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(Research Unit)
Ministry of Information and Broadcasting
Government of India



Employment Situation in New India

Indicators back to pre-Covid levels but government keen on improving situation further

(Ministry of Labour & Employment)

February 24, 2022

Introduction

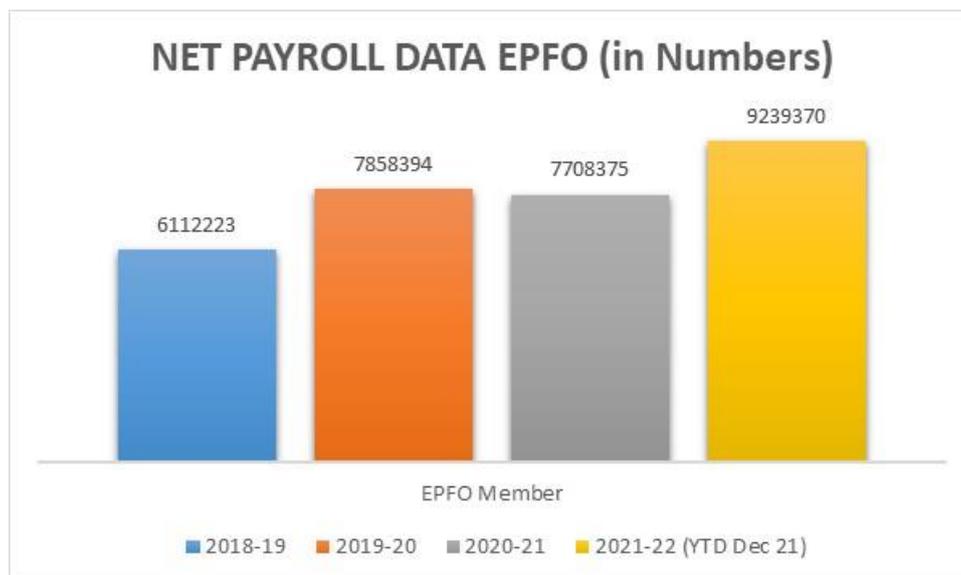
Indian economy is on the path of achieving the Prime Minister's vision of a USD 5 trillion-dollar economy by 2024-25. Economic growth positively affects job creation. Last year, Budget 2021-22 had provided a sharp increase in provision for public investment to boost economic activity. With the Prime Minister Narendra Modi guiding the implementation, economic recovery in the country is continuing to benefit from the multiplier effect.¹ Budget 2022-23 has further provided a strong impetus for growth, with capital expenditure being stepped up sharply by 35.40 per cent, to Rs 7.50 Lakh crore from Rs 5.54 Lakh crore in the current FY. This outlay, which is approximately 2.9 per cent of GDP, shall not only boost economic activity but also concurrently improve the employment situation in the country.

Current Macro Economic Trends

The sustained push by the Government to infuse funds and give a fillip to the country's economy has begun to bear results in spite of the huge setback and disruptions caused by the COVID-19 pandemic over the past two years. Certain economic indicators such as job enrolments in the organised sector, rise in number of new companies registered, growth of start-ups and rapid rise in number of Unicorns in the country, rise of employment opportunities in new sectors such as AI, cloud computing, data analytics, automation under IT/ITES, etc. clearly point towards an increase in creation of jobs in the country.

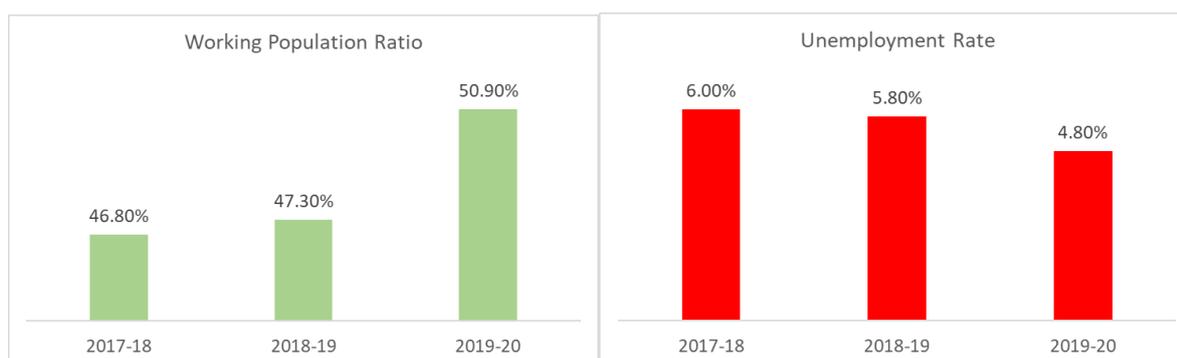
Surge in EPFO subscriptions: An analysis of the EPFO data suggests significant acceleration in formalization of the job market during 2021. In November, 2021, the monthly net additional EPF subscription peaked with 13.95 lakh new subscribers, the highest in any given month since 2017. This translates into growth of 109.21 per cent in EPF subscription from November, 2020. The Economic Survey further states that the monthly net addition in EPF subscriptions during 2021 has not only been higher than the corresponding monthly values in 2020 but they have also surpassed the levels of the corresponding months during pre-pandemic year 2019.

