



Labour Market Scenario in India: An Analytical Study of PLFS Annual Report 2025

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Abstract: Female Labour Force Participation (FLFP) is an important indicator of economic development, labour market transformation, and gender equality in India. Existing literature highlights that women's employment is influenced by education, economic growth, social norms, and employment opportunities. Goldin (1995) explained the U-shaped relationship between development and women's labour participation, while Klasen and Pieters (2015) emphasised inadequate job creation and labour demand constraints. Studies also suggest that patriarchal norms and structural changes in the economy continue to limit women's employment opportunities. Based on these perspectives, the present study reviews labour market trends in India using evidence from the PLFS Annual Report 2025. The study analyses labour force participation, employment patterns, unemployment, and female employment conditions. Findings indicate moderate improvement in female participation and earnings, especially in rural areas, along with gradual growth in manufacturing and service sector employment. However, gender disparities and socio-cultural barriers persist. The study emphasises the need for inclusive employment policies and skill development to improve women's labour market participation and support sustainable economic growth.

Keywords: Female Labour Force Participation (FLFP), Labour Market Trends, Gender Disparities, Employment Structure, Unemployment, PLFS 2025.

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INTRODUCTION

The labour market is one of the most important indicators of economic development and social progress in any country. In India, where a large section of the population depends on employment for livelihood and economic security, the study of labour force participation, unemployment, wages, and employment structure becomes highly significant. The Periodic Labour Force Survey (PLFS), conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation (MoSPI), is the principal source of employment and unemployment statistics in India.

The PLFS Annual Report 2025 provides detailed information regarding labour force participation, worker population ratio, unemployment, wages, educational attainment, and sectoral distribution of employment across rural and urban India.

According to the report, the Labour Force Participation Rate (LFPR) for persons aged 15 years and above remained stable at 59.3 percent in 2025. The Worker Population Ratio (WPR) stood at 57.4 percent, while the unemployment rate (UR) was estimated at 3.1 percent. The report also highlighted improvement in youth unemployment, which

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declined from 10.3 percent in 2024 to 9.9 percent in 2025.

The report indicates important structural changes in India's labour market. The share of self-employed workers declined from 57.5 percent in 2024 to 56.2 percent in 2025, while regular wage and salaried employment increased from 22.4 percent to 23.6 percent. Agriculture continued to account for the largest share of employment, though its share declined from 44.8 percent to 43.0 percent, whereas manufacturing and service sectors recorded moderate growth. Female earnings also increased across different employment categories.

The PLFS 2025 report is also important because it introduced a revised sampling design and shifted the survey period from the July–June agricultural year to the January–December calendar year. These changes were introduced to improve the frequency and representativeness of labour market estimates. Therefore, the report provides important insights into India's changing employment conditions and labour market dynamics.

Objectives of the Study

- To analyse the trends in labour force participation, worker population ratio, and unemployment in India during 2025.
- To examine changes in employment structure, sectoral distribution, and wage patterns.
- To study the condition of female employment and earnings in India.
- To understand the revised sampling methodology and significance of PLFS 2025.

REVIEW OF LITERATURE

- Existing literature on female labour force participation highlights the influence of economic transformation, education, social norms, and labour market structures on women's employment outcomes.
- Claudia Goldin (1995) proposed the U-shaped relationship between economic development and women's labour force participation, arguing that female participation initially declines during structural transformation and subsequently rises with industrialisation and educational advancement. This framework has been widely applied in developing country contexts.
- Sonalde Desai and Desai (2003) observed that increasing female education in India does not always translate into higher employment because suitable jobs remain limited and social expectations continue to prioritise domestic responsibilities.

