

State of employment in India: What a new report says about youths and women, concerns and caution

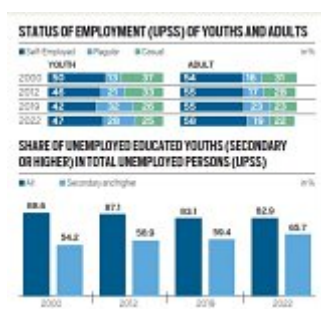
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The improvement has coincided with periods of economic distress, both before and during the Covid-19 pandemic, says the India Employment Report 2024 released by the Institute for Human Development and International Labour Organisation on Tuesday.

There have been “paradoxical improvements” in labour market indicators such as the labour force participation rate, workforce participation rate, and unemployment rate in India in recent years after long-term deterioration from 2000-2019. The improvement has coincided with periods of economic distress, both before and during the Covid-19 pandemic, says the [India Employment Report 2024 released by](#) the Institute for Human Development and International Labour Organisation on Tuesday (March 26).

The big picture

The report has flagged concerns about poor employment conditions: the slow transition to non-farm employment has reversed; women largely account for the increase in self-employment and unpaid family work; youth employment is of poorer quality than employment for adults; wages and earnings are stagnant or declining.



Status of unemployment of youths and adults in India.

The ‘employment condition index’ has improved between 2004-05 and 2021-22. But some states — Bihar, [Odisha](#), Jharkhand, and UP — have remained at the bottom throughout this period, while some others — [Delhi](#), Himachal Pradesh, [Telangana](#), Uttarakhand, and Gujarat — have stayed at the top.

The index is based on seven labour market outcome indicators: (i) percentage of workers employed in regular formal work; (ii) percentage of casual labourers; (iii) percentage of self-employed workers below the poverty line; (iv) work participation rate; (v) average monthly earnings of casual labourers; (vi) unemployment rate of secondary and above-educated youth; (vii) youth not in

employment and education or training.

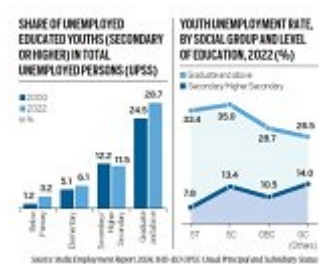
Employment quality

Informal employment has risen — around half the jobs in the formal sector are of an informal nature. Self-employment and unpaid family work has also increased, especially for women. Almost 82% of the workforce is engaged in the informal sector, and nearly 90% is informally employed, the report said.

Self-employment remains the primary source of employment — 55.8% in 2022. Casual and regular employment accounted for 22.7% and 21.5% respectively.

The share of self-employment remained almost stable around 52% between 2000 and 2019, while regular employment increased by almost 10 percentage points, to 23.8% from 14.2%. This reversed by 2022, with self-employment increasing to 55.8%, while the share of regular employment declined to 21.5%. Casual employment consistently declined to 22.7% in 2022 from 33.3% in 2000.

Regular employment is generally seen as providing better-quality jobs due to the regularity of employment and associated social security benefits, while casual work is linked with relatively poor-quality jobs due to its irregular nature and lower daily earnings.



Share of unemployed educated youths in total unemployed persons and youth unemployment rate by social group and level of education

Participation of women

The female labour force participation rate (LFPR) in India remains among the world's lowest. Female LFPR declined by 14.4 percentage points (compared to 8.1 percentage points for males) between 2000 and 2019. The trend reversed thereafter, with female LFPR rising by 8.3 percentage points (compared to 1.7 percentage points for male LFPR) between 2019 and 2022.

There is a considerable gender gap — women's LFPR (32.8%) in 2022 was 2.3 times lower than men's (77.2%). India's low LFPR is largely attributed to the low female LFPR, which was much lower than the world average of 47.3% in 2022, but higher than the South Asian average of 24.8%, as per ILO data.

Structural transformation

There has been a reversal of the slow transition towards non-farm employment after 2018-19. The share of agriculture in total employment fell to around 42% in 2019 from 60% in 2000.

This shift was largely absorbed by construction and services, the share of which in total employment increased to 32% in 2019 from 23% in 2000. The share of manufacturing in employment has remained almost stagnant at 12-14%.

Since 2018-19, this slow transition has stagnated or reversed with the rise in the share of agricultural employment.

Youth employment

There has been a rise in youth employment, but the quality of work remains a concern, especially for qualified young workers.

Youth employment and underemployment increased between 2000 and 2019 but declined during the pandemic years. However, unemployment among youths, especially those with secondary-level or higher education, has intensified over time.

In 2022, the share of unemployed youths in the total unemployed population was 82.9%. The share of educated youths among all unemployed people also increased to 65.7% in 2022 from 54.2% in 2000.

The unemployment rate among youths was six times greater for those who had completed secondary education or higher (18.4%) and nine times higher for graduates (29.1%) than for persons who could not read or write (3.4%) in 2022. This was higher among educated young women (21.4%) than men (17.5%), especially among female graduates (34.5%), compared to men (26.4%).

The unemployment rate among educated youths grew to 30.8% in 2019 from 23.9% in 2000, but fell to 18.4% in 2022.

The way forward

- There are five key policy areas for further action: promoting job creation; improving employment quality; addressing labour market inequalities; strengthening skills and active labour market policies; and bridging the knowledge deficits on labour market patterns and youth employment.
- The rise of artificial intelligence (AI) could have an impact on employment, the report said, noting that the outsourcing industry in India could be disrupted because some back-office tasks would be taken over by AI.
- Investment and regulations are required in the emerging care and digital economies, which could be an important source of productive employment. The lack of job security, irregular wages, and uncertain employment status for workers pose significant challenges for gig or platform work.
- Economic policies are required to boost productive non-farm employment, especially in the manufacturing sector, with India likely to add 7-8 million youths annually to the labour force during the next decade.
- More support needs to be provided to micro, small and medium-sized enterprises, especially by providing tools such as digitalisation and AI and a cluster-based approach to manufacturing.

P.S.

The Indian Express

<https://indianexpress.com/article/explained/explained-economics/state-of-employment-in-india-what-a-new-report-says-about-youths-women-concerns-caution-9237158/>