¹ Union Finance Minister on her Budget Speech 2021-22



The Economic Survey observes that under the **Mahatma Gandhi National Rural Employment Guarantee Scheme employment peaked during the nationwide lockdown in 2020**. It further points out that the demand for MGNREGS work has stabilized after the second Covid wave, indicating that the disruption caused by the pandemic is losing its sting and employment avenues are opening up in other sectors. During the second Covid wave, demand for MGNREGS employment reached the maximum level of 4.59 crore persons in June 2021.

Key takeaway from PLFS data: The estimates of Worker Population Ratio (WPR) for persons aged 15 years and above defined as the number of employed persons to total population on usual status basis during the years 2017-18 to 2019-20 has shown an increasing trend, while the estimated Unemployment Rate on usual basis for 15 years and above is showing a decreasing trend. The estimates of Labour Force Participation Rate (LFPR) for male and female persons for aged 15 years and above on usual status basis during 2019-20 is 76.8 per cent and 30.0 per cent respectively.²



The Unemployment Rate (UR), the Labour Force Participation Rate (LFPR) and the Worker Population Rate (WPR) **almost reached their pre-pandemic levels** during the last quarter of 2020-21 as per Periodic Labour Force Survey Data.³

²As per the Periodic Labour Force Survey (PLFS) conducted by National Statistical Office (NSO)

³<https://pib.gov.in/PressReleasePage.aspx?PRID=1793819>

Sector Wise Trends

Citing the recent survey reports of the Quarterly Employment Survey (QES) and EPFO payroll data, Union Labour and Employment Minister Shri Bhupender Yadav stated that the employment opportunities are on rise in the country and the government under the leadership of Prime Minister Shri Narendra is committed for the welfare of the workers and labourers in both organized and unorganized sectors.⁴

QES indicates increase in Employment: The estimated total employment in the nine selected sectors in the round of QES July-September, 2021 came out as 3.10 crore approximately, which is 2 lakhs higher than the estimated employment (3.08 crore) from the first round of QES (April-June, 2021). It is worthwhile to mention here that the total employment for these nine sectors taken collectively was reported as 2.37 crore in the sixth Economic Census (2013-14).

The AQEES (All-India Quarterly Establishment-based Employment Survey) has been taken up to provide frequent (quarterly) updates about the employment and related variables of establishments in both organized and unorganized segments of nine selected sectors which account for a great majority of the total employment in the non-farm establishments. The nine selected sectors are Manufacturing, Construction, Trade, Transport, Education, Health, Accommodation & Restaurant, IT/BPO and Financial Services.

Key Highlights of the report of second quarter of QES as part of AQEES⁵:

- Of the total employment estimated in the selected sectors, Manufacturing accounted for nearly 39%, followed by Education with 22% and Health as well as IT/BPOs sectors both around 10%. Trade and Transport sectors engaged 5.3% and 4.6% of the total estimated workers respectively.
- The over-all percentage of female workers stood at 32.1, higher than 29.3% reported during the first round of QES.
- Regular workers constitute 87% of the estimated workforce in the selected sectors, with only 2% being casual workers. However, in the Construction sector, 20% of the workers were contractual and 6.4% were casual workers.
- It is somewhat encouraging to note that 16.8% of the establishments provided formal skill development programmes, although mostly for their own employees. It transpired that an estimated 5.6% of the establishments were having vacancies in positions and the estimated number of total vacancies was 4.3 lakhs. About 65.8% of such vacancies were not due to retirement or resignation of the employees.

