



Original Article

# Dynamics of Labor Force Participation in India: A Review on Recent Trends

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## Abstract

India has demographic dividend in its credit but it is fruitful only when labour force is engaged actively across all the economic activities thereby achieve economic growth. Understanding the dynamics of labour force participation is need of an hour to policy makers, researchers as well as to the stakeholders to identify the trends, challenges and opportunities for economic growth and development. Hence this paper enlightens the dynamics of labour force participation in India in general and focuses on Labour Force Participation Rate, Workers Population Ratio and Unemployment Ratio in particular. Secondary data has used from various sources including government reports and analysed with the help of tables, charts and graphs followed by review of literature. It has objectives including analysing LFPR, WPR and UR in India and found certain challenges and opportunities. India's LFPR has reached 55.6 percentage in April 2025, with rural areas recorded a higher rate of 58.0 percentage compared to urban areas at 50.7 percentage. Interpretation and discussion was shown that both LFPR and WPR increased and UR decreased in India from the period 2017-18 to 2021-22. Stakeholders including government, private and youth must take active leadership for the better and optimum use of labor force in India to achieve sustainable development ahead.

**Keywords:** Labour Force Participation Rate, Unemployment Ratio, Worker Population Ratio, Dynamics

## Introduction

The labor force participation rate is a crucial indicator of a country's economic development, which in turn reflects the proportion of the working-age population actively engaged in the labor market. Understanding the dynamics of labor force participation is necessary for policy makers, researchers, and stakeholders to identify trends, challenges, and opportunities for economic growth and development. India's labor force participation rate has shown significant dynamics in recent years, reflecting changes in the country's economic and demographic landscapes. The labor force participation rate (LFPR) measures the proportion of the working-age population (usually 15-64 years) that is actively engaged in the labor market.

## Review of Literature

Rahul Menon (2019) "Nover Done, Poorly Paid, and Vanishing: Female Employment and Labour Force Participation in India" shown women are restricted to household activities rather than boost for outer economic activities according to their capabilities. Monisankar Bishnu, S. Chandrashekar, Srinivasan Murali (2024) paper titled "Gender Gap and Decline in Female Labour Force Participation in India: A Joint Search Perspective" found that average household income was highly impacted by male wage earner than female earners. Chattopadhyay, S., Chowdhury, S. Female Labour Force Participation in India: An Empirical Study found that educated women are highly capable of earning and showing the probability of joining the labor force. Rurjit S. Bhalla, Ravinder Kaur explored various aspects of labor force determination in India. The transformation of the Indian labor force is incomplete, as is research on this important topic. The effect of low sex ratio on LFPR needs to be investigated in detail. Preet Rustagi (2013) Changing patterns of labour force participation and employment of women in India found that the low rate of women's labour force participation in India is not something new, but the decline of this LFPR is a cause for concern, unless it marks a shift away from labour participation due to the pursuit of education by the women concerned or even due to household income effects.

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**Objectives**

This paper intends to fulfil the following objectives

1. To Analyse the Labour Force Participation Rate Trends in India
2. To Examine the Worker Population Ratio and Unemployment Rate in India
3. To Know the Challenges and Opportunities in India

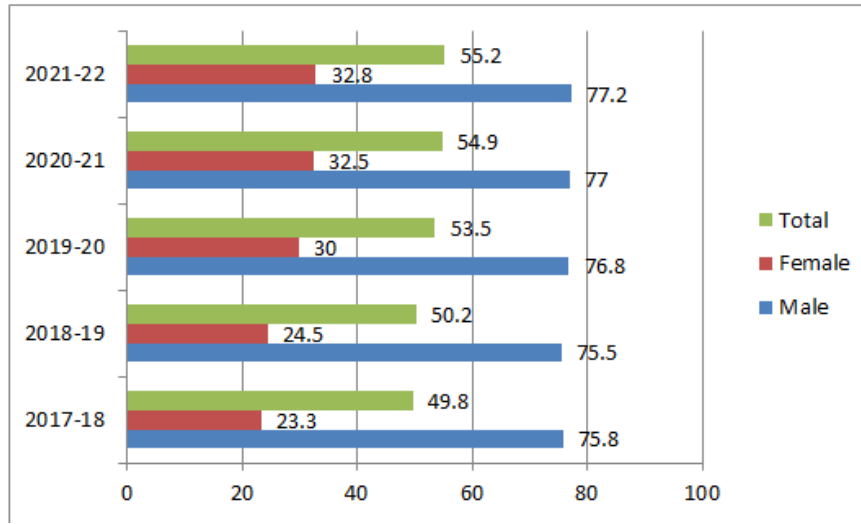
This paper is prepared by considering secondary data and information from various sources, and is analytical and descriptive in nature. Percentage, tabulation, and charts were used to analyze the facts and figures.

