



Surge in Agricultural Employment

For Prelims: [Informal Economy](#), [Services Sector](#), [Manufacturing Sector](#), [Artificial intelligence](#), [Data analytics](#), [Gross Value Added](#), [Production Linked Incentive](#),

For Mains: Surge in Agricultural Employment and Its Implications, Employment in India, Structural Issues in India's Labor Market

[Source: LM](#)

Why in News?

The number of [Indians working in agriculture](#) has risen significantly by **68 million between 2017-18 and 2023-24**, reversing the earlier trend of workforce decline in the sector.

- This shift, driven primarily by **women workers** and concentrated in **economically weaker states**, raises concerns about structural challenges in the labor market.

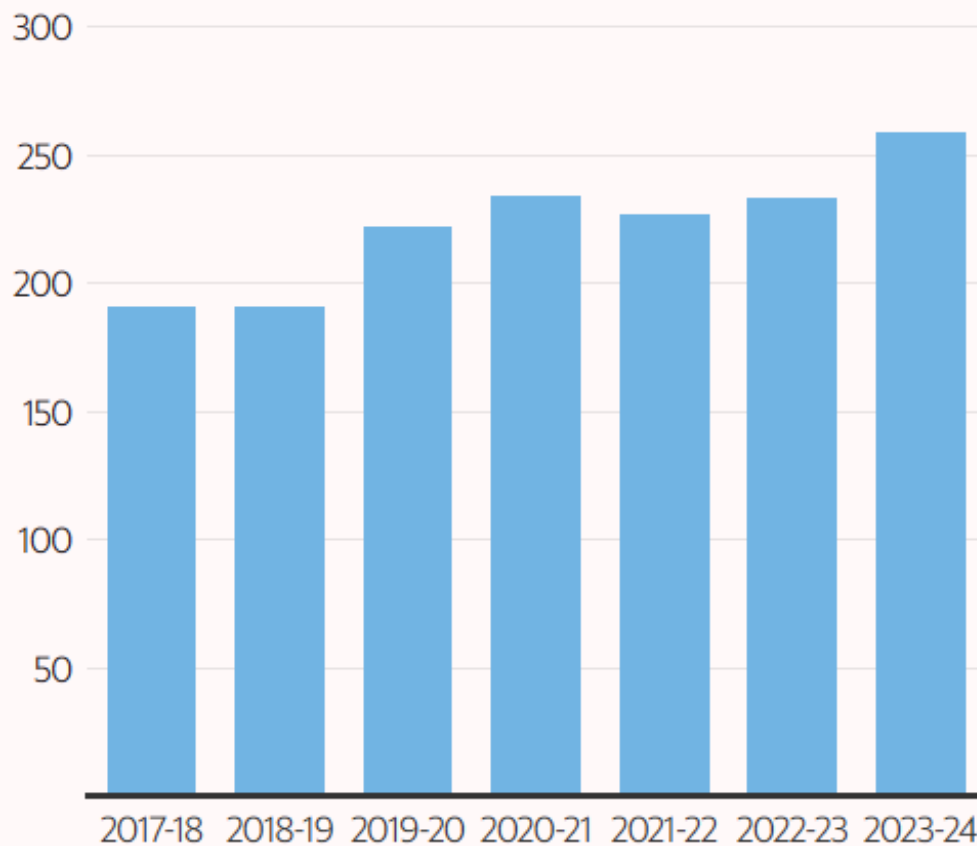
What are the Factors Driving the Surge in Agricultural Employment?

- **Economic Reversal:** After a decline of **66 million** agricultural workers between 2004-05 and 2017-18, India has witnessed a significant increase of **68 million** agricultural workers between 2017-18 and 2023-24, signaling a reversal of this trend.
- **Impact of Covid-19 Pandemic:** Many workers, especially from [urban informal sectors](#), returned to family farms during the [lockdowns](#). Despite economic recovery, the trend of increased [agricultural employment](#) persisted.
- **Employment Dynamics:** Agriculture remains a fallback option due to the lack of sufficient non-agricultural job opportunities.
 - The increase in agricultural employment is largely driven by **women**, with their numbers rising by **66.6 million between 2017-18 and 2023-24**, indicating a significant shift in gender dynamics.
- **Economic Conditions in Key States:** The surge in agricultural employment is most notable in economically weaker states like **Uttar Pradesh, Bihar, and Madhya Pradesh**, where limited employment opportunities have **driven higher demand for agricultural labor**.

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The number of agricultural workers has risen by about a third since 2017-18

Number of workers in agriculture (million)



What are the Concerns Regarding the Surge in Agricultural Employment?

- **Reversal of Economic Transition:** As economies grow, the workforce **generally transitions from agriculture to manufacturing and services** due to higher productivity and better wages.
 - India's reversal of this trend highlights **economic mobility issues**, with workers unable to move from agriculture to more productive sectors.
 - In 2023-24, **agricultural productivity was significantly lower**, with output 4.3 times lower than services and 3 times lower than manufacturing.
 - This indicates that workers are **stuck in low-productivity, low-wage jobs** with limited advancement opportunities.