⁴<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1797898>

⁵<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1788945>

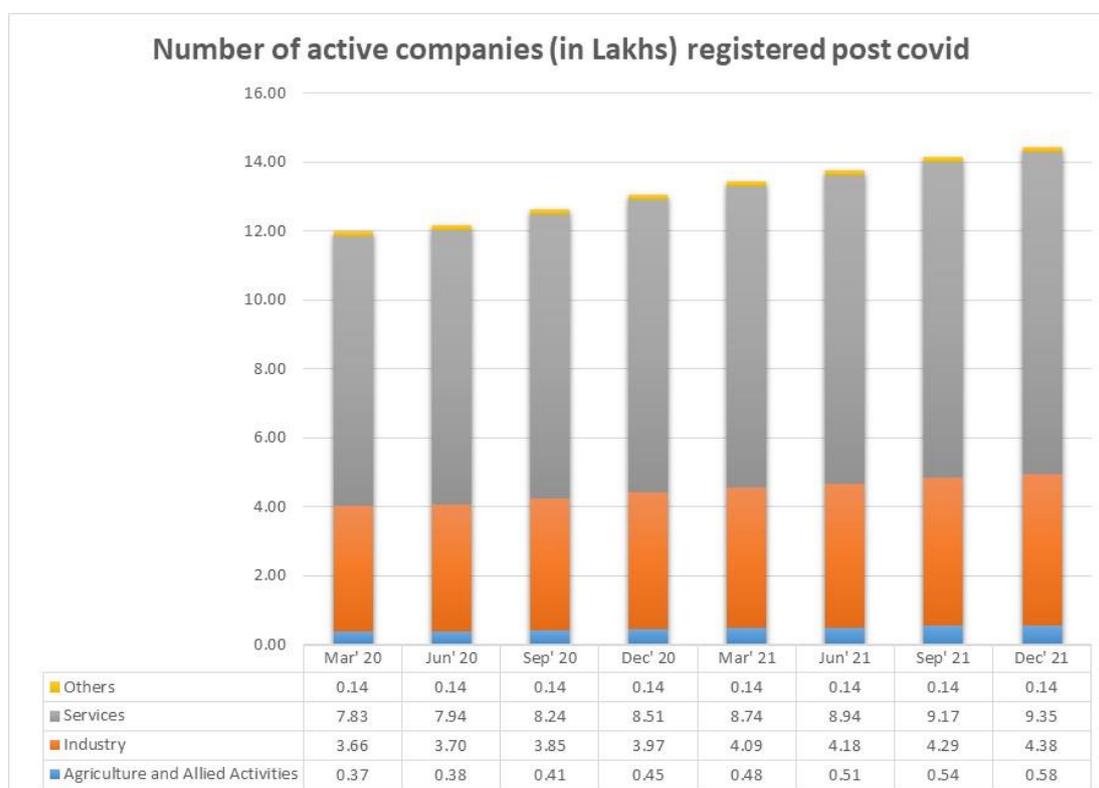
ITeS/BPO – A mega industry

The IT/BPO sector is the biggest employment generator and has spawned the mushrooming of several ancillary industries such as transportation, real estate and catering, security, housekeeping etc. Direct employment in the IT services and BPO/ITeS segment is estimated at 4.47 million in FY 2020-2021 with an addition of 1,38,000 people (consisting of nearly 36 per cent women employees). Indirect job creation is estimated to be over 12.0 million.⁶



Industrial Production – 23.5 per cent increase in IIP:

As regards revival of factory output, reflected through Index of Industrial Production (IIP), there has been a significant growth of 23.5 per cent during April-September 2021 as compared to the corresponding period growth of -20.8 per cent during 2020-21.



⁶[Employment Generation | Ministry of Electronics and Information Technology, Government of India \(meit.gov.in\)](https://meit.gov.in)

Production Linked Incentive Scheme

To enhance India's manufacturing capabilities and generation of employment, an outlay of Rs. 1.97 lakh crore has been announced for Production Linked Incentive (PLI) schemes for 14 key sectors of manufacturing starting from fiscal year (FY) 2021-22. With the announcement of PLI Schemes, significant creation of production, employment, and economic growth is expected over the next five years and beyond. In the Union Budget 2022-23 speech the Finance minister said that the production linked incentive in 14 sectors for achieving the vision of Atmanirbhar Bharat has received excellent response, with potential to create 60 lakh jobs, and additional production of Rs 30 lakh crores during next five years.

