



Periodic Labour Force Survey (PLFS) Report 2023-24

For Prelims: [National Statistical Office \(NSO\)](#), [Periodic Labour Force Survey \(PLFS\)](#), [Formal Jobs](#), [Reverse Migration](#), [Informalisation](#), [Automation](#), [Digitisation](#), [Goods and Services Tax \(GST\)](#), [MSMEs](#), [Green Jobs](#).

For Mains: Status of employment in India, Challenges associated with creation of formal jobs.

[Source: BS](#)

Why in News?

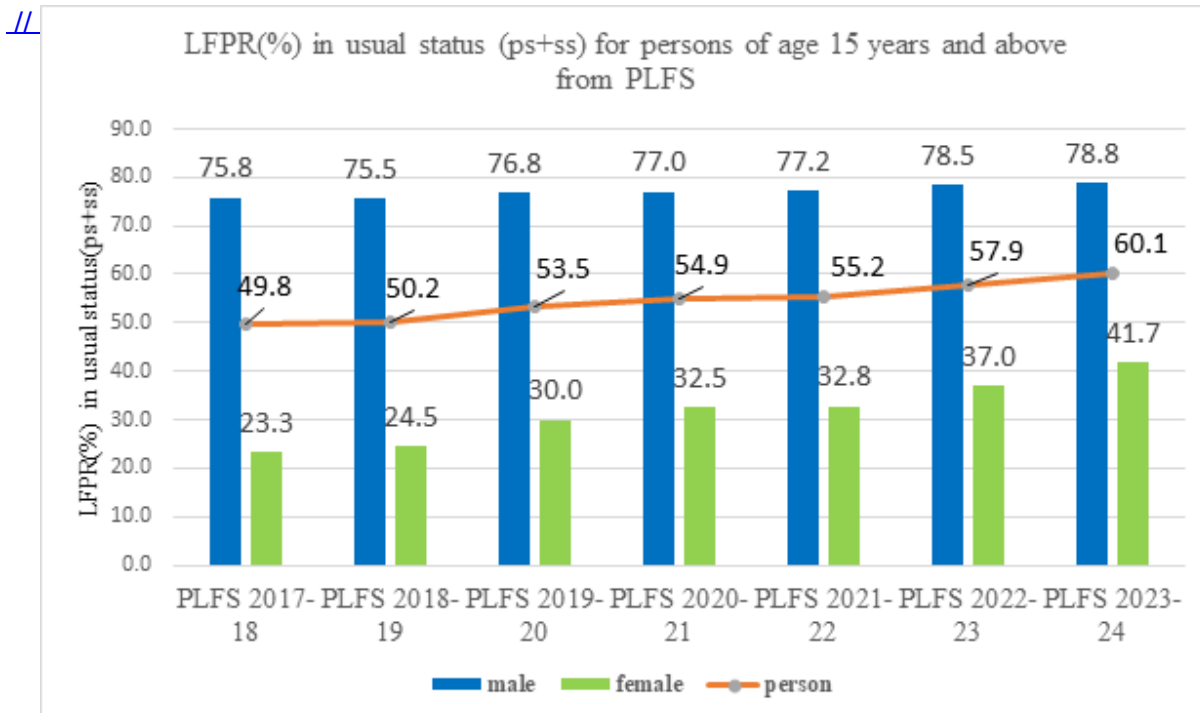
Recently, the [National Statistical Office \(NSO\)](#) released the annual [Periodic Labour Force Survey \(PLFS\) report 2023-24](#), showing the unemployment rate **stagnated at 3.2%** that raises concerns about the inability to **generate enough formal jobs**.

What are the Key Highlights of the PLFS report 2023-24?

- **Stagnant Unemployment Rate:** The **unemployment rate for 2023-24** remained unchanged at **3.2%**, the same as in 2022-23.
 - This marks the **first time** since the inception of the PLFS in **2017-18** that the unemployment rate has **not shown a year-on-year decline**.
- **Labour Force Participation Rate (LFPR):** It showed a **significant increase** in LFPR to **60.1% in 2023-24 from 57.9% in 2022-23** at national level.
 - The **rural LFPR rose to 63.7%**, while the **urban LFPR increased to 52%**. It suggests more people are seeking work in rural areas, possibly due to **reverse migration** or limited urban job opportunities during and after the pandemic.
 - LFPR represents the share of people **either working or seeking work** in the population.
- **Increasing Trend in Worker Population Ratio (WPR):** WPR was **58.2%** in the year 2023-2024. The same for **male and female** was **76.3% and 40.3%** respectively.
 - WPR is defined as the percentage of employed persons in the population.
- **Marginal Improvement in Job Quality:** There was a marginal improvement in job **quality**, with the share of **salaried or regular wage workers** increasing by **0.8** percentage points to **21.7%**.
- **Urban and Rural Divergence:** The unemployment rate in rural areas showed a slight increase, rising to **2.5%** in 2023-24 from **2.4%** in 2022-23.
 - In contrast, the **urban unemployment rate** improved, falling to **5.1%** from **5.4%**.
- **Gender Disparity:** The **unemployment rate for women rose to 3.2%** (up from 2.9% in 2022-23), while for **men**, it slightly **decreased to 3.2%** from 3.3%.
- **Increase in Self-Employment and Unpaid Work:** The share of people engaged in self-employment, including unpaid household work and small businesses, increased to **58.4%** from **57.3%** in 2022-23.
 - Self-employment includes both **entrepreneurial ventures and precarious informal work**, making it a mixed indicator of job quality.
- **Challenges in Creating Decent Jobs:** The inability of the economy to generate enough **decent**

jobs is pushing more people into **self-employment**, often in the informal sector or unpaid family roles.

