

## India's Services Sector: Insights from Employment Trends

*Prelims: Current events of national and international importance | Economy*

### Why in news?

Recently, NITI Aayog has launched the report on “India's Services Sector: Insights from Employment trends and State-Level Dynamics”.

- **Released by** - NITI Aayog.
- The report is India's **1<sup>st</sup> comprehensive study** of employment in the services sector.
- It analysis across sub-sectors, gender, regions, education levels, and job types—moving beyond aggregate trends to present a **multi-dimensional workforce profile**.

### Key findings of the report

- **Slow service sector growth** - Employment grew from 22.1% in 1992 to 31.0% in 2022, an increase of 8.9 %, much below the **global average** - citing World Bank figures.
- **Expansion of employment share** - The service sector's share in total employment in India **rose to 29.7 %** in 2023-24 from 26.9 % in 2011-12.
- **Sector wise employment growth (in 2023-24)** - **Agriculture** remains the largest employing sector (292 million) followed by Services (188 million) & Industry (153 million).
- **Gender gap** - In 2017-2024,
  - Male participation increased from 32.8% to 34.9%,
  - Female participation declined from 25.2% to 20.1%.
  - **Agriculture** - Increasingly female-dominated, rising from 57.0% to 64.4%, while men's share fell from 40.2% to 36.3%.
- **Rural-urban divide** -
  - **Share of services** -In 2017-24, rural employment declined from 19.9% to 18.9%, urban areas increased from 59.1% to 60.8%.
  - **In urban areas** - 61% of men are employed, while 60% of women are employed.

- **In rural areas** – 24% of men are employed, while 10.5% of women making up just 10.5%.
- **Job type** - In 2023-24, 51% (96 million) of workers in service sector are employed in **regular wage/salaried roles**, whereas, 45% (85 million) were **self-employed**.
- **Under-representation of youth** - Pointing to barriers to entry into regular wage work, insufficient skilling, poor job readiness, and weak school-to-work transitions.
- **Share of older workers** [45+ years] - Declines sharply in regular wage jobs – 10% in the 55-59 group to just 1% beyond age 65, only a small fraction continues in self-employment.
- **Sector's dual character** -
  - **Modern & high-productivity** segments (IT, finance, healthcare, professional services) that are globally competitive yet limited in employment intensity;
  - **Traditional** segments (trade & transport, etc.) that absorb large numbers of workers but remain predominantly informal and low-paying.
- **Creating a “low-wage trap”** - Despite, being the fastest-growing part of the economy, jobs in the service sector remains highly informal, with most workers lacking job security or social protection.

## References

1. [The Hindu | NTI Aayog: Uneven job growth in service sector](#)
2. [Business Standard | 'Low-wage job trap' in service sector](#)