**Interpretation and Discussion -I**

The labor force participation rate has increased drastically, particularly female participation in rural areas.

**Data Source and Tool**

**Chart 1 LFPR in Urban+Rural Area (2017-18 to 2021-22)**

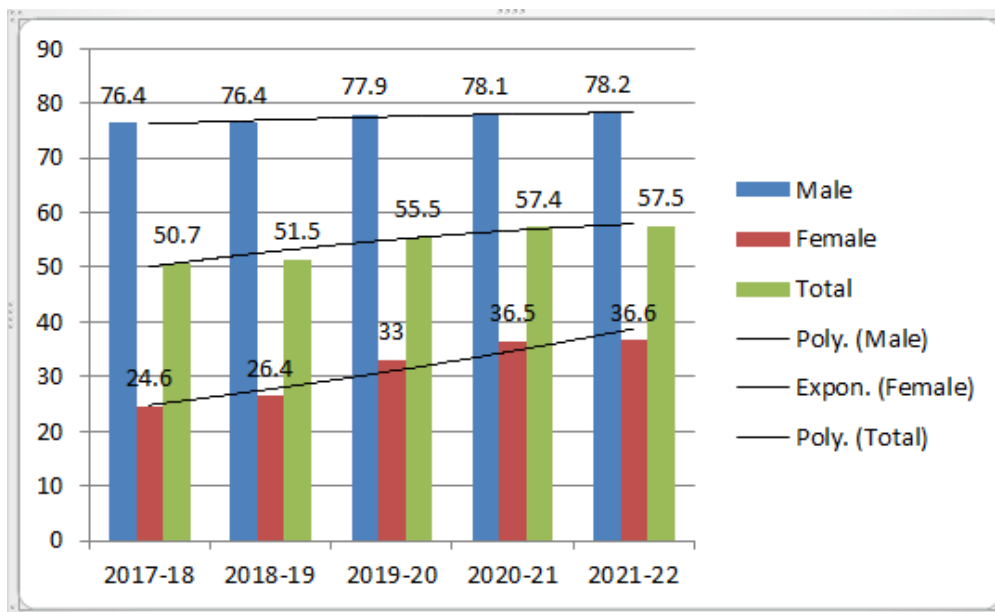


Source: Annual PLFS Reports

Chart 1 shows that LFPS increased by 5.4 percentage points from 2017-18 to to 2021-22. Gender-wise

