

## Sustaining change in Indian labour markets

### Why in News?

The Ministry of Statistics and Programme Implementation (MoSPI) has released the results of Annual Survey of Unincorporated Sector Enterprises (ASUSE) for 2023-24.

### What are the changes in the labour market?

- **Employment growth** - As per the RBI KLEMS database, 46.7 million jobs were created in FY24, more than double the 19.1 million in FY23.
- **Increase in MSME job** - The MSME Udyam portal has jobs rising from 121 million in 2023 to 201.9 million in 2024.
- **Increase in manufacturing employment** - The Annual Survey of Industries (ASI) FY23 found manufacturing employees increased 7.5% to 18.4 million from 17.2 million in FY21.

Periodic Labour Force Survey (PLFS) shows the average rate of growth of manufacturing employment rising from 1.15 per annum (pa) over 2017/18-19/20 to 5.8 pa over 2019/20 to 2022/23.

- **Increasing diversity in rural jobs** - The 2023-24 PLFS annual report shows only 59.8% of usual status rural workers are in agriculture, the rest are in various types of RNFE.
- **Rise in rural female labour force participation rate (LFPR)** - The share of male workers in agriculture fell to 49.4 per cent and that of female rose to 76.9 per cent.
- **Declining share of agri income** - The share of agriculture in average household income fell from 22 % to 8 %.
- **Rise of rural manufacturing employment** - It has grown at 4 % , exceeding the 3.8 % growth in urban manufacturing.
- **Self-employed Wage growth** - PLFS shows the self-employed had the largest average wage growth in 2023-24 at 9.6 % , followed by casual workers at 7.4 % , compared with regular wage at only 5.5 %.

### What are the reasons for the change?

- **Balanced growth** - Steady and balanced high growth of the past few years is delivering more jobs at all levels.
- **Migration** - As males migrate or shift to rural non-farm employment (RNFE) more women are working.
- **Skill development** - Income growth tends to come more from moving up the job

ladder with skill-growth than from rising average real wages.

- **Digital Penetration** - Digitalization has created new job opportunities in fields like IT, e-commerce, and digital marketing.
- It has also led to job displacement in traditional sectors due to automation and technological advancements.
- **Government contribution** - Post-pandemic countercyclical macroeconomic and other supportive policies were able to sustain growth despite external shocks and creating jobs.

### Government schemes on labour market change

- **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)** - Increased the rural wage and reduced rural urban migration)
- **Deendayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)** - Enhanced the employability through skill development and placement in wage employment
- **Rural Self Employment Training Institutes (RSETIs)** - Promoted self-employment by providing training and financial assistance.
- **National Rural Livelihoods Mission (NRLM)** - Created sustainable livelihoods by enhancing access to financial services and promoting self-employment.
- **Prime Minister's Employment Generation Programme (PMEGP)** - A credit-linked subsidy program aimed at generating self-employment opportunities through micro-enterprises in the non-farm sector.

### What lies ahead?

- Skilling facilities and job-specific training will help staff climb the quality and rewards ladder.
- Policies that proved both feasible and effective post pandemic must be continued to deliver high growth and more jobs.
- Emphasis on upskilling and reskilling to meet the demands of emerging sectors like AI and healthcare

### Reference

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