

Clarifying Unemployment Trends Reported in Recent Media Coverage

Recent media coverage has raised concerns about a marginal rise in unemployment rates in India between April and May 2025, citing an increase from 5.1 percent to 5.6 percent based on monthly estimates from Periodic Labour Force Survey (PLFS), measured using the Current Weekly Status (CWS) approach. While the data cited is not incorrect, interpreting such short-term fluctuations as indicative of a broader trend can be misleading without adequate statistical and policy context.

Understanding the Nature of Monthly Estimates

It is important to distinguish between the monthly CWS estimates and the quarterly or annual estimates of PLFS published by the Ministry of Statistics and Programme Implementation (MoSPI). Monthly data are inherently subject to short-term seasonal variations and are based on a smaller sample over a limited reference period. As such, they tend to reflect transient changes, including weather-induced variations or sector-specific disruptions, which do not necessarily point to long-term structural shifts in employment.

In contrast, quarterly estimates, also based on the CWS approach, provide a more stable and reliable picture, as they are averaged over three months. Even more robust are the annual estimates under the usual status approach (PS+SS), which capture employment status over a longer reference period and are less susceptible to short-term volatility.

The Broader Trend: Consistent Decline in Unemployment

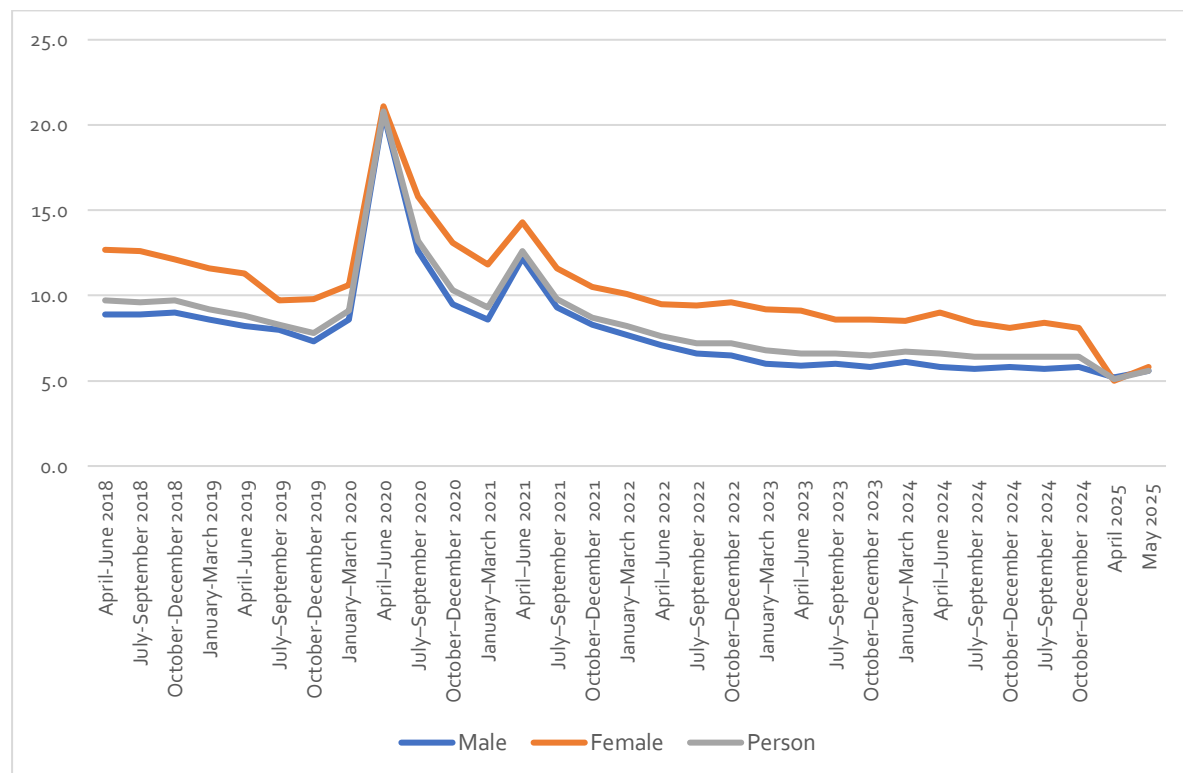
When examined over time, both the quarterly CWS estimates and more recent monthly data indicate a consistent downward trend in unemployment following the Covid19 shock. From a peak of 20.8 percent in April-June 2020, the unemployment rate has steadily declined, reaching 6.4 percent in October-December 2024 and falling further in early 2025 ([Figure 1](#)).

The unemployment rate among females declined from 21.1 percent in April-June 2020 to 5.8 percent in May 2025. For males, it dropped from 20.7 percent to 5.6 percent over the same period. The combined rate improved from 20.8 percent to 5.6 percent signaling a broad-based recovery in labour market conditions.

Even more notably, the two recent monthly estimates from April and May 2025 are lower than the quarterly average recorded in October-December 2024, which stood at 5.8 percent for males, 8.1 percent for females, and 6.4 percent overall. The unemployment rates recorded in last two months are still lower than the quarterly estimates of the last quarter of 2024. The estimates not only indicate continued improvement in the post-pandemic labour market but also suggest that the modest rise from April to May 2025 remains well within the bounds of

typical seasonal variations and still reflects an improvement compared to the past trend. It reinforces the argument that the recent labour market gains are being sustained beyond seasonal fluctuations.

Figure 1 – Unemployment Rates in India based on Current Weekly Status Estimates



Source: Quarterly and Monthly Reports, PLFS.

The marginal uptick from 5.1 percent in April 2025 to 5.6 percent in May 2025 should be seen in this context of short-term seasonal variation, not as a reversal of the long-term trend. Such month-to-month movements are typical and not uncommon, especially when derived from smaller samples with shorter reference period.

Rationale Behind Monthly Reporting of Labour and Employment Data

The introduction of monthly CWS estimates by MoSPI is part of a broader effort to improve the timeliness and responsiveness of labour market data in India. Monthly estimates enable quicker monitoring of emerging employment trends and allow policymakers to track short-term developments, especially in response to economic shocks, sector-specific disruptions, or seasonal variations. This more also aligns with the globally emerged need for producing more real-time labour market information system, thereby strengthening evidence-based policymaking.

Monthly CWS estimates are best suited for tracking short-term changes and seasonal variations in key labour market indicators. They are particularly useful for high-frequency

observation of labour market responses and trends to immediate policy actions, economic events, or external shocks. However, due to limited reference period and smaller sample size, these estimates should be interpreted with utmost caution and not treated as indicators of long-term structural trends. For more stable and robust assessment, quarterly and annual estimates, especially those based on the usual status approach, remain more appropriate. The monthly estimates do not replace the quarterly or annual estimates, but supplement them.