- Stephan Klasen and Pieters (2015) examined urban India and concluded that rising household incomes, educational enrolment, and insufficient job creation contributed to declining female labour force participation. The study emphasised labour demand constraints rather than supply-side factors alone.
- Mehrotra and Parida (2017) argued that structural changes in agriculture and slow growth of labour-intensive manufacturing reduced employment opportunities for women. Their findings suggest that economic growth in India has not been sufficiently employment intensive for female workers.
- Jayachandran (2019) highlighted the importance of social norms in shaping women's employment decisions. The study showed that patriarchal attitudes and mobility restrictions significantly influence labour market participation in South Asian societies.
- Research focusing on Haryana indicates that patriarchal family structures, restrictions on women's mobility, and concentration of employment in male-dominated sectors continue to limit women's participation despite improvements in education and infrastructure.
- The existing literature provides important insights but limited studies simultaneously examine economic and socio-cultural determinants of FLFP with specific emphasis on Haryana. Therefore, the present study attempts to fill this gap through an integrated review approach.

METHODOLOGY AND RESULTS

The present study is based entirely on secondary data collected from the Periodic Labour Force Survey (PLFS) Annual Report 2025 published by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India. The study uses descriptive and analytical methods to examine trends in labour force participation, unemployment, employment structure, wages, and educational attainment. Relevant statistical indicators such as Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR), and Unemployment Rate (UR) have been analysed using percentages and comparative interpretation. Tables and data presented in the report have been used to understand changes in employment trends between 2024 and 2025.

Labour Force Participation Rate (LFPR)

Labour Force Participation Rate (LFPR) refers to the percentage of persons who are either working or seeking available for work in the total population. It measures the extent to which the working-age population is actively participating in economic activities.

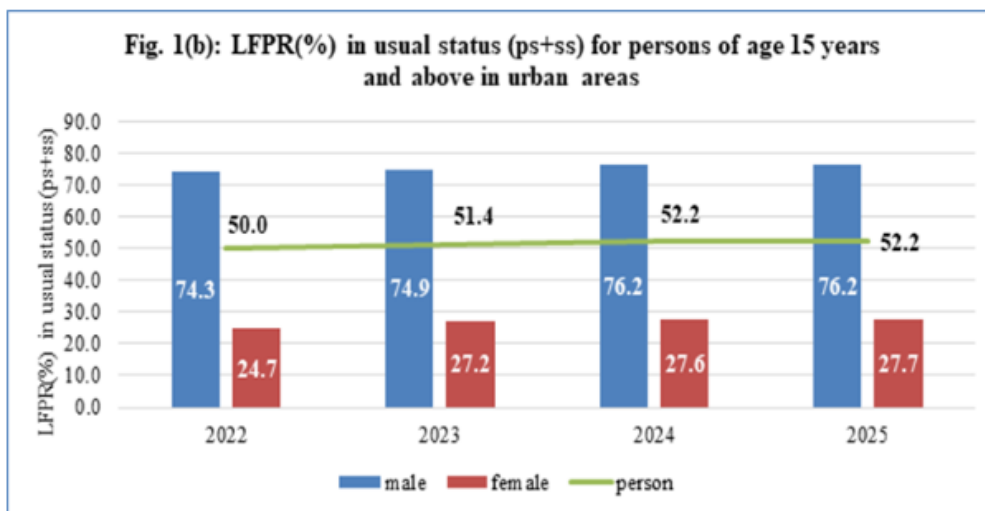
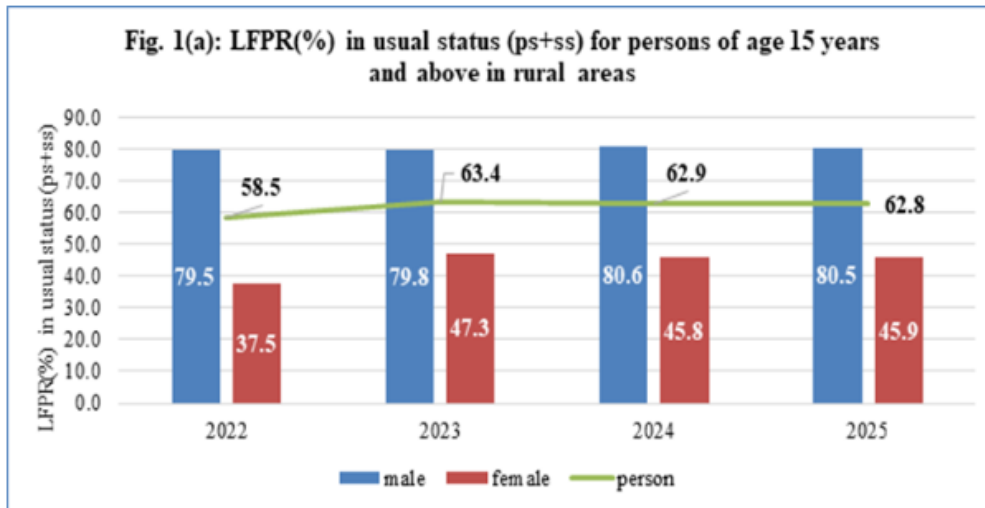
According to the Periodic Labour Force Survey (PLFS), the labour force includes both employed and unemployed persons who are willing and available for work.

