

## LABOUR MARKET

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India added ~42 million jobs in 2023-24, highest in four years; however, quality remains a concern

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*India's WPR rose to 43.7% in 2023-24 from 41.1% in 2022-23, led by a material uptick in female group (to 30.7% from 27.0%)*

*Based on MoH&FW population estimates, India has added ~42 million people into the workforce in 2023-24, led by females (65% or ~27 million)*

*However, the quality of female workforce addition in 2023-24 is not encouraging, given a bulk of this is under agriculture sector and self employment*



As per the PLFS 2023-24, India's labour force participation rate (LFPR; to 45.1% in 2023-24 from 42.4% in 2022-23) and worker population ratio (WPR; to 43.7% from 41.4%) surged in 2023-24. This rise was largely driven by the increase in rural areas, particularly for women. However, the unemployment rate remained stagnant at 3.2% in 2023-24, amid a marginal uptick in rural areas, while urban areas saw a decline in the same.



Based on the population projections released by the Ministry of Health and Family Welfare (MoH&FW) in July 2020 and ICRA's calculations, India's workforce rose to ~611 million in 2023-24, adding ~42 million jobs, the highest since 2019-20. However, nearly 50% of these jobs were added in the agriculture sector (~21 million).



The value added per worker (VAPW; in real terms) in the agricultural sector declined by 6.4% YoY in 2023-24, reflecting a continued moderation in labour productivity and a possible rise in disguised unemployment. Moreover, with the VAPW in the non-agri sector at ~5.1 times that in agriculture in 2023-24, the creation of additional non-farm jobs as well as moving the excess labour from the agri to the non-agri sectors remains key.



Based on the status of employment, ~14 million regular wage/salaried jobs were added in 2023-24, implying an improvement in the quality of jobs. However, 31 million workers were added in the self-employed category, with unusual surge in helpers in HH enterprises (+14 million), pointing to inadequate formal job opportunities.



While the substantial YoY increase in female participation in workforce in 2023-24 (+27 million) is encouraging, the quality of this expansion does not appear favourable, with a bulk of such addition under the agriculture sector (~17 million of the 27 million). Additionally, the self-employed segment accounted for an astounding 82% of this increase (~22 million of the 27 million), while the share of regular wage stood at a low ~16%.



The nominal average wage growth for salaried employees at the all-India level has improved to 5.6% per year in 2021-24 from 5.0% in 2020-21, but slightly lagged the pace of 5.9% seen in the pre-Covid period. ICRA estimates that the real wage growth of this class has turned positive at 0.8% in 2023-24 after being stagnant in 2022-23, with an easing of headline inflation (to +5.4% from +6.0%) and uptick in nominal wage growth (to +6.2% from +6.0%). Nevertheless, the real wage growth still trails the pre-Covid level of 3.4% in 2018-19.

Note: Data for all years is for July-June period. We have used the PLFS data for our analysis.



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