PLI schemes have been introduced in the following sectors:

- Key Starting Materials (KSMs) / Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs)
- Large Scale Electronics Manufacturing
- Manufacturing of Medical Devices
- Electronic/Technology Products
- Pharmaceuticals drugs
- Telecom & Networking Products
- Food Products
- White Goods (ACs & LED)
- High-Efficiency Solar PV Modules
- Automobiles & Auto Components
- Advance Chemistry Cell (ACC) Battery
- Textile Products: MMF segment and technical textiles
- Specialty Steel
- Drones and Drone Components

Promotion of manufacturing of Electronic Components and Semiconductors:⁷

- The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has approved the proposal to offer financial incentive of 25% of capital expenditure for the manufacturing of goods that constitute the supply chain of an electronic product under the Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS).
- The scheme will help offset the disability for domestic manufacturing of electronic components and semiconductors in order to strengthen the electronic manufacturing ecosystem in the country.
- The total cost of the scheme is approximately Rs.3,285 crore, which includes incentive outlay of approximately Rs.3,252 crore and the administrative expense to the tune of Rs.32 crore.
- Direct employment of approximately 1,50,000 is expected to be created in the manufacturing units supported under the scheme, including indirect employment of

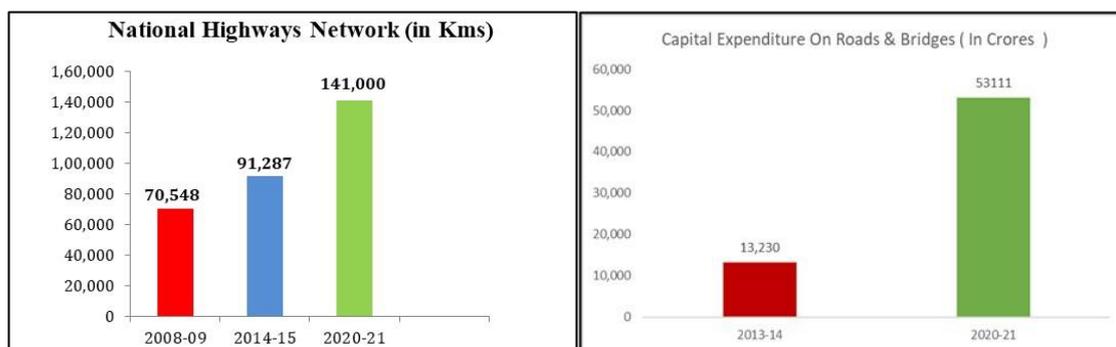
⁷ [Press Information Bureau \(pib.gov.in\)](https://pib.gov.in)

about three times of direct employment as per industry estimates. Thus, total employment potential of the scheme is approximately 6,00,000.

Capital Expenditure (CAPEX) Push to Boost Employment

- **Road Infrastructure:**

There has been a steady increase in road network and Capex on road infrastructure. These have a positive effect on employment as road construction is a labour intensive activity.



- **Aviation Sector:**

As per the UDAN scheme, there is a target to develop at least 100 airports/waterdromes/heliports by 2024.⁸ Growth in civil aviation industry will lead to demand for more trained work force including pilots, aircraft maintenance engineers, cabin crew, IT and support service professionals, airport related professionals etc. Moreover, aviation sector provides impetus to other sectors for growth.

- **Start Up Ecosystem:**

Start-up India initiative, launched on 16th January 2016, consists of 19 Action Points that act as a guiding document for the initiative. The initiative aims to empower startups to grow through innovation and design. The initiative has not only brought a sharp focus on startups, it has catalyzed the Indian startup ecosystem and accelerated Indian entrepreneurs building innovative solutions for domestic and global needs. Since the launch of the initiative, several programs have been undertaken to contribute to the Hon'ble Prime Minister vision of transforming India into a country of job creators instead of job seekers.⁹

As of 14th January 2022, India is home to 83 unicorns with a total valuation of \$ 277.77 Bn.¹⁰ The year 2019, 2020, and 2021 saw the birth of several Indian unicorns with 9, 10 and 44 Unicorns coming each year, respectively.¹¹ COVID-19 has caused a great amount of socio-economic suffering globally, but it is during this time when the resilient Indian