Formula of LFPR

$$LFPR = \frac{\text{Labour Force}}{\text{Total Population}} \times 100$$

Explanation of Formula

- Labour Force = Total number of employed persons + unemployed persons seeking or available for work.
- Total Population = Total number of persons in the specified age group.
- The result is multiplied by 100 to express it as a percentage.



Source: Periodic Labour Force Survey (PLFS) Annual Report, 2025 [Jan – Dec, 2025]

The graph and data indicate that Labour Force Participation Rate (LFPR) in rural areas remained consistently higher than in urban areas during 2022–2025. Rural male participation remained above 79 percent throughout the period and reached 80.5 percent in 2025, showing strong and stable labour force engagement. Rural female LFPR improved significantly from 37.5 percent in 2022 to 45.9 percent in 2025, reflecting increasing participation of women in rural economic activities. Overall rural LFPR increased from 58.5 percent in 2022 to 62.8 percent in 2025.

In urban areas, male LFPR increased gradually from 74.3 percent in 2022 to 76.2 percent

in 2025. Urban female LFPR also improved slightly from 24.7 percent to 27.7 percent during the same period, but it remained much lower than rural female participation. Overall urban LFPR rose from 50.0 percent in 2022 to 52.2 percent in 2025. The findings suggest that rural labour force participation was comparatively stronger than urban participation, while gender disparities in labour force participation continued to persist in both regions.

Worker Population Ratio (WPR)

Worker Population Ratio (WPR) refers to the percentage of employed persons in the total population. It shows the proportion of population that is actively engaged in economic activities or

employment during a specific period. WPR is an important indicator used to measure the employment level and labour market performance of a country.