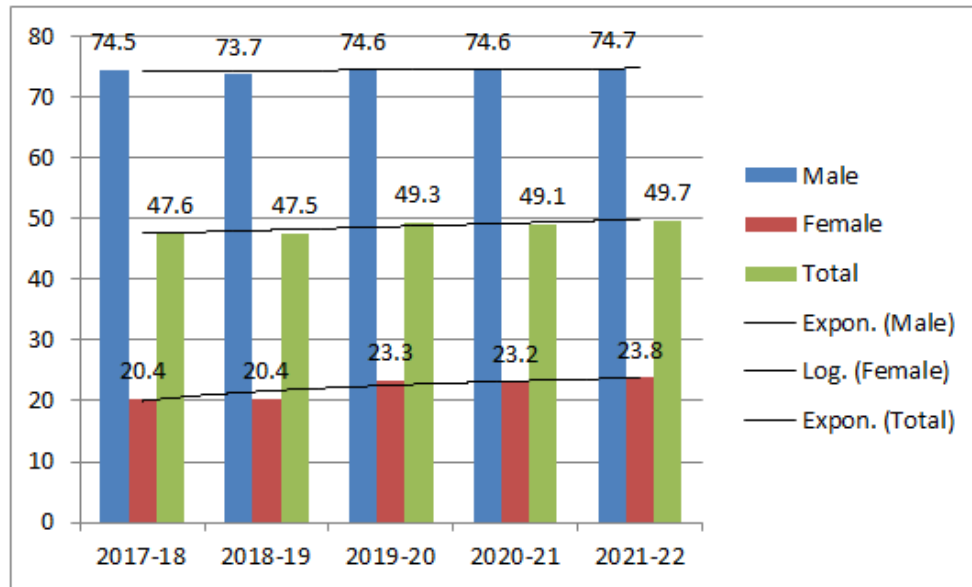
LFPR increased by 1.4 percentage and 9.5 percentage in male and female respectively, during the same period.

**Chart 2 LFPR in Rural Area (2017-18 to 2021-22)**



Source: Annual PLFS Reports

Chart 3 LFPR in Urban Area (2017-18 to 2021-22)



Source: Annual PLFS Reports

Similarly, Charts 2 and 3 indicate that the LFPR increased in both Rural and Urban areas by 6.8 percentage and 2.1, respectively. Gender-wise, the LFPR increased by 1.8 percentage (male) and 12.0 percentage (female) in rural areas and by 0.2 percentage (male) and 3.4 percentage (female) in urban areas during the same period. This indicates that the female labor force participation rate has undergone drastic changes in rural areas.

#### Interpretation and Discussion –II

The Worker Population Ratio (WPR) in India refers to the percentage of the population engaged in productive activities. The present trend reflects better conditions in India. Table 1 shows the year-wise WPR from 2017-18 to 2021-22. The percentage change in WPR in both Rural and Urban areas was 6.1, whereas it was 9.7 in case for female WPR and hardly 2.6 percentage for male WPR in India. It was also found that region-wise WPR varied between the Rural and Urban areas. A remarkable change was found in the case of female WPR in rural areas (12.1%), which was far from the female WPR in urban areas.

Table 1 Worker Population Ratio (WPR in %)

Year		2017-18	2018-19	2019-20	2020-21	2021-22	% Change from 2017-18 to 2021-2
Rural	Male	72.0	72.2	74.4	75.1	75.3	3.3
	Female	23.7	25.5	32.2	35.8	35.8	12.1
	Total	48.1	48.9	53.3	55.5	55.6	7.5
Urban	Male	69.3	68.6	69.9	70.0	70.4	1.1
	Female	18.2	18.4	21.3	21.2	21.9	3.7
	Total	43.9	43.9	45.8	45.8	46.6	2.7
Rural+ Urban	Male	71.2	71.0	73.0	73.5	73.8	2.6
	Female	22.0	23.3	28.7	31.4	31.7	9.7
	Total	46.8	47.3	50.9	52.6	52.9	6.1

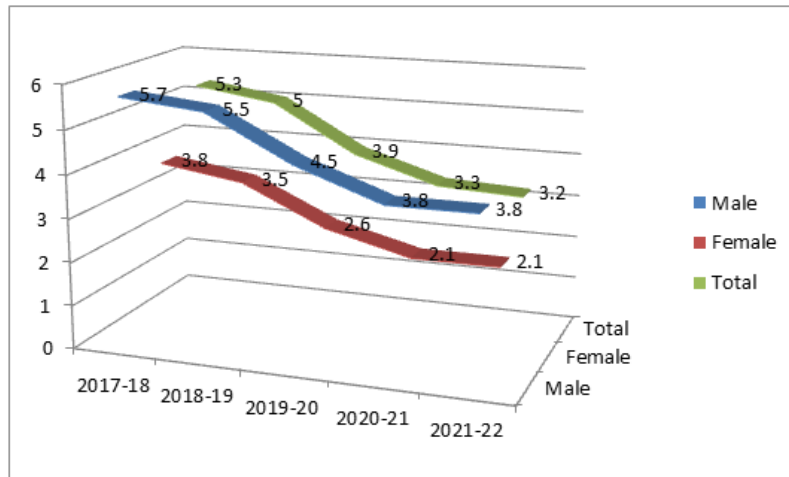
Source: Annual PLFS Reports

The male WPR was 3.3 percentage and 1.1 percentage in rural and urban areas, respectively. Overall,

the WPR changed by 7.5 percentage in rural areas and by 2.7 percentage in urban areas.

