

Trends in employment and wages in India: Analysis based on periodic labour force surveys

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1. Introduction

Indian economy achieved higher economic growth in the post liberalisation period with the increasing informalisation and fragmentation of labour markets (Mehrotra, 2019; Jose, 2022). The structural change and pace of employment generation are low in the country. Aggregate employment is also low compared to other developing countries (Basole, 2022). Rural areas showed a decline in the self employment and increase in casual workers both in the case of female and male (GoI, 2020-21). Construction sector showed a positive employment growth in the industrial sector. Though general educational level has improved in the country, skill based education is still lacking among the youth population in India (Mehrotra, 2019; Chand and Singh, 2022). The mismatch between educational level and available employment opportunities are real problem with regard to employment absorption in different sectors (NCEUS, 2019). The output and employment growth outside agriculture is important for labour transfer from agriculture to non-agriculture sector. Female labour force participation rate is on the decline in all India level (Papola, 2012; Mehrotra, 2019).

Informalisation of employment including formal sector is the important characteristics of the Indian labour market (Mehrotra, 2019). Formalisation of informal sector is essential in order to ensure workers' protection and social security (Dasgupta and Kar, 2018). Increasing educated youth unemployment and lack of quality of non-farm employment put pressure on India's employment crisis along with increasing informal nature of work in both the formal and informal sectors (Mehrotra and Parida, 2019). The decline in the labour force and work participation rates is mainly attributed by the increasing education among the youth (Mukherjee and Majumder, 2023). Youth population have a higher preference to work in the non-agricultural sector employment compared to rest of the population (Chand and Singh,

2022). An analysis on the pattern of female labour force participation rate from 1993-94 to 2020-21 found varied level of reversal in participation rate in all the states. Post 2017, Kerala showed an increase in the female labour force participation rate (Hajong and Kakarlapudi, 2023). The urban workforce is also getting highly informalised in India. The categories of urban informal workforce such as domestic work, home-based work, street vendors and waste pickers are growing up fast (Chen and Raveendran, 2014). The quality aspects of the labour market such as working conditions and terms of employment are not documented properly due to the lack of proper data. In this background, this study looks into the trends in employment and wages across various categories of employment using the latest Periodical Labour Force Survey (PLFS).

2. Labour force participation rate

The Labour Force Participation Rate (LFPR) based on usual status and Current Weekly Status (CWS) for the period 2017-18 to 2020-21 is given in table 1. There is a marginal increase in the LFPR of male in rural area from 54.9 percent to 57.1 percent during 2017-18 to 2020-21 in the usual status category. The same trend is seen in the case of urban male during the same period. Though there is an increase in the LFPR of rural females from 18.2 percent in 2017-18 to 27.7 percent in 2020-21, it is about half of the male labour force participation rate. On the other hand, in the urban area, the LFPR of female has increased from 15.9 percent 18.6 percent during the same. The gender gap in the LFPR in usual status category is 39.8 percent in 2020-21. This is an alarming trend. The similar trend is seen in the case of CWS for both rural and urban areas. The gender gap is high for urban (39.7 percent) compared to rural area (34.3 percent) in CWS during 2020-21.

Table1: Labour Force Participation Rate (in percent) based on usual status (PS+SS) and CWS from PLFS (2017-18) to PLFS (2020-21)

	Usual status				Current Weekly Status			
	2017-18	2018-19	2019-20	2020-21	2017-18	2018-19	2019-20	2020-21
Rural								
Male	54.9	55.1	56.3	57.1	54.4	54.5	55.4	56
Female	18.2	19.7	24.7	27.7	16.1	16.7	21.1	22.7
Person	37	37.7	40.8	42.7	35.7	36	38.6	39.7
Urban								
Male	57	56.7	57.8	58.4	56.7	56.7	57.2	57.8
Female	15.9	16.1	18.5	18.6	15.3	15.6	17.5	17.3

Person	36.8	36.9	38.6	38.9	36.4	36.7	37.8	38
Total (Rural plus Urban)								
Male	55.5	55.6	56.8	57.5	55	55.2	56	56.5
Female	17.5	18.6	22.8	25.1	15.8	16.4	20	21.2
Person	36.9	37.5	40.1	41.6	35.9	36.2	38.3	39.2
<i>Source: Periodic Labour Force Survey, Government of India, 2020-21</i>								

3. Category wise distribution of workers

The category wise distribution of workers in usual status is provided in table 2. It is seen from the data that self employment (61.3 percent) constitutes highest to the total employment followed by casual labour (26.6 percent) and regular wage employment (12.1 percent) in the rural area. Whereas, in urban area, regular wage employment constitute more (46.4 percent) followed by self employment (39.5 percent) and casual labour (14.1 percent). It is important to note that in rural areas, females are more engaged in self employment and it is regular wage employment in the case of urban area.

