

Rebuttal to Citigroup's Research Report on Employment in India

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and comprehensive data from official sources

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2017-18 to 2021-22 translating to an average of over
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More than 6.2 Crore Net Subscribers Joined EPFO
between September, 2017 - March, 2024

Substantial Increase in New Subscribers joining NPS

Government Committed to Creating a Robust and Inclusive Job Market

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The recent research report by Citigroup on Employment in India quoted by some of the print and electronic media, which forecasts that India will struggle to create sufficient employment opportunities even with a 7% growth rate, fails to account for the comprehensive and positive employment data available from official sources such as the **Periodic Labour Force Survey (PLFS)** and the **Reserve Bank of India's KLEMS data**. Therefore, the Ministry of Labour and Employment strongly rebuts such reports which do not analyse all official data sources available in the public domain.

Employment Data for India

According to PLFS and RBI's KLEMS data, India has generated more than 8 crore (80 million) employment opportunities from 2017-18 to 2021-22. This translates to an average of over 2 crore (20 million) employment

per year, despite of the fact that the world economy was hit by COVID-19 pandemic during 2020-21 which contradicts Citigroup's assertion of India's inability to generate sufficient employment. This significant employment creation demonstrates the effectiveness of various government initiatives aimed at boosting employment across sectors.

PLFS data

The Annual PLFS report depicts an improving trend in labour market indicators related to: (i) Labour Force Participation Rate (LFPR), (ii) Worker Population Ratio (WPR) and (iii) Unemployment Rate (UR) for persons of age 15 years and above during 2017-18 to 2022-23. For instance, the WPR i.e. employment has increased from 46.8% in 2017-18 to 56% in 2022-23. Similarly, the labour force participation has also increased in the country from 49.8% in 2017-18 to 57.9% in 2022-23. The Unemployment Rate has declined from 6.0 % in 2017-18 to a low of 3.2% in 2022-23.

The PLFS data shows that during the last 5 years, more employment opportunities have been generated compared to the number of people joining the labour force, resulting in a consistent reduction in the unemployment rate. This is a clear indicator of the positive impact of government policies on employment. Contrary to the report, which suggests a dire employment scenario, the official data reveals a more optimistic picture of the Indian job market.

EPFO Data

The formal sector employment figures are also being bolstered by government efforts to improve ease of doing business, enhance skill development, and provide incentives for job creation in both the public and private sectors. The EPFO data suggests that more and more workers are joining formal jobs. During 2023-24, more than 1.3 crore subscribers joined EPFO which is more than double compared to 61.12 lakh joined EPFO during 2018-19. Moreover, during last six and half years (since September, 2017 to March, 2024) more than 6.2 crore net subscribers have joined EPFO.

New subscribers to NPS

The data from National Pension System (NPS) indicates that more than 7.75 lakh new subscribers have joined the NPS during 2023-24 under the Central and State governments which is 30% more than 5.94 lakh new subscribers joining NPS under government sector during 2022-23. This substantial increase in new subscribers highlights the government's proactive measures to fill-up the vacancies in public sector in timely manner.

Flexi-staffing sector

In a recent interaction of Indian Staffing Federation (ISF) members with Secretary, Ministry of Labour and Employment, ISF members informed that they are employing about 5.4 million formal contract workers. Nearly 30% demand in the sector remains unfulfilled at frontline across manufacturing, retail, banking due to talent shortages and labour mobility.

Multiple new opportunities

The future prospects of the employment market in India are highly encouraging, as evidenced by data from various sources. The Global Capability Centers (GCCs) in India have shown remarkable growth in recent years. The gig economy also promises significant increase in workforce in the country. Notably, the NITI Aayog report on gig economy projects a substantial increase in platform workers, which is expected to reach 2.35 crore (23.5 million) by 2029-30, underscoring the rapid expansion of the gig economy. The gig workers are expected to form 6.7% of the non-agricultural workforce or 4.1% of the total livelihood in India by 2029-30. These developments collectively reflect India's robust economic trajectory and its potential to generate diverse employment opportunities.

Data Credibility

It is well known that the private data sources, which the report/media refers to as more reliable, has several shortcomings. These surveys use their own derived definition of employment – unemployment which is not aligned to either national or international standards. The sample distribution and methodology are often critiqued for not being as robust or representative as official data sources like PLFS. Therefore, reliance on

such private data sources over official statistics can lead to misleading conclusions and thus, should be used with caution.

Further, some authors use data selectively which undermines the credibility of their analysis and does not present an accurate picture of the employment scenario in India. Such reports fail to consider the positive trends and comprehensive data from official sources.

Summary

The official data sources like PLFS, RBI, EPFO, etc. show consistent improvements in the key labour market indicators, including increased Labour Force Participation Rate (LFPR) and Worker Population Ratio (WPR), and a declining Unemployment Rate during last five years. EPFO and NPS data further support the positive employment trends. The trends in manufacturing, expanding service sector, infrastructure growth, apart from others, including emerging opportunities in multiple sectors such as gig and platform economy and GCCs indicate robust future prospects.

The Ministry of Labour and Employment emphasizes the credibility and comprehensiveness of official data, cautioning against the selective use of private data sources that can lead to misleading conclusions about India's employment scenario.

The Government remains committed to creating a robust and inclusive job market, and the evidence suggests substantial progress is being made in this direction.

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