**Interpretation and Discussion –III**

**Graph 1 Unemployment Ratio in Rural Area**

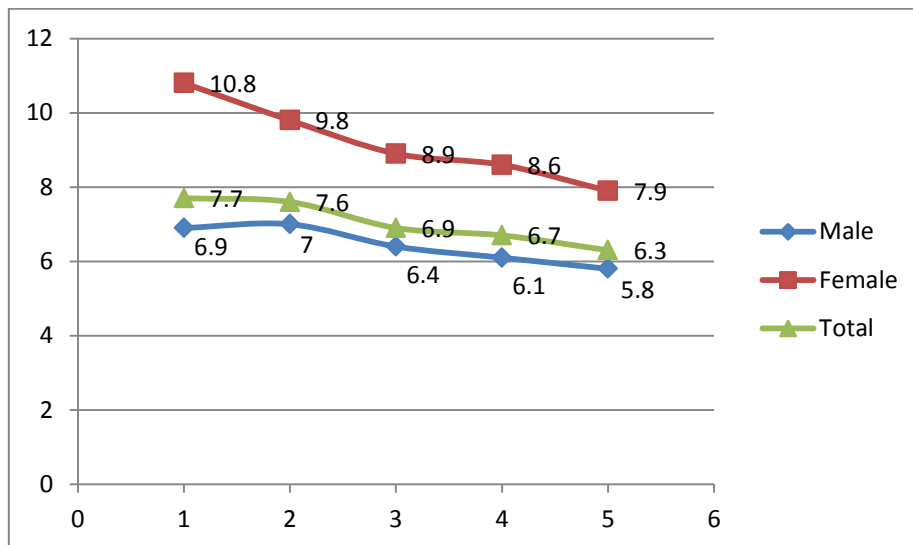


*Source: Annual PLFS Reports*

Figure 1 shows that the Unemployment Ratio in Rural areas has decreased by 2.1 percentage from to 2017-

18 to 2021-22. Gender-wise UR was found in 1.9 percentage male and 0.7 percentage female.

