

Unemployment and Poverty

➤ What is Unemployment?

It is a condition where people who are willing and able to work at the prevailing wage rate cannot find a job.

➤ Types of Unemployment in India

Type of Unemployment	Explanation	Indian Example
Disguised	More people employed than needed	Agriculture sector
Seasonal	Jobs available only during seasons	Sugarcane harvesting
Structural	Due to mismatch of skills	Engineers lacking coding skills
Frictional	Temporary unemployment while switching jobs	Fresh graduates
Cyclical	Due to economic recession	Job loss during COVID-19 slowdown
Technological	Due to automation	Banks replacing clerks with ATMs

Measurement of Unemployment in India

➤ NSSO (Now under NSO) uses 3 methods:

- Usual Principal Status (UPS): Long-term (1 year)
- Current Weekly Status (CWS): 7 days reference period
- Current Daily Status (CDS): Each day of the last 7 days

Note → UPS is for chronic unemployment; CDS gives the most detailed picture.

Recent Trends in Unemployment

➤ Periodic Labour Force Survey (PLFS) 2023–24 Highlights:

- Overall unemployment rate: 3.2%
- Youth unemployment (15–29 yrs): ~12.4%
- Female Labour Force Participation Rate improving (from 23.3% in 2017–18 to 37% in 2023–24)

Note: Who publishes PLFS? → NSO under MoSPI

Note: What is the unemployment rate trend post-COVID?

Causes of Unemployment in India

- High population growth
- Low industrialisation
- Skill mismatch
- Slow job creation in organised sector
- Overdependence on agriculture
- Technological changes replacing manual jobs

Government Initiatives to Reduce Unemployment

Scheme	Key Features
MGNREGA	100 days of guaranteed wage employment in rural areas
PM Kaushal Vikas Yojana (PMKVY)	Skill training & certification
Start-up India	Support for entrepreneurship
Stand-up India	Loans to SC/ST/women
Atmanirbhar Bharat Rozgar Yojana	Incentivizes job creation in formal sector
National Career Service (NCS)	Online job exchange portal

Remember: MGNREGA is demand-driven and a legal right.

Poverty

➤ What is Poverty?

A condition where people lack basic needs – food, shelter, education, healthcare, etc.

➤ Types of Poverty:

- Absolute Poverty – Below a certain income level (e.g., World Bank's \$2.15/day line)
- Relative Poverty – Comparison with others in the society
- Chronic Poverty – Long-term trap of poverty
- Urban Poverty vs Rural Poverty

Measurement of Poverty in India

Committee	Poverty Line Basis
Tendulkar Committee	Based on consumption expenditure, uniform rural–urban poverty line
Rangarajan Committee	Revised poverty line upwards
Alkire-Foster Method	Multidimensional Poverty Index (MPI)

- NITI Aayog's National MPI 2023
 - India reduced multidimensional poverty from 29.17% (2013–14) to 11.28% (2022–23)
 - Key indicators: Education, health, and standard of living

Causes of Poverty in India

- Inequitable growth
- Unemployment
- Low agricultural productivity
- Inflation
- Lack of access to education & healthcare
- Social discrimination

Government Schemes to Reduce Poverty

Scheme	Focus Area
PM Awas Yojana (Gramin & Urban)	Housing for all
Ayushman Bharat – PMJAY	Free health insurance
PM Garib Kalyan Anna Yojana	Free ration
National Food Security Act (NFSA)	Right to food
PM Kisan Samman Nidhi	₹6000 per year to farmers
Deen Dayal Antyodaya Yojana	Rural & urban livelihood mission

Note: Antyodaya Yojana = SHGs + skill development

Link between Poverty and Unemployment

- Low income → low demand → less job creation
- Jobless growth → income inequality → persistent poverty
- Poverty affects nutrition → impacts productivity → fuels unemployment

A vicious cycle that needs simultaneous policy intervention

Important Reports & Indices

Report/Index	Released By	Relevance
Multidimensional Poverty Index	UNDP + Oxford → NITI Aayog (India)	Poverty
PLFS	NSO, MoSPI	Unemployment
Global Hunger Index	Concern Worldwide + Welthungerhilfe	Food security
Human Development Index (HDI)	UNDP	Income, Education, Life expectancy

The most important type of unemployment to be met in India is:[OPSC OCS 2006]

- (a) Frictional unemployment
- (b) Cyclical unemployment
- (c) Disguised unemployment
- (d) Structural unemployment

Answer: (c) Disguised unemployment

Explanation:

Disguised unemployment is a condition where more people are engaged in a job than actually required. This is prominently seen in India's agriculture sector, where multiple family members work on a small plot of land, yet removing a few workers wouldn't reduce output.