Table 2: Employment category wise distribution of workers in usual status (percentage)

Category of persons	Category of employment			
	Self employed	Regular wage/salary	Casual labour	All
PLFS (2020-21)				
Rural				
Male	59.7	13.6	26.8	100
Female	64.8	9.1	26.2	100
Person	61.3	12.1	26.6	100
Urban				
Male	39.9	45.3	14.9	100
Female	38.4	50.1	11.5	100
Person	39.5	46.4	14.1	100
PLFS (2017-18)				
Rural				
Male	57.8	14	28.2	100
Female	57.7	10.5	31.8	100
Person	57.8	13.1	29.1	100
Urban				
Male	39.2	45.7	15.1	100
Female	34.7	52.1	13.1	100
Person	38.3	47	14.7	100
<i>Source: Periodic Labour Force Survey, 2020-21, Government of India</i>				

The details of industry wise distribution of workers in usual status is given in table 3. If we look at the total employment scenario, we can see that the agriculture sector continue to contribute highest to total employment in the country with a share of 46.5 percent during 2020-21 period. This is followed by construction sector (12.1 percent) and trade, hotel and restaurant (12.2 percent). In rural area, while there is a marginal increase in the female work participation in agriculture sector from 73.2 percent in 2017-18 to 75.4 percent in 2020-21, there is a decline in the male participation in agriculture sector from 55 percent to 53.8 percent during the same period. This is mainly due to the increase in the participation of male population in the construction sector. Majority of the females in urban area works in other category of services (41.6 percent in 2020-21) followed by manufacturing sector (23 percent), and trade, hotel and restaurants (16.2 percent).

Table 3: Industry category wise distribution of workers in usual status (percentage)

Industry classification as per NIC 2008	Rural			Urban			Total		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
	PLFS (2020-21)								
Agriculture sector	53.8	75.4	60.8	5.3	10.4	6.5	39.8	62.2	46.5
Mining and quarrying	0.4	0.1	0.3	0.5	0.1	0.4	0.4	0.1	0.3
Manufacturing sector	7.7	7.4	7.6	19.5	23	20.3	11.1	10.6	10.9
Water, Electricity etc	0.5	0.1	0.4	1.4	0.6	1.2	0.8	0.2	0.6
Construction sector	15.6	5.9	12.4	13.1	4.4	11.1	14.9	5.6	12.1
Trade, hotel and restaurant	9.7	3.5	7.7	27.4	16.2	24.8	14.8	6.1	12.2
Storage, Transport and communications	5.3	0.3	3.7	12.2	3.7	10.2	7.3	1	5.4
Other services	7.1	7.5	7.2	20.7	41.6	25.5	11	14.4	12
All	100	100	100	100	100	100	100	100	100
PLFS (2017-18)									
Agriculture	55	73.2	59.4	5.4	9.1	6.1	40.2	57	44.1
Mining and quarrying	0.5	0.2	0.4	0.6	0.2	0.5	0.5	0.2	0.4
Manufacturing	7.7	8.1	7.8	22.4	25.2	23	12	12.5	12.1
Electricity, water etc	0.5	0	0.4	1.3	0.6	1.2	0.7	0.2	0.6
Construction	14.5	5.3	12.3	11.7	4.1	10.2	13.7	5	11.7
Trade, hotel and restaurant	9.2	4	7.9	24.5	13	22.1	13.7	6.3	12
Transport storage and communications	5.2	0.3	4	12.7	3.3	10.8	7.4	1.1	5.9
Other services	7.6	8.9	7.9	21.5	44.4	26.2	11.7	17.8	13.2
All	100	100	100	100	100	100	100	100	100
<i>Source: Periodic Labour Force Survey, 2020-21, Government of India</i>									
<i>Note: NIC: National Industrial Classification</i>									

The social group wise labour force participation rate as per PLFS data shows that there is a marginal increase in the LFPR in all the social groups from 2017-18 to 2020-21. The same

trend is seen for both the rural and urban areas. It is important to note that within the social groups, it is the ST community constitute highest in the labour force participation in both the rural and urban areas during 2020-21. When we look at the female and male categories separately, we can see that 'others' category has highest labour force participation rate among the male and it is ST in the case of females in the rural area. While in the case of urban area, SC community has higher labour force participation rate among the male and it is ST in the case of female population (table 4).