**Graph 2 Unemployment Ratio in Urban Area**

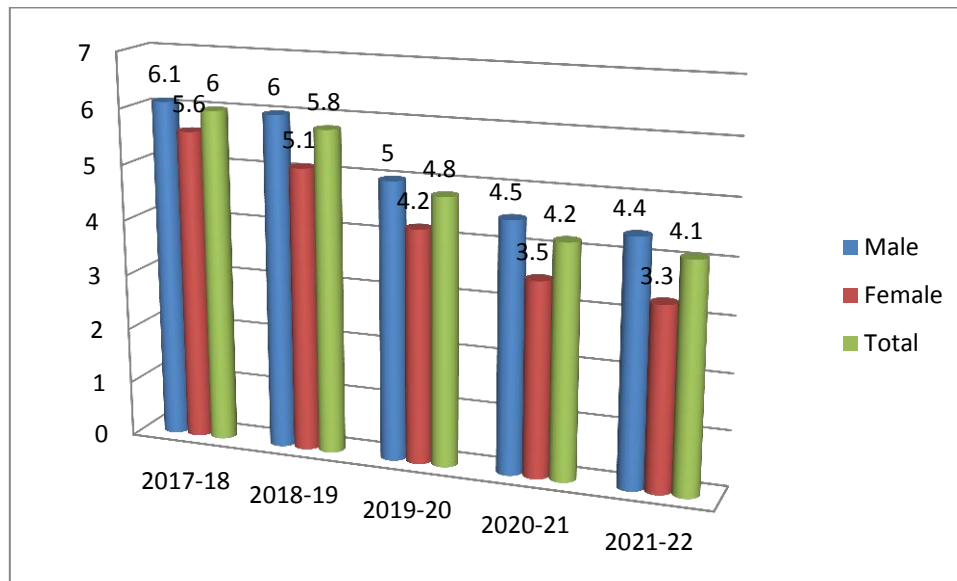


*Source: Annual PLFS Reports*

Figure 2 shows that the Unemployment Ratio in Urban areas has decreased by 1.4 percentage from to 2017-18 to

2021-22. Gender-wise UR was found in 1.1 percentage male and 2.9 percentage female.

Chart 4 Unemployment Ratio in Urban+Rural Area



Source: Annual PLFS Reports

Chart 4 indicates that the Unemployment Ratio in both Urban and Rural areas decreased by 1.9 percentage from 2017-18 to 2021-22. Gender-wise UR was found in 1.7 percentage male and 2.3 percentage female.

### Challenges and Opportunities

The challenges of labor force participation in India are broadly categorized into demographic, socioeconomic, and structural issues, as discussed below.

#### Demographic Challenges

- Rapid population growth in India puts pressure on the job market, leading to unemployment.
- The demographic dividend in India can be blissful, but it requires effective skill development initiatives to harness this potential.

#### Socioeconomic Challenges

- Low female labour force participation: Women face barriers to entering and remaining in the workforce, including caregiving responsibilities, limited access to education, and discriminatory practices.
- Informal sector dominance: over 90 percentage of India's workforce operates in the informal sector; they lack job security, benefits, and stable income.
- Skill mismatch: There is a gap between the skills possessed by laborers and those demanded by industries.
- Gender disparities: Women face unique challenges in accessing employment opportunities including cultural barriers and limited access to education.

#### Structural Challenges

- Limited Access to Education and Skill Development: Restricted access to quality education and vocational training limits workers' employability and career prospects.

- Inadequate labor market policies: Weak labor market policies and regulations fail to protect workers' interests.
- Insufficient social protection: Limited access to social protection exacerbates poverty and inequality.
- Regional disparities: Workless growth is often more pronounced in certain regions, leading to geographical disparities and a need for targeted policies.

#### Opportunities for Growth and Development

India's labor force participation rate has shown promising trends, with various opportunities emerging for growth and development. These are discussed below.

- **Employment Opportunities:**
  - **Formal Job Creation:** The Employee's Provident Fund Organization (EPFO) reported that over 1.914 million net membership additions in April 2025 indicate stronger formal employment, particularly among youth and women.
  - **Services Sector Growth:** It is projected that in the near future, approximately 28 core jobs are expected by 2030.
  - **Manufacturing and Services Sector:** India has the potential to create 35 core jobs by 2030, backed by initiatives of skills development.
- **Skill Development:** It includes as follows
  - Vocational Trainings
  - Industry Collaborations
- **Government Initiatives:** Initiatives are
  1. Employment Linked Incentives (ELI)
  2. Prime Minister's Internship Scheme
  3. e-Shram Portal
- **Self Employment** is the boost among all opportunities in India.

There are various opportunities for youths and women in India. This is only possible when quality



education and skill development initiatives are implemented effectively.

### Conclusion

The dynamics of labor force participation in India reveal a complex interplay of demographic, socioeconomic, and structural factors. India's LFPR reached 55.6 percentage in April 2025, with rural areas recording a higher rate (58.0 percentage) than urban areas (50.7%). The LFPR and WPR in India showed drastic change over the period 2017-18 to 2021-22. The Unemployment Ratio declined and more opportunities were waiting for youth and women, but the challenges are not to be neglected. They address gender disparities, enhance employability skills development and vocational training, and promote formal employment opportunities. Stakeholders, including government, private, and youth, must take active leadership for the better and optimum use of the labor force in India to achieve sustainable development ahead. Finally, the government must act on population control along with job creation and reduce regional disparities to reduce poverty.

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### Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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