

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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