Table 4: Social group wise labour force participation rate of PLFS (2017-18) and PLFS (2020-21) (usual status) (percentage)

Social groups	Rural			Urban			Total		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
PLFS (2020-21)									
OBC	55.7	27.1	41.7	58.2	18.5	38.8	56.4	24.6	40.9
ST	58.6	41.6	50.3	58.5	23.5	41.3	58.6	39.6	49.3
SC	56.7	27.2	42.4	59.3	21.6	40.6	57.3	26	42
Others	59.4	21.6	40.8	58.3	16.8	38	58.9	19.6	39.6
All	57.1	27.7	42.7	58.4	18.6	38.9	57.5	25.1	41.6
PLFS (2017-18)									
OBC	53.6	17.4	36	57.2	16.1	36.9	54.6	17.1	36.2
ST	56.6	27.6	42.5	53.6	18.4	36.6	56.3	26.6	41.8
SC	55.9	18	37.3	57.3	19.2	38.6	56.2	18.2	37.6
Others	55.6	15	35.9	57	14.2	36.1	56.2	14.7	35.9
All	54.9	18.2	37	57	15.9	36.8	55.5	17.5	36.9

Source: Periodic Labour Force Survey, 2020-21, Government of India

Table 5: Details of job contract, paid leaves and social security benefits of regular wage/salaried employees in usual status (ps+ss) in non-agriculture sector (percentage)

Category of regular wage/salaried employees	No written job contract		Not eligible for paid leave		Not eligible for any social security benefit	
	PLFS (2020-21)	PLFS (2017-18)	PLFS (2020-21)	PLFS (2017-18)	PLFS (2020-21)	PLFS (2017-18)
Rural						
Male	68.7	71.7	55.5	58.1	59	51.9
Female	58.1	58.5	41.8	47.9	59.3	55.1
Person	66.3	69.2	52.3	56.2	59.1	52.5
Urban						
Male	62.8	72.7	45	53.1	49	47
Female	63.6	71.4	44.9	51.8	53.5	50.1
Person	63	72.4	44.9	52.8	50.1	47.7
Total						
Male	65.2	72.3	49.3	55.2	53.1	49
Female	61.5	66.8	43.7	50.4	55.8	51.8
Person	64.3	71.1	47.9	54.2	53.8	49.6

Source: Periodic Labour Force Survey, 2020-21, Government of India

Table 5 provides the details of job contract, paid leaves and social security benefits of the regular wage employees in usual status in the non-agriculture sector during 2017-18 and 2020-21. While 66.3 percent of people do not have written job contract in rural area, it is 63 percent in urban area during 2020-21. There is a slight decrease in the percentage of workers having no written job contract from 2017-18 to 2020-21. There is not much difference is seen regarding the written job contract between male and female.

4. Wage earnings of the Workers

The average wage of regular wage employees during the preceding calendar month in CWS during PLFS 2020-21 is given in table 6. In all the reference period, male earns more than the female. There is also the regional gap in the earnings of both the male and females. The gender gap is seen in both the rural and urban cases. During April-June 2021, men earned Rs. 18653 compared to Rs. 13927 paid to women at the all India level. During the same period, in rural area, male and female earned Rs. 15449 and Rs. 10672 respectively compared to Rs. 21139 and Rs. 16599 for male and female in the urban areas.

Table 6: Average wage earnings of regular wage employees during the preceding calendar month in CWS during PLFS 2020-21 (Rs.)