- It reflects low marginal productivity of labour.
- It doesn't show up in open unemployment data but has serious consequences on productivity and income.
- It is a form of hidden unemployment and a major concern in rural India.

According to the recent estimates of the poverty line in India, the daily calorie intake of a person in rural areas is: [OPSC OCS 2011]

- (a) 2100 Calories
- (b) 2200 Calories
- (c) 2300 Calories
- (d) 2400 Calories

Answer: (d) 2400 Calories

Explanation:

Traditionally, the Planning Commission of India set the poverty line based on minimum calorie intake required for survival.

- For rural areas, the norm was 2400 calories/day, considering higher energy requirements due to manual labor.
- For urban areas, it was 2100 calories/day.
This norm was later critiqued and refined by committees like Tendulkar and Rangarajan, which included non-food expenditures (like healthcare, education, rent) into poverty assessment. However, 2400 calories remains a key benchmark in older methodologies.

Consider the following statements:

- 1. Poverty line estimation in India has been based on the consumption expenditure and not on the income levels.**

- 2. It is difficult to assess incomes of self-employed people, daily wage laborers etc., and there may be large fluctuations in income due to seasonal factors.**

Which of the following is correct in respect of the above statements? [OPSC OCS 2022]

- (a) Both 1 and 2 are correct and 1 is the correct explanation of 2
- (b) Both 1 and 2 are correct, and 2 is the correct explanation of 1
- (c) Both the statements are correct but none is an explanation of the other
- (d) Both the statements are correct but unrelated

Answer: (b) Both 1 and 2 are correct, and 2 is the correct explanation of 1

Explanation:

India's poverty line is not based on income because:

- A large part of the workforce is informal, self-employed, or seasonal (e.g., farmers, daily wage workers).
- Their income varies across months and seasons, making it unreliable for measurement.

Therefore, poverty estimation uses monthly per capita consumption expenditure (MPCE), which is more stable and easier to track via surveys.

- Statement 2 explains why Statement 1 is true – hence, option (b).

As per the Multi-Dimensional Poverty Index released by NITI Aayog in November 2021, which state has the lowest share of the total "multidimensionally poor" in India? [OPSC OCS 2021]

- (a) Punjab
- (b) Kerala
- (c) Himachal Pradesh
- (d) Maharashtra

Answer: (b) Kerala

Explanation:

The Multidimensional Poverty Index (MPI) considers more than just income or consumption. It measures poverty in terms of deprivation across three dimensions:

1. Health (nutrition, child mortality)
2. Education (years of schooling, school attendance)
3. Standard of living (electricity, sanitation, cooking fuel, etc.)

Kerala consistently ranks best due to:

- High literacy rate
- Good public health infrastructure

- Better gender equality and social indicators

Hence, it has the lowest percentage of multidimensionally poor people in India.

For each country, Global Hunger Index Values are determined by which of the following indicators? [OPSC OCS 2020]

- (1) Undernourishment
- (2) Child Mortality
- (3) Child Stunting
- (4) Child Wasting

The correct answer is:

- (a) (1), (2), and (4)
- (b) (2), (3), and (4)
- (c) (3) and (4)
- (d) (1), (2), (3), and (4)

Answer: (d) All four indicators

Explanation:

The Global Hunger Index (GHI) is published by Concern Worldwide and Welthungerhilfe. It ranks countries based on:

1. Undernourishment – % of population with insufficient calorie intake
2. Child Wasting – low weight-for-height (indicates acute malnutrition)
3. Child Stunting – low height-for-age (indicates chronic malnutrition)
4. Child Mortality – death of children under age 5

India often ranks poorly on this index, especially due to child stunting and wasting.

Which of the following Committees recommended a poverty line based on nutritional requirements exclusively? [OPSC OCS 2020]

- (a) Lakdawala Committee
- (b) Rangarajan Committee
- (c) Alagh Committee
- (d) Tendulkar Committee

Answer: (c) Alagh Committee

Explanation:

The Alagh Committee (1979) was the first official task force to define a poverty line in India.

- It based poverty on minimum calorie intake:
 - 2400 kcal/day (rural)
 - 2100 kcal/day (urban)
- It used per capita consumption expenditure needed to attain that calorie intake as the threshold.

Later, other committees expanded the approach:

- Lakdawala (1993): updated price indices and consumption baskets
- Tendulkar (2009): shifted from calorie-based to mixed reference with health, education, etc.
- Rangarajan (2014): revised poverty line upwards with broader consumption needs

Study OAS