Daily Mains Practice Question 06-07-2026

GS III - Economy

Discuss the significance of the Periodic Labour Force Survey (PLFS) and the Annual Survey of Unincorporated Sector Enterprises (ASUSE) in understanding India's urban labour market and enterprise ecosystem. Highlight the major findings of the 2025 surveys. **(15 marks, 250 words)**

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Answer

Introduction:

The PLFS & ASUSE, conducted by the National Statistics Office (NSO), provide reliable data about India’s labour market trends and the performance of the unincorporated non-agricultural sector. The latest 2025 survey indicates improvements in labour market conditions alongside greater flexibility of the informal enterprise ecosystem.

Main Body

What is the significance of PLFS & ASUSE?

- **Labour market assessment** – PLFS provides information about employment, unemployment, labour force participation (LFPR), worker population ratio (WPR), and wage trends.
- **Policy formulation** – PLFS tracks urban labour market dynamics, supports evidence-based policymaking for employment generation, skilling, and labour welfare.
- **Enterprise mapping** – ASUSE captures the size, output, employment, and productivity of unincorporated non-agricultural enterprises in manufacturing, trade and services.
- **Formalisation tracking** – Measures the impact of reforms such as GST, UDYAM registration, digitalisation, and financial inclusion.
- Helps evaluate the performance of MSMEs, the informal sector and progress towards formalisation.
- **Monitoring inclusive growth** – Provides insights into women's participation, self-employment, MSMEs, and urban informal sector dynamics.

What are the key findings?

PLFS

- **Labour Force Participation Rate (LFPR)**
  - Overall – Increased from 47.7% (2017–18) to 52.4% (2025).
  - Female LFPR – Rose sharply from 19.8% (2017–18) to 27.2% (2025).
  - Male LFPR – Improved modestly from 74.2% to 75.9% during the same period.
- **Worker Population Ratio (WPR)**
  - Overall – Increased from 43.9% (2017–18) to 49.8% (2025).
  - Female WPR – Increased from 17.9% to 25.5%.
  - Male WPR – Rose from 68.6% to 72.6%.
- **Unemployment Rate (UR)**
  - Overall – Fell from 7.9% (2017–18) to 4.9% (2025).
  - Male – Declined significantly from 7.5% to 4.5%.
  - Female – Reduced from a peak of 10.4% to 6.1%.
- **Employment Patterns in Cities**
  - More than 58% are in regular salaried jobs, compared to only 42.9% in other urban regions.
  - Casual labour – Only 6.3%, less than half the corresponding urban average.
  - Larger concentration of employment in transport, communication, financial services, and other service sectors; while agriculture contributes only 1.6%.
- **Reasons for affecting participation** – Men outside the workforce are over 53% due to studies.
- Nearly 69% of women are outside the workforce due to childcare/household duties.

ASUSE

- **Urban Unincorporated non-agricultural Enterprise** – 46 million-plus cities account for 13% of India's establishments, 16% of employment, and 21% of GVA generated by the unincorporated non-agricultural sector.
- **Centres of Entrepreneurship** – Kolkata, Surat, and Greater Hyderabad account for more than 22% of establishments.
- Greater Hyderabad, Delhi, and Kolkata employ nearly 22% of the sector's workforce.
- **Women's Contribution**
  - In 32 out of 46 cities, over 20% of establishments are owned by women.
  - In Surat, Vadodara, and Pune, women-owned enterprises account for over 40% of all proprietary establishments.
  - In 19 cities, female workers form more than 30% of the workforce.
- **Employment Generation Potential –** In million-plus cities, nearly 24.3% of establishments employ regular workers compared to 19% in other urban areas.
- Srinagar, Greater Hyderabad, and Delhi recorded the highest hiring capacity.

Conclusion:

The PLFS & ASUSE reports provide a comprehensive view of India's labour market and enterprise ecosystem. The 2025 report demonstrates improvements in employment, stronger enterprise performance and gradual formalisation, while underscoring the need for

sustained policy support to create quality jobs, enhance MSME competitiveness and encourage inclusive urban economic growth.