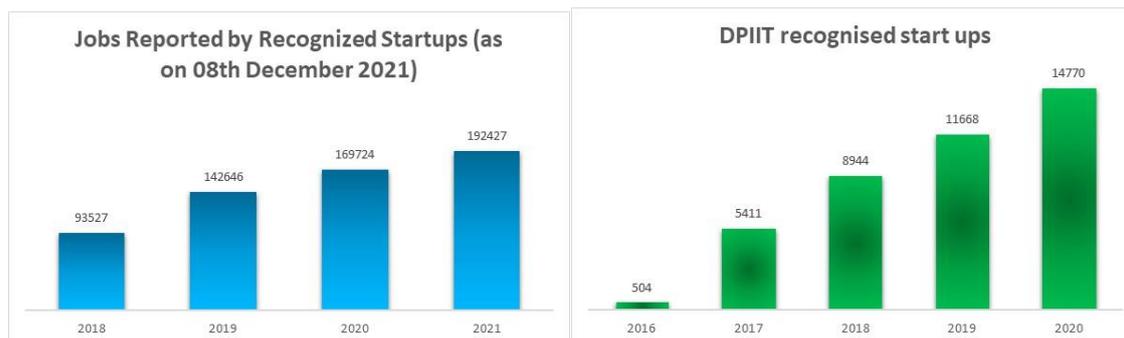
⁸ <https://pib.gov.in/PressReleasePage.aspx?PRID=1666421>

⁹ <https://startupindiainnovationweek.in/demo-11122/index.html#aboutn>

¹⁰ <https://www.investindia.gov.in/indian-unicorn-landscape>

¹¹ <lu2614.pdf> (dpiit.gov.in)

entrepreneurs worked effortlessly to not only contribute to the economy but to also contribute toward COVID-19 relief efforts.



- **Make in India:**

Make in India initiative was launched on September 25, 2014 with the objective of facilitating investment, fostering innovation, building best in class manufacturing infrastructure, making it easy to do business and enhancing skill development. The initiative is further aimed at creating a conducive environment for investment, modern and efficient infrastructure, opening up new sectors for foreign investment and forging a partnership between government and industry through positive mind set. It is one of the unique 'Vocal for Local' initiatives that promoted India's manufacturing domain to the world. The 'Make in India' initiative is being implemented all over the country through various measures. The sector has the potential to not only take economic growth to a higher trajectory but also to provide employment to a large pool of our young labour force.

- **Banking Sector:**

There has been a steady increase of bank branches in the country. The increase in the number of bank branches has a direct co-relation with employment creation. While there were almost 9.26 lakh employees in SCBs in 2009-10, it has increased to 14.55 lakh in 2018-19. Similarly, the number of bank branches have also increased exponentially during this period as evident from the chart below.



Source: [RBI](#)

Other measures to Boost Employment

The Government of India is encouraging various projects involving substantial investment and public expenditure on schemes like:

- 1. Aatmanirbhar Bharat package - Aatmanirbhar Bharat Rojgar Yojana (ABRY)**
The scheme was launched on 1st October, 2020 to incentivize employers for creation of new employment along with social security benefits and restoration of loss of employment during COVID-19 pandemic. The Government is providing fiscal stimulus of more than Rs. 27 lakh crore. This package comprises of various long-term schemes/programs/policies for making the country self-reliant and to create employment opportunities. As on 20.11.2021, scheme has been availed by 39.43 lakh beneficiaries through 1.15 lakh establishments.
- 2. Pradhan Mantri Mudra Yojana (PMMY)** is being implemented by the Government for facilitating self-employment. Under PMMY collateral free loans up to Rs. 10 lakh are extended to micro/small business enterprises and to individuals to enable them to setup or expand their business activities. Under the scheme, Rs 31.28 crore was sanctioned up to November, 2021.
- 3. Prime Minister's Employment Generation Programme (PMEGP)** implemented by Ministry of Micro, Small & Medium Enterprises is a major credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of microenterprises in the non-farm sector by helping traditional artisans and unemployed youth.
- 4. The Government launched the Garib Kalyan Rojgar Abhiyaan (GKRA)** on 20th June, 2020 for providing engagement of 125 days to boost employment and livelihood opportunities for returnee migrant workers and similarly affected persons including youth in rural areas, in 116 selected districts across 6 States of Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. The Abhiyaan has achieved employment generation of 50.78 crore person days with a total expenditure of Rs 39,293 crore.
- 5. In order to focus on urban areas, Prime Minister Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)** Scheme was launched on June 01, 2020 to provide working capital loan of Rs. 10,000 to street vendors, vending in urban areas, to resume their businesses, which were hurt adversely due to COVID-19 induced lockdown.
- 6. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)** is a demand driven wage employment programme which provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Under MGNREGS wage has been increased to Rs. 202 a day from Rs. 182 a day to benefit 13.62 crore families.
- 7. Government is implementing Pradhan Mantri Rojgar Protsahan Yojana (PMRPY)** since 2016 with the objective to incentivize employers for creation of new employment and also aimed to bring informal workers to the formal workforce. Under the scheme, Government of India is paying Employer's contribution i.e. 12% for a period of three years to the new employees earning wages less than or equal to Rs.

