India’s Workforce Progress & Hurdles

Mains: *GS-III – Economy*

Why in News?

The PLFS 2025 report shows clear progress in India’s labour market, but also highlights challenges that must be tackled to fully benefit from the demographic dividend.

What about the Periodic Labour Force Survey (PLFS), 2025?

- **Aim** – To measure quarterly labour market indicators (LFPR, WPR, Unemployment Rate) for urban areas and annually for the whole country, highlighting trends like rising female participation.
- **Released by** – Ministry of Statistics and Programme Implementation (MoSPI).
- **Scope** – Focuses on persons *aged 15 and above*, tracking both usual status (365 days) and CWS (7 days).
- **Key Indicators**
- **Labour Force Participation Rate (LFPR)** – Percentage of the population working or seeking work.
- **Worker Population Ratio (WPR)** – Percentage of the population employed.
- **Unemployment Rate (UR)** – Percentage of the labour force that is unemployed.
- **Usual Activity Status** – It identifies long-term employment patterns based on a 365-day reference period
- **Current Weekly Status** – Last 7 days preceding the survey date.

To know about the ***PLFS, 2025 Report***, click here

What about the encouraging trends in employment?

- **Key Labour Market Indicators**
  - Labour Force Participation Rate (LFPR) – 59%,
  - Workforce Participation Rate – 57%,
  - Unemployment rate – 3%.
  - Youth unemployment – It has declined since 2024, with gains for rural and urban youth.
- **Women’s Participation** – Monthly PLFS bulletins through 2025 also point to improving trends in women’s participation.
- Female LFPR in rural areas rose across successive months through September 2025, reaching its highest level since May.
- **Entry of Young Workforce** – Every year, about 7-10 million young Indians enter the

labour market.

- They are better educated than any generation before them — average schooling for the above 15 age group is 10 years – and carry higher hopes and expectations.
- **Improvement in Quality of Employment** – The share of regular wage & salaried employment increased from 22% to 24%, with gains recorded for both men and women.
- The share of self-employment declined from 58% to 56%.
- The rise in formal salaried jobs — linked to better pay and social protection like paid leave — is one of the most important signals in the 2025 labour data.
- **Wage Trends** – Women's earnings growth outpaced men's -
    - **Regular salaried employment** – 7% (women) vs 6% (men).
    - **Self-employment** – 9% (women) vs 8% (men).
    - **Casual Labour** – Women's wages increased by 5%, even as male wages largely remained unchanged.
- **Gender wage gap persists** – Women earn about 76% of male wages in salaried work, around 69% in casual labour, and just 36% in self-employment.
- While disparities remain substantial, the shift towards salaried employment is beginning to offer more tangible economic gains for women.
- **Structural Transformation**
    - **Agriculture's share** – Declined to 43%.
    - **Manufacturing & Services** – Grown to around 12% and 13%, respectively.
- Young people, particularly young women, are increasingly entering manufacturing and service sectors.
- **Social mobility** – Younger generations face less caste and gender segregation in jobs compared to older generations.
- This reflects the impact of wider access to education and rising social mobility, which are now leading to more inclusive labour market outcomes.

What are the gaps that exist in skills and job creation?

- **Education-to-Employment Transition** – India has significantly expanded tertiary education enrolment, making higher education more accessible across income groups.
- But gaps remain, for instance, between 2004 and 2023, roughly 5 million graduates entered the labour market annually, but only about 2.8 million secured employment of any kind.
- **Limited Access to Formal Skills Training** – Only 4% of individuals aged 15-59 have received formal vocational or technical training.
- Yet among those who have, workforce participation is substantially higher — 83% for men and 51% for women.
- It underscores the strong link between skills training and employment, which needs to be both harnessed and scaled up.
- **Women's Workforce Participation**
- **Rooted structural Constraints** – Men outside the labour force mainly cited education & women pointed to childcare and household duties as the primary reason — showing the unequal burden of unpaid work.
- **Work-hour gap** – Urban self-employed men work approximately 17.5 hrs more/week than women & regular salaried men work about 7.9 hrs more/week than women.

- It reflects a persistent *double burden* of paid and unpaid labour that women experience disproportionately.
- Despite improvements, India's gender gap in labour participation remains among the widest globally.
- **NEET Challenge** – NEET (*Not in Education, Employment, Training)*, around 25% of those aged 15-29 fall into this category.
- Moreover, these individuals are not counted in unemployment figures because they are no longer actively looking for work, which means that the true extent of *underutilised labour* is not being captured.
- **Risk** – Without timely intervention, this disengagement can lead to young people becoming detached from the workforce in the long term, resulting in lost incomes, lower productivity, and slower economic growth.

What is the way forward?

- **Demographic Dividend Window** – India's working-age population is expected to *begin declining after 2030*.
- We are *only one policy cycle away from this peak*, highlighting the urgency of targeted policy response to the challenges outlined.
- Further, the context is demanding
    - Artificial intelligence is reshaping skill requirements,
    - The green transition is changing sectoral employment patterns, and
    - Geopolitical shifts are redrawing global supply chains.
- These shifts create major opportunities — but India can benefit *only if its workforce is well-skilled* and actively engaged in productive employment.
- **Current Labour Market Trends (PLFS 2025)** – The labour market is moving in the right direction — gradually formalising, generating wage gains, and expanding opportunities for women and youth.
- **Policy Priorities** – India's labour market is improving, but sustained, productivity-led growth will require more targeted interventions.
    - Scaling industry-relevant skills training,
    - Enabling women's workforce participation through gender-responsive interventions, and
    - Strengthening pathways to stable job employment with expanded social protection and a focus on green sectors.
- Targeted programmes like apprenticeships will also be crucial to re-engage NEET youth as active contributors to the economy.

Reference

The Hindu | India's labour market shows gains, but challenges persist



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