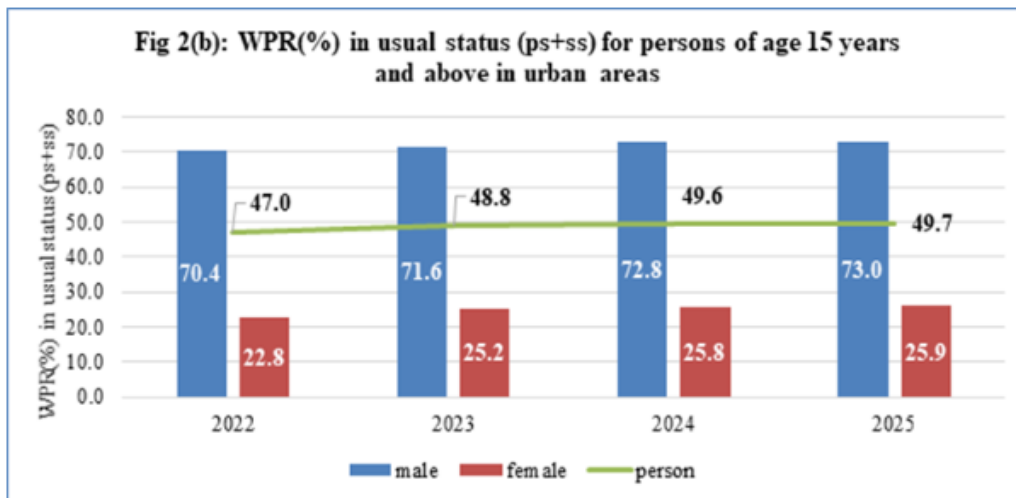
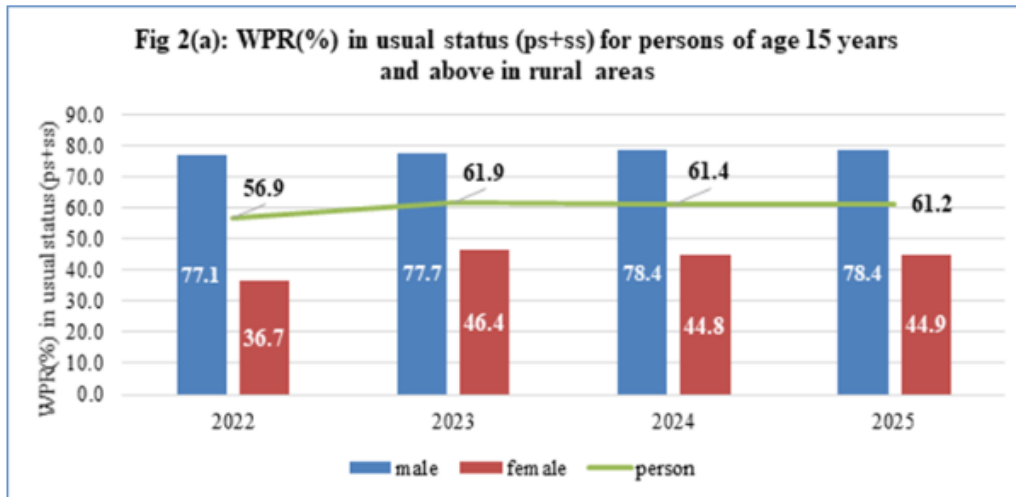
According to the Periodic Labour Force Survey (PLFS), WPR indicates the extent to which the population is participating in productive work activities.

Formula of WPR

$$WPR = \frac{\text{Number of Employed Persons}}{\text{Total Population}} \times 100$$

Explanation of Formula

1. Number of Employed Persons = Total persons who are working or engaged in economic activities.
2. Total Population = Total number of persons in the specified age group or population.
3. The result is multiplied by 100 to express it as a percentage.



Source: Periodic Labour Force Survey (PLFS) Annual Report, 2025 [Jan – Dec, 2025]

The graph presents the Worker Population Ratio (WPR) in usual status (ps+ss) for persons aged 15 years and above in rural and urban areas from 2022 to 2025. The data indicates that rural areas consistently recorded a higher WPR than urban areas throughout the study period. Rural male WPR remained very high and stable, increasing slightly from 77.1 percent in 2022 to 78.4 percent in 2025. Rural female WPR showed significant improvement from 36.7 percent in 2022 to 46.4 percent in 2023, and then remained relatively stable at around 45 percent during 2024 and 2025. As a result, the overall

rural WPR increased from 56.9 percent in 2022 to above 61 percent during 2023–2025.

In urban areas, male WPR also increased gradually from 70.4 percent in 2022 to 73.0 percent in 2025, indicating improvement in urban employment participation. Urban female WPR rose slowly from 22.8 percent in 2022 to 25.9 percent in 2025, but it remained considerably lower than rural female participation. The overall urban WPR increased moderately from 47.0 percent in 2022 to 49.7 percent in 2025.

The graph clearly highlights persistent gender disparities in employment participation, as male WPR remained significantly higher than female WPR in both rural and urban areas. However, the rise in female WPR, especially in rural India, reflects gradual improvement in women’s participation in economic activities. Overall, the graph suggests that rural labour absorption remained stronger than urban labour absorption during the period 2022–2025.

Unemployment Trends

Unemployment Rate (UR) refers to the percentage of unemployed persons among the total labour force. It measures the proportion of people who are willing and available to work but are unable to find employment during a specific period. It is an important indicator used to assess the employment situation and economic condition of a country.

