



GENERAL STUDIES

INDIAN ECONOMY

For

UPSC/KPSC-CIVIL SERVICES
EXAMINATIONS

BY

GRASS ROOT ACADEMY
FOR CIVIL SERVICE EXAMS

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UNEMPLOYMENT

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. The most frequent measure of unemployment is the **unemployment rate, which is the number of unemployed people divided by the number of people in the labour force.**

Unemployment occurs when workers who want to work are unable to find jobs, which means lower economic output, while still requiring subsistence. High rates of unemployment are a signal of economic distress, but extremely low rates of unemployment may signal an overheated economy.

$$\text{Number of unemployed} = \text{labour force} - \text{work force}$$

UNEMPLOYMENT ESTIMATES

As per NSSO, here are the concepts and definitions of employment and unemployment estimates **Activity status**

It is the activity situation in which a person is found during a reference period, which concerns the person's participation in economic and on economic activities. According to this, a person will be in one or a combination of the three following statuses during a reference period.

- Working or being engaged in economic activity
- Being not engaged in economic activity and either making tangible efforts to seek work or being available for the work if work is available and
- Not engaged in any economic activity and also not available for work.

Persons in (1) and (2) categories are called **labour force.**

Persons in category (1) are called employed. They are also termed as **work force.**

Persons in category (2) are called **unemployed**

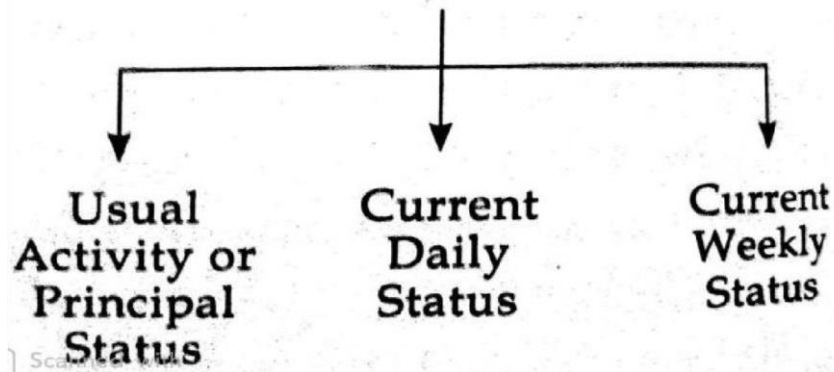
Persons in category (3) are **not in the labour force**

Different approaches for determining Activity status

The people surveyed are classified into various activity categories on the basis of activities pursued by them during certain reference periods. There are three periods for this survey viz. (1) one year, (2) one week and (3) each day of reference week.

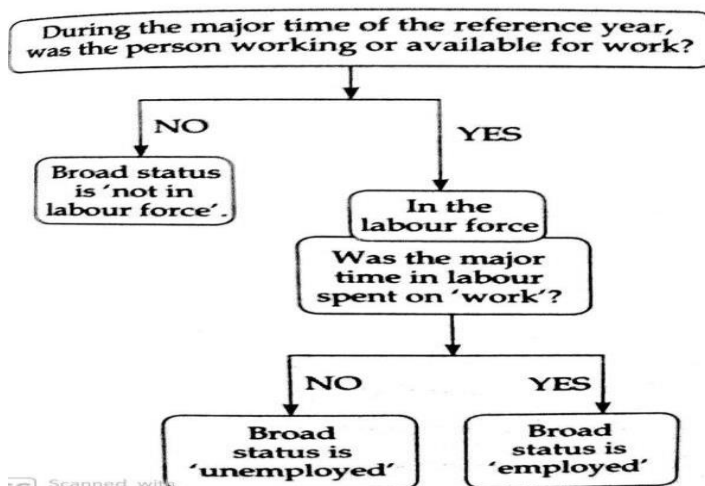
Based on these three periods, three different measurements of activity status are arrived. They are termed respectively as usual status, current weekly status and current daily status. The activity status determined on the basis of reference period one year is called as usual activity status of a person, that determined on the basis of one week is known as the current weekly status of a person and the activity status determined on the basis of each day of the reference week is known as current daily status of the person.

Approaches for Determining Activity Status



1. Chronic or "usual principal status"

Here, the reference period is one year. It is measured in number of persons, that is number of persons who remained employed / unemployed for a major part of year. A person is considered employed/ unemployed not in the labour force if he/ she was working/ not working and also not available for work for a longer time throughout the reference time of the year. This can be understood in the below flowchart. Here, we classify persons into employed, and unemployed not in the labour force category and we do not measure the intensity of employment/unemployment. This measure is more appropriate to those in search of regular employment. E.g educated and skilled persons. The estimates made in terms of average number of persons per year in each activity statuses, say 10 million persons/year.



2. Current weekly status

Here the reference period is one week. A person is considered employed/ unemployed/ not in labour force is he/she has worked at least one hour during the reference week./ not worked even one hour but was seeking work or was available for work. This can be understood in the below flow chart. If a person is employed even for an hour in a week , he is considered employed. Here we must classify persons into number of employed and unemployed category and we do not measure the intensity of employment or unemployment. The estimates are

made in terms of average number of persons per week in each activity status, say 10 million persons/ week.

