

5. PLFS Annual Report 2025 – Economy

India released the Periodic Labour Force Survey (PLFS) Annual Report 2025, marking a shift to a calendar-year methodology with improved sampling and labour market estimation.

1.Introduction

1. The Periodic Labour Force Survey 2025 provides critical insights into India's labour market dynamics, reflecting trends in employment, unemployment, and workforce participation.
2. The findings indicate a phase of relative stability in participation and improvement in unemployment rates, alongside gradual structural transformation.
3. However, persistent gender gaps and skill deficits remain key challenges for inclusive growth.

2.Overview of PLFS 2025

Institutional Framework and Methodology

1. The survey is conducted by the National Statistics Office under the Ministry of Statistics and Programme Implementation.
2. It provides high-frequency labour market data for policy formulation and analysis.
3. The 2025 report covers the calendar year, marking a shift from the earlier agricultural cycle.
4. Enhanced sampling design and rotational panels improve accuracy and representativeness.

3.Key Labour Market Indicators

Labour Force Participation Rate (LFPR)

1. LFPR remained stable at 59.3 percent, indicating steady participation in economic activities.
2. Male participation remained significantly higher than female participation.
3. Rural female participation sustained earlier gains, reflecting improved engagement in economic activities.

Worker Population Ratio (WPR)

1. WPR stood at 57.4 percent, indicating stable employment levels.
2. The gap between male and female employment continues to be substantial.
3. It reflects persistent gender inequality in access to employment opportunities.

Unemployment Rate (UR)

1. The overall unemployment rate declined to 3.1 percent, indicating improved labour absorption.
2. Rural unemployment remained lower than urban unemployment.
3. Reduction in youth unemployment suggests better integration of young workers into the labour market.

4.Structural Changes in Employment

Shift in Employment Patterns

1. The share of self-employed workers declined, indicating movement away from informal and subsistence activities.
2. Increase in regular wage and salaried employment suggests gradual formalisation of the economy.
3. Casual labour remained relatively stable, indicating limited change in informal employment.

Sectoral Transformation

1. Agriculture continues to be the largest employer, though its share has declined.
2. Growth in manufacturing and services employment reflects structural transformation.
3. This shift indicates gradual diversification of the economy.

5.Gender Dimensions of Employment

Female Labour Force Participation

1. Female participation has improved moderately but remains significantly lower than male participation.
2. Rural areas show relatively better participation compared to urban areas.

Persistent Gender Inequality

1. Women face disparities in wages, working hours, and employment opportunities.

2. Domestic responsibilities remain a major barrier to workforce participation.
3. Social norms and lack of supportive infrastructure further constrain participation.

6.Education and Skill Challenges

Educational Attainment

1. Average years of schooling have improved, indicating better educational access.
2. However, higher education does not always translate into employability.

Skill Deficit

1. A very small proportion of the workforce has received formal vocational training.
2. This highlights a significant gap between education and industry requirements.
3. Skill mismatch limits productivity and employment opportunities.

7.Interpretation of Activity Status Measures

Usual Status (PS+SS)

1. Captures long-term employment patterns over a year.
2. Reflects both primary and subsidiary economic activities.

Current Weekly Status (CWS)

1. Captures short-term employment trends based on the last seven days.
2. Useful for understanding seasonal and temporary employment fluctuations.

8.Key Challenges Identified

Gender Gap in Employment

1. Low female participation remains a major concern.
2. Structural and social barriers continue to limit women's economic engagement.

Informality and Underemployment

1. A significant portion of the workforce remains in informal or low-productivity jobs.
2. Transition to formal employment is gradual and uneven.

Skill Mismatch

1. Limited vocational training and industry-relevant skills constrain employment quality.
2. This affects productivity and economic competitiveness.

9.Way Forward

Enhancing Female Workforce Participation

1. Promote policies supporting childcare, flexible work, and safe workplaces.
2. Address social norms restricting women's participation.

Strengthening Skill Development

1. Expand vocational training and align it with industry needs.
2. Integrate skill development with formal education systems.

Promoting Formalisation of Employment

1. Encourage formal job creation through industrial growth and labour reforms.
2. Strengthen social security coverage for workers.

Supporting Sectoral Diversification

1. Boost manufacturing and services to absorb surplus labour from agriculture.
2. Promote labour-intensive industries for employment generation.

Conclusion

The PLFS 2025 highlights a labour market characterised by stability, declining unemployment, and gradual structural change. However, gender disparities and skill deficits remain critical constraints to inclusive growth. Addressing these challenges through targeted policy interventions is essential for harnessing India's demographic dividend and achieving sustainable economic development.

Source - <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2246009®=3&lang=2>