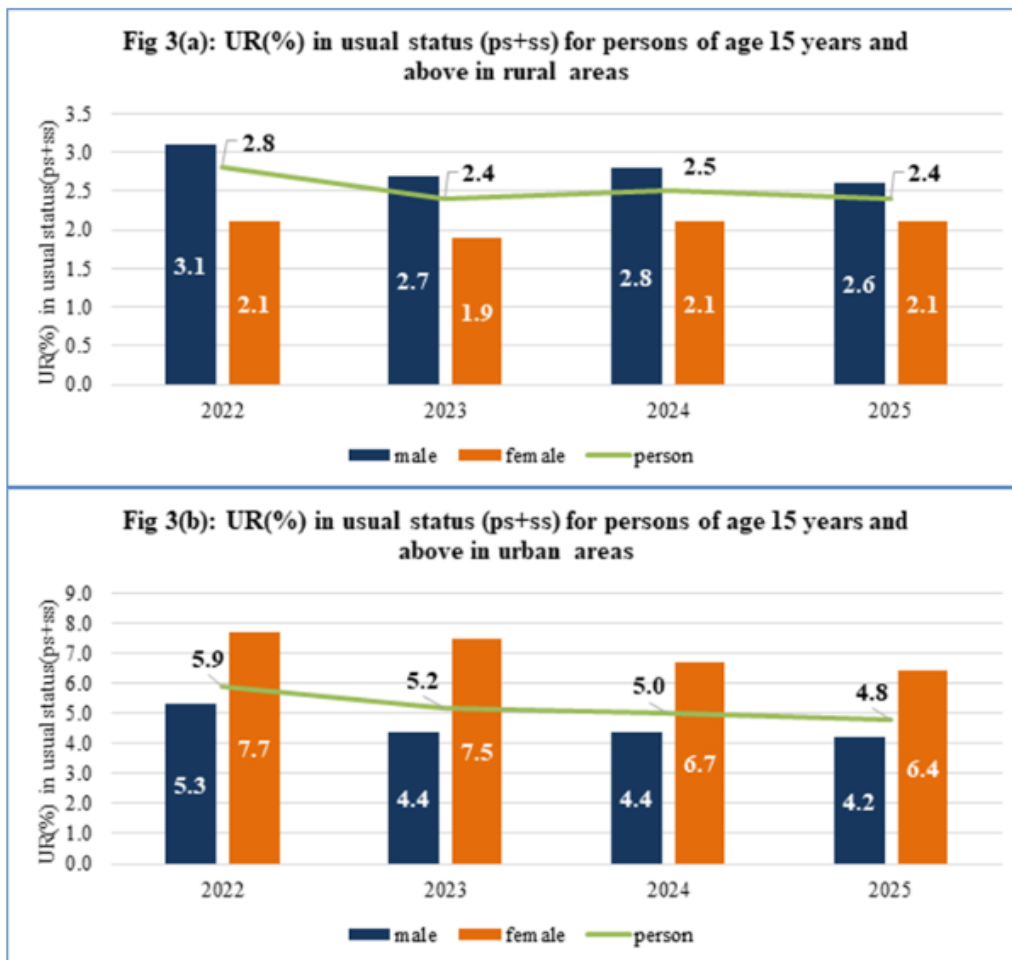
According to the Periodic Labour Force Survey (PLFS), unemployed persons are those who were not working but were seeking or available for work.

Formula of Unemployment Rate (UR)

$$UR = \frac{\text{Number of Unemployed Persons}}{\text{Total Labour Force}} \times 100$$

Explanation of Formula

- Number of Unemployed Persons = Persons who are not employed but are actively seeking or available for work.
- Total Labour Force = Total number of employed and unemployed persons together.
- The result is multiplied by 100 to express it as a percentage.



Source: Periodic Labour Force Survey (PLFS) Annual Report, 2025 [Jan – Dec, 2025]

The graph presents the Unemployment Rate (UR) in usual status (ps+ss) for persons aged 15 years and above in rural and urban areas during 2022–2025. The data shows that unemployment levels in rural areas were consistently lower than those in urban areas throughout the study period. Rural

unemployment remained relatively stable and low, indicating stronger labour absorption in rural sectors.