- The share of **wage employment** remains significantly lower than in the pre-pandemic period, highlighting the difficulty in creating formal and secure jobs.



What are Key Facts About the PLFS Report?

- **About:** It is conducted by the NSO under the **Ministry of Statistics and Programme Implementation (MoSPI)** to measure the employment and unemployment situation in India.
 - It was developed to address the limitations of earlier labour force surveys conducted by the **National Sample Survey Office (NSSO)**.
- **Two Primary Objectives of PLFS:** It was designed with **two major objectives** for measuring employment and unemployment:
 - **First Objective:** To measure the **dynamics of labour force participation and employment status** at short intervals (every three months) for **urban areas** using the **Current Weekly Status (CWS)** approach.
 - **Second Objective:** To measure **labour force estimates** for both **rural and urban areas** using the **Usual Status** and **CWS** parameters.
- **Innovations in Sampling Design and Data Collection:** The PLFS introduced **changes in the sampling design** and the **structure of the schedule of inquiry** compared to the previous quinquennial surveys conducted by the NSSO.
 - The PLFS also included **additional data**, such as the **number of hours worked**, which was not collected in the earlier **quinquennial** rounds of the NSSO.

What are Government's Initiatives Related to Employment?

- **Support for Marginalised Individuals for Livelihood and Enterprise (SMILE)**
- **PM-DAKSH (Pradhan Mantri Dakshta Aur Kushalta Sampann Hitgrahi)**
- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**
- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**
- **Start-Up India Scheme**
- **Rozgar Mela**

Why India Struggles to Generate Enough Formal Jobs?

- **Increasing Informalisation in Employment:** The rise in employment in **agriculture, and construction** is tied to increased informalisation.
 - As these are generally **unprotected by labour laws**, with no access to social security, or job security.
- **Technological Advancements:** The introduction of **AI and IoT** threatens job prospects for even **skilled workers**, further complicating the employment scenario. There is growing concern that **automation and digitisation** will reduce labour demand.
 - Examples, such as layoffs in IT firms shows **automation** can reduce job opportunities, even for skilled workers.
- **Growing Jobseekers:** The **increase in educated job seekers**, particularly those with graduate degrees, raises concerns about the **availability of suitable jobs**, as the demand for such employment appears to be **shrinking**.
- **Policy Missteps:** Policy like **demonetization in 2016** and the poorly implemented **Goods and Services Tax (GST) in 2017** have adversely affected **MSMEs**, leading to a further decline in job creation which employs most of **India's workforce**.
- **Stagnant Service Sector:** The output share of sectors like **transport, storage, communication, and financial services** remained steady but their employment share dropped from **6% to 5%, with financial services falling below 1%**.
- **Skill Mismatch:** Despite the government's focus on skilling, the share of workers in skilled jobs fell from **18% in 2018-19 to 14% in 2022-23**.
 - This, along with **widening inequality** and a **declining worker-to-population ratio** highlights the growing unemployment challenges.

Way Forward

- **Sectoral Diversification:** Investments in **manufacturing, renewable energy, and technological innovation** can create jobs with greater productivity and higher wages.
- **Strengthening MSMEs:** Micro, Small, and Medium Enterprises (MSMEs) need **targeted financial support**, tax relief, and a **streamlined regulatory environment** to help them recover and expand their employment capacity.
- **Human-Centric Tech Adaptation:** Emphasis should be placed on encouraging innovation in sectors that have **high labour absorption capacity**, such as renewable energy, healthcare, and sustainable manufacturing, which are less likely to be fully automated.
- **Industry-Aligned Skill Development:** The government's skilling initiatives should be aligned with **current and future industry needs** and include training in **emerging fields** such as **green jobs, AI ethics, cybersecurity, and data analytics**.
- **High-Potential Service Sectors:** The focus should also be on encouraging the growth of **new-age services** like **e-commerce, logistics, and online education**, which have the potential to generate employment for a variety of skill levels.

Drishti Mains Question:

Despite economic growth, why does India struggle to generate enough formal jobs for its population, suggest measures.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Increase in absolute and per capita real GNP do not connote a higher level of economic development, if(2018)

(a) industrial output fails to keep pace with agricultural output.

(b) agricultural output fails to keep pace with industrial output.

(c) poverty and unemployment increase.

(d) imports grow faster than exports.

Ans: (c)

Q. Disguised unemployment generally means (2013)

(a) large number of people remain unemployed

(b) alternative employment is not available

(c) marginal productivity of labour is zero

(d) productivity of workers is low

Ans: (c)

Mains

Q. Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. **(2023)**

Q. "Success of 'Make in India' program depends on the success of 'Skill India' programme and radical labour reforms." Discuss with logical arguments. **(2015)**

Q. "While we flaunt India's demographic dividend, we ignore the dropping rates of employability." What are we missing while doing so? Where will the jobs that India desperately needs come from? Explain. **(2014)**