Periodic Labour Force Survey - NSSO II

Why in news?

The NSSO recently released a draft report on unemployment based on the periodic labour force survey (PLFS).

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What does it reveal?

- Labour force participation rate (LFPR) is defined as the section of working population in the age group of 16-64 in the economy currently employed or seeking employment.
- The overall labour force participation rate (LFPR) has declined sharply between 2011-12 and 2017-18.
- The decline has been particularly striking among females.
- The overall LFPR was 49.8% in 2017-18, down from 55.9% in 2011-12 and reduced even more since 2004-05, when it was 63.7%.
- But for females above 15 years of age, the decline was twice as steep in recent years.
- It declined by 8% between 2011-12 and 2017-18, compared to a four percentage point drop for males.
- The LFPR for adult females now stands at an especially low figure of 23.3% in 2017-18.
- This is driven in particular by a massive decline in labour force participation by females in rural areas.
- In towns, the female LFPR remained approximately the same, whereas it declined by 11% in rural areas.

What are the takeaways?

- There is an argument that this decline in LFPR among women is demand-driven, wherein women are choosing to work less.
- There is also an argument that this decline is a product of increasing women enrolment in education.
- However, there can be other reasons for this skewed decline.
- It can be the case, wherein women's employment is seen as a necessity at lower levels of income, and that as income increases, women withdraw from

the workforce.

- Also, increasing male unemployment might have caused “women’s work” in rural areas to be given to men and so women stop working outside the home.
- Thus, it is a structural problem that needs to be addressed.
- India cannot grow and progress while more than half its workforce is so under-utilised.
- Employment and skilling policy must be redesigned to specifically target women.

Is there a trend towards formalisation of workforce?

- According to the report, the share of workforce receiving a regular salary has increased.
- In towns, it increased to 47% from 43.4% in 2011-12, at a similar rate of increase to that seen since 2004-05, when it was 39.5%.
- Since almost half the urban workforce is now receiving monthly salaries, it is a vital indicator of the potential for formalisation.
- It also suggests that income security has been increasing for this segment of the workforce.
- However, more needs to be done to bring them into the social security net.
- This is because, while half of these salaried workers were eligible for social security benefits, 70% of them had no formal contracts.
- This has to be ensured by the government, so that successful formalisation of India’s workforce be made into a reality.

Source: Business Standard

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