Agricultural productivity is a fraction of services and manufacturing

Gross value added per worker, 2011-12 prices (₹ lakh)

	Agriculture	Manufacturing	Services
2017-18	1.12	3.04	4.32
2018-19	1.14	3.11	4.38
2019-20	1.03	2.96	4.46
2020-21	1	2.77	3.93
2021-22	1.08	2.97	4.22
2022-23	1.1	2.88	4.46
2023-24	1.02	3.06	4.46

- **Economic Inefficiency:** The rise in agricultural employment, even during periods of **Gross Domestic Product (GDP) growth**, highlights insufficient job creation in higher productivity sectors.
 - The inability of manufacturing and services to absorb surplus labor reflects structural flaws in India's economic policies.
- **Underemployment in Agriculture:** Many agricultural jobs are **seasonal and low-paying, often indicating underemployment** where people work out of necessity, earning less and working fewer hours than in other sectors.
 - This reliance perpetuates **rural poverty and inequality**. With more people employed than needed, labor is **inefficiently utilized, hindering innovation and mechanization**.
- **Increased Informality:** The surge may increase **informality in the labor market**. Informal workers lack legal protections, healthcare, and **social security**, making them vulnerable to economic shocks and poor conditions.
- **Gender Disparity and Unequal Wages:** The surge in agricultural employment worsens **gender inequalities**, with women **earning less than men in informal, low-paid roles**.
 - This deepens the **gender pay gap**, weakens **rural income stability**, and **reduces women's participation in urban jobs**.
 - Additionally, rural wages have not kept pace with inflation, eroding the purchasing power of agricultural workers.

What Factors Contribute to India's Insufficient Non-Agricultural Employment?

- **Stagnant Manufacturing Sector:** Developed economies traditionally transitioned from **agriculture to manufacturing and then to services** (e.g., China, Korea).
 - India, however, deviated by **highly relying on service sector growth**, with **manufacturing output and employment stuck at 20%**, constraining job creation.
 - While the **Production Linked Incentive (PLI) scheme** aims to generate 60 lakh jobs over five years, it is production-focused rather than employment-focused.
- **Service Sector Growth Challenges:** India's service sector is **polarized**, with high-tech services (**Artificial intelligence**, and **Data analytics**) generating output growth but **low-skilled services(customer service roles) creating most jobs**.
 - Domestic demand for high-tech services is low due to sluggish industrial growth.
 - The **Economic Survey 2023-24** notes that **Generative AI (GenAI)**, is poised to disrupt sectors like **Business process outsourcing (BPO)**, potentially reducing employment opportunities over the next decade.
 - Around **10 million jobs must be added annually from 2024-25 to 2029-30 for India**

to sustain a 6.5% year-on-year [Gross Value Added\(GVA\)](#) growth.

- **Skill Deficit and Education Quality:** India produces 2.2 million [Science, Technology, Engineering and Mathematics \(STEM\) graduates](#) annually, yet many remain unemployable due to poor educational quality.
 - Approximately **8-10 million new workers enter the job market annually, with aspirations unmet by available job opportunities.**
 - With a **median age of 28**, India faces mounting **pressure to create high-value jobs** to avoid turning its [demographic dividend into a burden.](#)
- **Informal Economy:** The rise in **informal sector** workers post-pandemic reflects economic distress, where workers likely turned to informal work due to the absence of formal employment options.

India's Initiatives for Non-Agricultural Employment

- [Prime Minister's Employment Generation Programme \(PMEGP\)](#)
- [Pradhan Mantri Mudra Yojana \(PMMY\)](#)
- [Atmanirbhar Bharat Rojgar Yojana \(ABRY\)](#)
- [e-Shram Portal](#)
- [National Career Service \(NCS\)](#)
- [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#)
- [Pradhan Mantri Garib Kalyan Rojgar Abhiyaan \(PMGKRA\)](#)

Way Forward

- **Non-Agricultural Employment:** Enhance investment in manufacturing and service sectors to create high-productivity jobs.
 - Leverage schemes like [Make in India](#) and [Skill India](#) to develop employable skills in rural areas.
- **Gender-Specific Interventions:** Ensure **pay parity for women** in agriculture through better wage policies. Promote women-centric self-help groups and entrepreneurship opportunities.
 - By 2050, the elderly population will reach 34.7 crore, requiring significant [care services](#). Investing in the care economy could **boost female labor participation** and create 11 million jobs with 2% of GDP investment.
- **Increase Agricultural Productivity:** Promote mechanization and modern farming techniques to raise productivity. Expand initiatives like [Digital Agriculture Mission](#) for better resource management.
 - Engaging rural youth and women in [food-processing](#) can shift workers to more productive roles. Initiatives like [Mega Food Park](#) can support logistics, credit, and **marketing for agro-processing jobs.**
- **Strengthen Rural Infrastructure:** Build robust rural infrastructure to support industrial and service-sector growth.
- **Green Jobs:** Transitioning to [green technologies](#) and adopting [Environmental, Social, and Governance \(ESG\) standards](#) offer new job creation opportunities in the green economy.
- **Implement Universal Social Security:** Provide a **safety net for rural workers** through targeted social security schemes.

Drishti Mains Question:

Discuss the challenges faced by India in transitioning its workforce from agriculture to manufacturing and services. How can this transition be accelerated?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Pradhan Mantri MUDRA Yojana is aimed at (2016)

- (a) bringing the small entrepreneurs into formal financial system
- (b) providing loans to poor farmers for cultivating particular crops
- (c) providing pensions to old and destitute persons
- (d) funding the voluntary organizations involved in the promotion of skill development and employment generation

Ans: (a)

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)

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