conducted every year by following the definitions of measurement of employment and unemployment provided as usual status approach and CWS approach by NSSO. Besides providing information about the key labour force indicators, namely labour force participation rate (LFPR), worker population ratio (WPR), and unemployment rate (UR), the PLFS databases collect data on earnings of self-employed categories, which has been demanded for a long time with the increasing rate of participation in self-employment activities. It also collects information on hours worked for individuals who are categorised as employed according to CWS approach.

Similarly, the India Human Development Survey (IHDS) provides valuable household data linking employment with several socio-economic parameters, but its availability is not as frequent as PLFS data.

¹The Dantwala committee is an "Expert Committee on Unemployment Estimates", established in 1970, has noted that the Indian labour market is multi-dimensional and hence no one-dimensional measure of unemployment is meaningful in the Indian context.



Cover Page



Recently, a private agency, namely Centre for Monitoring Indian Economy (CMIE) provided high-frequency data on employment-unemployment of households by adopting Consumer Pyramids Household Surveys (CPHS). However, there are several questions among the researchers about the quality of this private data, and hence it cannot be treated as a replacement for NSSO's EUS/PLFS.

Thus, India's employment statistics are drawn from multiple sources, each with its own strengths and limitations. Household surveys like the NSSO's Employment-Unemployment Surveys and the newer Periodic Labour Force Survey provide the most comprehensive picture, covering both organized and unorganized sectors and measuring indicators such as labor force participation, worker population ratio, and unemployment, though they are infrequent and struggle with district-level precision. Establishment surveys, including the Annual Survey of Industries and NSSO's Enterprise Surveys, focus on workplaces and industry structures, but they often count positions rather than individuals and miss informal work. Administrative records, such as payroll and social security databases from EPFO, ESIC, and NPS, offer insights into formal jobs but face duplication, revisions, and reliability issues. Private sources like CMIE's Consumer Pyramids Household Survey add high-frequency unemployment data, though they cannot replace official surveys. Together, these sources create a fragmented but complementary view of India's labour market, reflecting both its organized and informal dimensions while highlighting challenges of comparability, coverage, and timeliness.

So, while considering the socio-economic viewpoint, we can recognise that NSSO data is one of the most suitable datasets while discussing the employment-unemployment scenario of the country.

4. Conclusion: Unemployment in India is far more than a macroeconomic indicator. It is deeply embedded in the country's socio-economic realities of caste, religion, gender, informality, and regional disparity. Thus, while making any type of analysis regarding unemployment, the choice of an appropriate dataset is highly required. Otherwise, it risks producing misleading or partial conclusions. India's push for frequent employment data has led to reliance on monthly administrative records like EPFO, ESIC, and NPS, but these are limited, unreliable, and cannot replace the detailed household surveys such as NSSO's EUS and PLFS. While well-chosen datasets such as PLFS or IHDS allow researchers to capture the multidimensionality of unemployment. Since IHDS datasets are not as frequently available as PLFS data, the choice of the PLFS dataset is an appropriate choice for analysing the socio-economic significance of employment-unemployment in India. The real need is to strengthen existing systems rather than create new ones—by asking deeper questions about job quality, extending PLFS coverage to rural areas, and building a National Business Register. Beyond unemployment rates, India must track informal work, labour underutilization, services sector data, youth inactivity, and skill mismatches. In this manner, choosing an appropriate dataset is very important as it is the foundation upon which a nuanced and context-sensitive understanding of India's unemployment challenge must be built.

References:

1. Agarwal. B (1990s), "Social Security and the Family: Coping with seasonality and Calamity in Rural India", *The Journal of peasant studies*, 17:3, 341-412
2. Anand. I and Thampi. A (2019), "Most Regular Jobs in India Don't pay Well: PLFS" *MINTLIVE*.
3. Bairagya. I (2018), "Why is Unemployment Higher among the Educated", *Economic and Political Weekly*, Vol.53 , No.7, pp-43-51.
4. Bidinger P.D, Nag, N, & Basu. P (1986), "Nutritional and Health consequences of Seasonal Fluctuations in Household Food Availability", *SAGE journals*, Food and Nutrition Bulletin 8 (1), 1-28.
5. Bishit. N & Pattanayaik. F (2021), "Exploring the Magnitude of Inclusion of Indian Youth in the World of Work Based on Choices of Educational Attainment", *Journal of Economics and Development*, Vol. 23, No. 2, pp. 128-143.
6. Bloom, D.E., Canning, D., & Sevilla, J. (2003). "The Demographic Dividend: A New Perspective on the Economic Consequences of Population Change". Rand Corporation.
7. De. U K., (2011). "Human Resource and Economic Development: Where does North-East India Stand?", *International Journal of Asian Social Science*, Vol. 1, No.4, pp. 108-116.



