

FY24 unemployment rate unchanged at 3.2%

Key findings from latest PLFS round

- 1 Unemployment rate held steady at 3.2%, maintaining the lowest level in the PLFS series.
- 2 Labour Force Participation Rate (LFPR) jumped by 2.7 percentage points to 45.1%, the highest recorded.
- 3 Mixed trends in job quality, with slight increase in salaried positions but a rise in unpaid family workers.
- 4 Agricultural employment share increased, while construction sector jobs declined.

unemployment rate and surging labour force participation indicates that job creation largely kept pace with the influx of new workers into the job market. However, concerns persist about the quality of employment available.

The report highlighted a marginal improvement in some job quality indicators.

The proportion of salaried or regular wage workers — typically the highest-paid category in the PLFS — increased by 0.8 percentage points to 21.7%. While this marks the highest level since 2019-20, when it was 22.9%, it is much behind the pre-pandemic figure of 23.8% in 2018-19. Part of the 2019-20 PLFS was also conducted in the pandemic, as the PLFS follows a July-June calendar.

Counterbalancing this positive trend, the share of unpaid family workers, a subcategory of self-employed, rose by 1.1 percentage points to 19.4% — the highest in the PLFS series. This shift primarily came at the expense of casual workers, whose share declined by two percentage points to 19.8%.

To be sure, the share of casual workers has fallen in every PLFS round. On the other hand, the share of own-account self-employed workers and employers remained steady at 39% in 2023-24.

Sector-wise employment distribution revealed further complexities in the job market. Agricultural sector's share increased for the second consecutive year to the highest level since 2020-21.

The services sector also experienced growth, with its share in employment increasing to the highest since 2019-20. This growth was primarily driven by the trade, hotels, transport, storage, and communication industries.

However, these gains came largely at the expense of the construction industry, which experienced a 1.1 percentage point decrease in its share of total employment.

The PLFS, conducted by the NSSO, has been tracking India's labour market trends since 2017-18.

"On the face of it, a rise in the labour force and workforce participation rate and a decline in the unemployment rate seem like good news. However, disaggregated data paints a disconcerting picture. The composition of employment has regressed significantly in the last six years. The only category that has seen a rise in its share is unpaid family labour. Women comprise a bulk of unpaid family labour, and the rise has been primarily in agriculture. The rising burden of unpaid labour on women in the agricultural sector is a serious concern that is not adequate policy attention," said Ishan Anand, assistant professor at IIT Delhi.