In rural areas, male unemployment declined from 3.1 percent in 2022 to 2.6 percent in 2025, while

female unemployment fluctuated slightly between 1.9 percent and 2.1 percent during the period. The overall rural unemployment rate decreased from 2.8 percent in 2022 to 2.4 percent in 2025. This indicates gradual improvement in employment opportunities and stability in rural labour markets.

In urban areas, unemployment rates were significantly higher compared to rural areas. Urban male unemployment declined from 5.3 percent in 2022 to 4.2 percent in 2025, while urban female unemployment decreased from 7.7 percent to 6.4 percent during the same period. The overall urban unemployment rate declined steadily from 5.9 percent in 2022 to 4.8 percent in 2025.

The graph also highlights gender disparities in unemployment. Female unemployment remained higher than male unemployment in urban areas throughout the study period, reflecting limited employment opportunities and labour market challenges faced by urban women. In contrast, rural female unemployment remained lower than rural male unemployment, suggesting greater participation of women in rural economic activities, particularly in agriculture and allied sectors.

Overall, the graph indicates a gradual decline in unemployment rates between 2022 and 2025 in both rural and urban areas, reflecting moderate improvement in India's labour market conditions.

Employment Structure and Sectoral Distribution

The employment structure in India witnessed gradual changes during 2025. The share of self-employed workers declined from 57.5 percent in 2024 to 56.2 percent in 2025. On the other hand, the share of regular wage and salaried employment increased from 22.4 percent to 23.6 percent during the same period. Casual labour employment remained broadly stable at around 20 percent.

Agriculture continued to employ the largest share of workers, although its share declined from 44.8 percent in 2024 to 43.0 percent in 2025. Manufacturing employment increased from 11.6 percent to 12.1 percent, while the share of workers engaged in other services increased from 12.2 percent to 13.1 percent.

These changes indicate gradual structural transformation in India's labour market, with increasing diversification towards manufacturing and service sectors.

Female Employment and Earnings

The report highlights moderate improvement in women's employment and earnings during 2025. Female earnings in regular wage and

salaried employment increased from ₹17,126 in 2024 to ₹18,353 in 2025, representing a growth of about 7.2 percent. Similarly, female earnings in self-employment increased from ₹5,861 to ₹6,374, reflecting an 8.8 percent growth.

For female casual labourers, earnings increased from ₹299 in 2024 to ₹315 in 2025. Despite these improvements, significant gender disparities continued to exist in labour force participation, wages, and employment opportunities.

Education and Vocational Training

Educational attainment among the working-age population showed gradual improvement. The average number of years in formal education for persons aged 15 years and above was estimated at 10.0 years in 2025. Urban areas reported higher educational attainment compared to rural areas.

The report also found that 67.8 percent of persons aged 15 years and above had at least secondary education. Among persons aged 15–59 years, only 4.2 percent had received formal vocational or technical training, indicating the need for greater skill development initiatives.

Changes in PLFS Methodology

An important feature of PLFS 2025 is the revised sampling methodology introduced from January 2025. The survey period was shifted from the July–June agricultural cycle to the January–December calendar year. The sample size was significantly increased from around 1.02 lakh households earlier to about 2.72 lakh households in 2025.

The revised design also introduced monthly rotational panel surveys covering both rural and urban areas to improve the frequency and representativeness of labour market estimates. These methodological improvements aim to provide more reliable employment data for policymaking and economic planning.

CONCLUSION

The PLFS Annual Report 2025 presents a comprehensive overview of India's labour market conditions. The report reveals that labour force participation and employment levels remained broadly stable during 2025, while unemployment showed marginal improvement. Structural changes in employment patterns indicate gradual movement away from agriculture towards manufacturing and service sectors. Female earnings and participation have improved moderately, although gender disparities continue to persist. The revised sampling methodology and expanded coverage introduced in PLFS 2025 have enhanced the reliability and frequency of labour market estimates. Overall, the

report reflects a relatively stable labour market scenario in India with moderate progress in employment quality, wage growth, and sectoral diversification, while also highlighting the need for inclusive and employment-oriented policies for sustainable economic development.

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