Cover Page



8. Deshpande, A. (2011). "The Grammar of Caste: Economic Discrimination in Contemporary India." Oxford University Press.
9. Dutta. A, Endow. T, Singh Mehta. B (2020), "Education, Caste and Women's Work in India", *Indian Journal of Labour Economics, Springer; The Indian Society of Labour Economics (ISLE)*, Vol. 63, No.2, pp 387-406.
10. Dantwala. M. L.,(1977)" Some Neglected Issues in Employment Planning", source: *Economic and Political Weekly*", vol. 13, No. 6/7, pp.291+293-294,
11. International Labour Organization (ILO) (2018). *Indian Wage Report: Wage Policies for Decent Work and Inclusive Growth*.
12. Kannan, K. P., & Raveendran, G. (2019). From jobless to job-loss growth. *Economic and Political Weekly*, 54(44), 38-44.
13. Kapoor. R (2019), "An Employment Data Strategy for India", Indian Council for Research on International Economic Relations, NCAER India Policy Forum 2019.
14. Kumar. R, and Kumar. S, Mitra. A (2009), "Social and Economic Inequalities: Contemporary Significance of Caste in India", *Economic and Political Weekly*, Vol.44, No. 50, pp. 55-63.
15. Mazumdar. I., Neetha. N. (2011), "Gender Dimensions: Employment trends in India, 1993-94 to 2011-12". *Economic and Political Weekly*, vol. 46, No. 43
16. Mehar S. K. (2019), Impact of Distress Driven Migration from a Socio-economic Perspective: A Case Study of Naupada District in Kalahandi, Balangir Koraput Region of Odisha, *Indian Society of Labour Economics, Springer*, 62: 763-782
17. Mehrotra, S., & Parida, J.K. (2017). "Why is the Labour Force Participation of Women Declining in India?". *World Development*, 98, 360-380
18. Mehrotra, S., & Parida, J.K. (2019). "India's Declining Female Labour Force Participation: Evidence from NSS and Periodic Labour Force Surveys". *Indian Journal of Labour Economics*, 62, 217-244.
19. Minhas B. S. And Mazumdar. G. (1987) "Unemployment And Casual Labour In India: An Analysis of Recent NSS Data". *Indian Journal of Industrial Relations*, Vol. 22, No. 3, PP. 237-253.
20. Mitra. A & Singh. J (2019), Rising Unemployment in India: A State-wise Analysis from 1993-94 to 2017-18, *Economic and Political Weekly*, Vol 54, No.50
21. Mohanty. M (2006), "Social Inequality, Labour Market Dynamics and Reservation", *Economic and Political weekly*, Vol. 41, No. 35, pp. 3777-3779+3782-3789
22. Papola, T.S. (2021). "Structural Changes in the Indian Economy: Emerging Patterns and Implications". *Economic and Political Weekly*, 47(48), 41-50.
23. Puhan. R R (2016) "Impact of Unemployment and Education On Tribal Families & Youth- Policies and Issues of Indian Govt.": *European Journal of Social Sciences Studies*, vol. 1
24. Sanghi S, Srija A (2014), "Employment Trends among Religious Communities of India", *Economic and Political Weekly*, Vol. 49, No. 17, pp. 22-24
25. Sharma. S and Sharma. P (2017), "Education Mismatch and Its Impact on Earnings: Evidence from Indian Labour Market". *International Journal of Social Economics*, 44, 1778-1795.
26. Srivastava. N and Srivastava. R (2010), "Women, Work, and Employment Outcomes in Rural India" *Economic & Political Weekly*, Vol. 45, No. 28, pp. 49-63.
27. Srivastav N (2011), "Patterns of Emerging Labour Force and Growing Unemployment in North-East India", SSRN 1825101.
28. Sundari. S (2020), "Structural Changes and Quality of Women's Labour in India", *The Indian Journal of Labour Economics, Springer; The Indian Society of Labour Economics (ISLE)*, vol. 63, No. 3, pages 689-717.
29. Sundaram K.(2001) "Employment Unemployment Situation in the Nineties: Some Results from NSS 55th Round Survey", *Economic and Political Weekly*, Vol. 36, No 11, (pp.931-933+935-940
30. Robinson R (2007), "The Varied Dimensions of Marginality", *Economic and Political Weekly*, Vol. 42, No. 10, pp. 839-843