Indian Economy · GS - III

“A declining unemployment rate does not necessarily indicate an improvement in the quality of employment.” Discuss in the context of India’s labour market.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 02/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Unemployment measurement; informal employment; self-employment; underemployment; decent work; social security; labour productivity; formalisation

Model Answer

Introduction

A falling unemployment rate can indicate improved access to work, but it does not necessarily reflect better wages, job security or working conditions. India’s labour-market challenge therefore extends beyond employment creation to decent employment.

Key Concerns

1. Informality and Insecurity

A substantial share of workers remains in informal employment, often without written contracts, paid leave, pensions or comprehensive social protection.

2. Vulnerable Self-Employment

Self-employment can encourage entrepreneurship, but it may also reflect limited salaried opportunities. Low productivity, irregular demand and inadequate access to credit can constrain earnings.

3. Underemployment and Skill Mismatch

Workers may accept fewer hours or jobs below their qualifications. Skill mismatches and limited growth of productive enterprises further affect labour-market outcomes.

Way Forward

India should promote labour-intensive manufacturing, modern services and micro, small and medium enterprises. Apprenticeships, vocational training, women's workforce participation and affordable childcare can improve access to productive employment. Effective implementation of social-security frameworks, portable benefits and transparent wage practices is also essential.

Conclusion

Employment policy must assess not only how many people work but also the productivity, dignity, security and adequacy of their earnings. Decent work is central to inclusive and sustainable growth.

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