

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 213
TO BE ANSWERED ON 01.12.2025**

INFLATION AND UNEMPLOYMENT

213. SHRI E T Mohammed Basheer

Will the Minister of FINANCE be pleased to state:

- (a) the current trends and causes of unemployment and inflation in the country and the manner in which they are interrelated;
- (b) the policies and regulatory mechanisms introduced by the Government to simultaneously control inflation and create employment; and
- (c) the manner in which these interventions by the Government help in achieving a balance between price stability and employment growth?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): According to the Annual Periodic Labour Force Survey (PLFS) 2023-24 (July to June period), the all-India annual unemployment rate for individuals aged 15 years and above (as per usual status) declined from 6 per cent in 2017-18 to 3.2 per cent in 2023-24. At the same time, the average retail inflation rate (Y-o-Y) measured by the Consumer Price Index (CPI) declined from 5.4 per cent in 2023-24 to 4.6 per cent in 2024-25, the lowest in the last 6 years. It moderated further in 2025-26 (April-October), with average retail inflation easing to 1.9 per cent.

According to economic theory, periods of high unemployment may reduce wage pressures, which consequently can suppress household demand and mitigate inflationary pressures within the economy. However, in the Indian context, the interaction between unemployment and inflation rate is shaped by several factors, such as the structural characteristics of the labour markets, supply-side drivers of prices and government interventions to control inflation and generate employment.

(b) The Government has undertaken a series of measures to control inflation and foster sustainable employment in the economy. The measures to control inflation and stabilise the prices of essential items include building buffers of key food items and periodically releasing these items into the open market; preventing hoarding by setting and revising stock limits; distributing select food items like rice, wheat flour, chana, masur dal and moong dal at subsidised prices through designated retail outlets under the Bharat brand and periodic reduction in the retail selling prices of domestic LPG. Some recent initiatives aim to strengthen the pulse and edible oil markets in the country. With ₹42,000 crore investment and 1,100 projects focused on modernising rural infrastructure, the ‘Pradhan Mantri Dhan-Dhaanya Krishi Yojana’ and the ‘Self-Reliance in Pulses Mission’ were launched to boost farmers’ incomes. The Government has also recently approved a ₹13,890 crore procurement of pulses and oilseeds at the minimum support price in Uttar Pradesh and Gujarat under the PM-ASHA scheme. A recent amendment notified by the Government is the Vegetable Oil Products Production and Availability (Regulation) Amendment Order, 2025, effective since August 01, 2025, which is a crucial step in correcting supply-demand imbalances in the edible oil market.

Further, the Government is implementing various schemes/programmes to expand job opportunities and improve employability. These inter-alia include Prime Minister’s Employment Generation Programme (PMEGP), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Rural Self Employment and Training Institutes (RSETIs), Deen Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY- NULM), PM Street Vendor’s AtmaNirbhar Nidhi (PM SVANidhi), Stand-up India Scheme, Start Up India, Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Kaushal Vikas Yojana (PMKVY), etc. Details of various employment generation schemes/programmes being implemented by the Government can be viewed at https://dge.gov.in/dge/schemes_programmes.

In addition, the Government has approved the Employment Linked Incentive (ELI) Scheme, named the Pradhan Mantri Viksit Bharat Rozgar Yojana, to support employment generation, enhance employability, and social security. Further, the Ministry of Labour and Employment is running the National Career Service (NCS) Portal, which is a one-stop solution for providing career-related services.

(c) The targeted government interventions to control inflation and generate employment, as highlighted in part (b) above, have helped achieve the dual objectives of lower inflation and lower unemployment. The downward trend reflects sustained government efforts to maintain price stability and strengthen labour-market outcomes. Macroeconomic reforms, skill development initiatives, and measures to boost domestic manufacturing have helped create job opportunities and enhanced labour market resilience, while also easing supply-side constraints to mitigate inflationary pressures.