Survey period 2020-21	Rural			Urban			Total		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
July-September 2020	14288	9409	13120	21068	16701	20030	18328	13737	17234
October-December 2020	15962	10009	14707	21447	16568	20285	19103	14014	17950
January-March 2021	16127	9588	14496	21095	16022	19870	19004	13248	17594
April-June 2021	15449	10672	14266	21139	16599	20062	18653	13927	17509

Source: Periodic Labour Force Survey, 2020-21, Government of India

Table 7 represents the average earnings of casual labour during 2020-21 period. The wage paid to the casual labour during all the survey periods remains more or less unchanged. During the survey period April-June 2021, females paid Rs. 233 a day compared to Rs. 357 of male. While in the rural area, female is paid Rs. 229 per day, it is Rs. 348 for male. This is the same trend seen in the urban region also. Rural male and female are paid less than that of

their counterparts. This indicates the existence of regional gap in payment as the case of gender gap.

Table 7: Average earnings of casual labour during PLFS 2020-21 (All India) (Rs/ per day)

Survey period 2020-21	Rural			Urban			Total		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
July-September 2020	328	212	302	406	266	385	340	218	314
October-December 2020	326	216	297	413	266	391	341	221	311
January-March 2021	339	224	310	416	273	394	352	229	322
April-June 2021	348	229	317	413	281	394	357	233	327

Source: Periodic Labour Force Survey, 2020-21, Government of India.

Table 8: Average payment of self employed workers during the last 30 days in CWS category during PLFS 2020-21 (All India) (in Rs.)

Survey period 2020-21	Rural			Urban			Total		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
July-September 2020	9829	4622	9049	15903	7167	14662	11184	5162	10291
October-December 2020	10517	4549	9555	16807	7081	15361	11924	5075	10840
January-March 2021	10462	4425	9391	17046	6996	15420	11924	4967	10757
April-June 2021	10104	4648	9232	15699	7052	14349	11345	5170	10363

Source: Periodic Labour Force Survey, 2020-21, Government of India

It is important to note that in all the survey periods, the wage paid to the male and female self employed workers in the urban area is double that of rural area. During the latest period of survey (April-June 2021), male and female were paid Rs. 10104 and Rs. 4648 in rural area compared to Rs. 15699 and Rs. 7052 for male and female respectively in the urban area. The gender gap in the wages paid to the self employed workers is also high in case of both the rural and urban areas.

5. Conclusion

The data on the LFPR of male in rural areas indicate a marginal increase from 54.9 percent to 57.1 percent during 2017-18 to 2020-21 in the usual status category of employment. The same trend is seen in the case of urban male during the same period. Though there is an increase in the LFPR of rural females, it is about half of the male labour force participation

rate. On the other hand, in the urban area, the LFPR of female has increased during the same. The gender gap in the LFPR in usual status category is 39.8 percent in 2020-21. The similar trend is seen in the case of current weekly status for both rural and urban areas. There is not much increase in the LFPR of female and male in both the rural and urban regions. But the gender gap is high for urban compared to rural in the case of CWS during 2020-21. The self employment constitutes highest to the total employment followed by casual labour and regular wage employment in rural area. Whereas, in urban area, regular wage employment constitute more followed by self employment and casual labour. It is important to note that in rural areas, females are more engaged in self employment and it is regular wage employment in the case of urban area. The agriculture sector continues to contribute highest to total employment in the country with a share of 46.5 percent during 2020-21. This is followed by construction sector and trade, hotel and restaurant. In rural area, while there is an increase in the female work participation in agriculture sector, there is decline in male participation during the same period. This is mainly due to the increase in the participation in the construction sector.

Majority of the females in urban area works in other category of services followed by manufacturing sector and trade, hotel and restaurants. The social group wise labour force participation rate as per PLFS data shows that there is a marginal increase in the LFPR in all the social groups from 2017-18 to 2020-21. The same trend is seen for both the rural and urban areas. It is important to note that within the social groups, it is the ST community constitute highest labour force participation rate in both the rural and urban areas during 2020-21. When we look at the female and male categories separately, we can see that 'others' category has highest labour force participation rate among the male and it is ST in the case of females in the rural area. While in the case of urban area, SC community has higher labour force participation rate among the male and it is ST in the case of female population. Majority of the employees do not have written job contract in both the rural and urban areas. There is the regional and gender gap seen in the wage earnings of both the male and female in CWS category. There is a huge variation in the wages paid to the male and female in the case of both self employment and casual workers. The rural male and female are paid less than that of their counterparts in the urban areas. More employment opportunities in the non-agricultural sector is essential for the time to attract youth population which can reduce the growing unemployment in the country. Also, to attract more women into the labour market,

flexible employment facilities should be provided that can increase the female labour force participation rate.

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