15,000/- through EPFO. As on 27th November, 2021, benefit has been provided to 1.21 crore beneficiaries through 1.53 lakh establishments.¹²

National Career Service Portal

The Ministry of Labour and Employment is implementing the National Career Service (NCS) Project as a Mission Mode Project for transformation of the National Employment Service to provide a variety of employment related services like job matching, career counselling, vocational guidance, information on skill development courses, apprenticeship, internships etc. The services under NCS are available online which was dedicated to the Nation by Prime Minister in 2015. All the services available in the portal are free of cost for all stake holders including jobseekers, employers, trainers and placement organizations. The NCS portals can be accessed directly or from Career Centres (Employment Exchanges), Common Service Centres, Post Office Network, mobile devices, cyber cafes etc.¹³

The Ministry is implementing National Career Service (NCS) Project to provide a variety of career related services:

- job search and matching,
- career counselling,
- vocational guidance,
- information on skill development courses

The services are available online on the National Career Service Portal (www.ncs.gov.in).¹⁴

Future Job Roles in Key Sectors¹⁵

The Skill India Report (2020) has highlighted that the industry is moving in the direction of adopting innovative technologies such as Artificial Intelligence (AI), Data Analytics, Robotics, AR/VR and automation, thereby leading to development of wide job opportunities in the market. The Skill India Report (2018) indicates that in the future, there will be stability in information and communication technology and growth in consumer and professional services industries. Besides, it is anticipated that technologies such as Cloud Computing, Internet of Things (IoT), will be used increasingly by companies and will support professions such as community health workers, teachers and financial agents. Such technology is also expected to open doors for micro entrepreneurs.¹⁶

Rise of gig economy

A major shift in the employment trends has been the rise of gig economy globally. The gig economy encompasses freelancers, online platform workers, self-employed, on-call workers, and other temporary contractual workers.

The rise of gig economy is driven by emergence of tech-enabled platforms, demand for flexible work arrangements and focus on skills. As per the India Staffing Federation report (2019)³¹, India is fifth largest in flexi-staffing globally, after USA, China, Brazil and Japan. The report also projected flexi-staffing industry to grow at 22.7%, reaching 6.1 million workforces in 2021. While gig economy is prevalent among blue-collar jobs in India (such as

¹²<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1778601>

¹³<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1797401>

¹⁴<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1795068>

¹⁵[EY Report Sept 2017 Final.cdr \(ficci.in\)](#)

¹⁶[8 Sector Report Jobs and Skills.pdf \(dmeo.gov.in\)](#)

Uber, Ola drivers, UrbanClap), the demand for gig workers in white collar jobs (such as project specific consultants, web and content designers) is also emerging.

Although gig economy offers cost-efficient arrangements for companies, a major concern in the Indian context has been the lack of social security benefits for this category of workers (such as provident fund, sick leaves etc.). The Code on Social Security (2020) takes a step ahead by extending coverage of social security benefits to gig economy workers¹⁷

Given the plethora of measures taken by the government ranging from capital expenditure push to employment generation schemes to skill development programmes clubbed with a huge increase in the job market in the emerging sectors and the rise of the gig economy and also revival of the economy in general post-pandemic, the employment scenario in the country is looks promising in the coming years.

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¹⁷8 [Sector Report Jobs and Skills.pdf \(dmeo.gov.in\)](#)