

## Indian Labour Market

### Why in News?

Recently 7th Periodic Labour Force Survey (PLFS) has been released for the period of July 2023 to June 2024.

### What are the issues with the Labour Market of India?

- Indian labour market has a complex interplay of rural and urban trends, gender disparities, and the persistent struggle of India's youth to secure stable employment.
- **Worker population ratio** - WPR for individuals aged 15 and above saw a slight rise to 57.1 per cent in 2023-24, up from 56.0 % the previous year.
- **Unemployment Rate** - UR for individuals aged 15 and above in the usual status stands at 3.2 %.
- **High Urban UR** - In rural India, the unemployment rate for men is 2.7 %, while urban men face a higher rate of 4.4 %.
- High rural participation is driven by necessity rather than opportunity, with much of the workforce engaged in small-scale subsistence farming.
- **High Urban Female UR** - In rural regions, female unemployment is just 2.1 %, while urban centres report a much higher 7.1 %.
- **High Rural Labour Force Participate Rate** - LFPR stands at 60.1 %, with rural areas reporting a higher participation rate of 63.7 %, compared to 52 % in urban regions.
- **High Rural Women LFPR** - Rural women have an LFPR of 47.6 % compared to their urban counterparts, where the rate drops to 28 %.
- In rural areas, women are predominantly self-employed in agriculture, which does not necessarily lead to better income or job security.
- **High Youth Unemployment** - For individuals aged 15 to 29, the unemployment rate stands at 10.2 %.
- Rural male youth unemployment is 8.7 %, while in urban areas, it rises to 12.8 %.

### What are the causes for the labour market issues?

- **Dominance of agriculture** - Agriculture has long been a key source of jobs, particularly for rural populations, but the sector's productivity and potential for economic growth remain limited.
- The reliance on agriculture in rural areas limits opportunities for diversification and income growth.
- **Seasonal Agriculture** - The seasonal nature of agricultural work often leaves workers underemployed during non-harvest periods, contributing to rural labour market volatility.
- While farm employment provides a safety net for many rural households, it often

translates to lower income levels and fewer opportunities for skill development.

- **Cultural Barriers** - Gender disparity in both LFPR and UR reflects the cultural and economic barriers that prevent women from accessing formal sector jobs in cities.
- **Exploitative nature** - Rural women's self-employment is primarily in small-scale farming, limiting their participation in more diversified and higher-paying sectors.
- **Inequal Resource Accessibility** - Resources such as credit, land, and market linkages remain limited for women, further entrenching their roles in low-productivity agricultural activities.
- **Defective Education System** - This high rate of urban female youth unemployment underscores the mismatch between the education system and the job market.
- **Lack of Opportunities** - As more young people pursue formal education, particularly in urban areas, the job market has not kept pace in creating opportunities that match their qualifications.
- **Skill Mismatch** - Many young women find themselves overeducated and underemployed, struggling to find jobs that align with their skill.
- **Under employment** - The rise in rural areas can be attributed to agricultural work, where underemployment remains widespread.
- **Capital Intensive Manufacturing** - This result in low employment creation despite high 7% economic growth.

### What lies ahead?

- Better vocational training and education reform to bridge labour market gap and ensure that young people, particularly in urban areas, are better prepared for the jobs available in the market.
- Create more inclusive and dynamic labour markets, ensuring that economic growth benefits all segments of the population.
- Promote labour-intensive industries to generate jobs.
- Support the growth of micro, small, and medium enterprises (MSMEs) as job creators.
- Foster a culture of entrepreneurship and provide resources to support startups.
- Promote balanced regional development to reduce migration and create job opportunities in rural areas.

### Reference

[Deccan Herald | India's labour landscape](#)