



Transforming India's Labour Force

For Prelims: [International Labour Day](#), [Bonded labour](#), [National Sample Survey Organization](#), [Gig workers](#), [Demographic dividend](#)

For Mains: Social Justice and Labour Rights, Indian Economy and Employment Issues, Labour Productivity and Economic Growth

[Source:TH](#)

Why in News?

On **May 1st**, the world commemorates [International Labour Day](#) to honour the dignity of work and workers' rights. In India, while the day honours workers' contributions, it also underscores the need for stronger implementation of labour laws to eliminate [bonded and exploitative labour](#).

What is the Current Status of India's Labour Force?

- In 2024, India's overall Labour Force Participation Rate (LFPR) remained relatively stable at **59.6%**, with a slight decrease from **59.8% in 2023**, according to the [Periodic Labour Force Survey \(PLFS\)](#).
- The [Worker Population Ratio \(WPR\)](#) also saw a marginal decline, moving from **58.0% to 57.7%**.
 - Unemployment rates experienced a minor increase from **3.1% to 3.2% at the all-India level**.

What are the Current Issues Related to India's Labour Ecosystem?

- **Widespread Informality:** According to the [National Sample Survey Organization](#), around about 39 crore of India's 47 crore workforce is in the **unorganised sector**, lacking job security, contracts, and social protection.
 - Additionally, 9.8% of workers in the organised sector are informal, highlighting widespread outsourcing and worker vulnerability.
 - While [Gross Domestic Product \(GDP\) formalisation](#) has reached 56% and labour market **formalisation lags at 15% (Citi Research 2024)**.
 - Post-Covid, **54 million new jobs were created**, mostly self-employment, not formal wage employment.
- **Dominance of Low-Quality Jobs and Skill Gap:** The [International Labour Organisation's India Employment Report 2024](#), highlights that **low-quality jobs in the informal sector dominate**, with migrants and informal workers often facing conditions similar to bonded labour.
 - Even where high quality jobs are available, The [Economic Survey 2023-24](#), reveals that

only **51.25% of India's graduates are deemed employable**, highlighting a significant skills gap.

- **Delayed Implementation of Labour Laws:** The implementation of the Labour Codes in India is delayed due to objections from trade unions over reduced rights and weakened worker protections. Additionally, the readiness of states to draft and implement the necessary rules has also been a significant factor.
 - Additionally, **Gig workers** (7.7 million gig workers as of 2020-21) **are excluded from minimum wage laws**, occupational safety regulations, and the Industrial Relations Code 2020, leaving them vulnerable to health risks and lacking dispute resolution mechanisms.
- **Gender Disparities in Labour Force:** The **female labour force participation rate (LFPR)** dropped from **41.3% in 2023 to 40.3% in 2024**, while men's rose from 78.3% to 79.2%.
 - Urban female unemployment stands at **8.2%** and only 3% of employed women over **25 hold advanced degrees, highlighting underutilization of educated women and a skills-job mismatch.**
- **Low Labour Productivity:** India ranks **13th globally for the longest working hours, with an average of 46.7 hours per week**, and over 51% of employees working 49 hours or more.
 - Despite this, India's labour productivity is relatively low, with a **GDP per working hour of USD 8**, placing it **133rd globally.**
 - High-pressure work environments, especially in corporate sectors, are contributing to **mental health issues among employees.**
 - Labour productivity, a key indicator of economic growth and competitiveness, is crucial for improving living standards.
 - By 2030, climate change is expected to cause the loss of **over 2% of total working hours globally each year**, further exacerbating the productivity issue.

How can India Enhance the Productivity and Inclusivity of its Labour Force?

- **Enhancing Formalisation:** India should prioritize transitioning workers from informal to formal employment by effectively implementing the **Labour Codes, 2020** and expanding coverage under **EPFO (Employees' Provident Fund Organisation)** and ESIC (Employees' State Insurance Corporation).
 - Additionally, strengthening schemes like **Pradhan Mantri MUDRA Yojana, MSME Udyam and Employment Linked Incentive (ELI)**, and linking them to infrastructure development in Tier 2 and Tier 3 cities, will promote job creation and economic growth.
 - **Formalisation** will provide access to worker benefits like healthcare, pensions, and job security, improving overall productivity and reducing inequality.
- **Boosting Skill Development:** Improve the quality and relevance of vocational training under schemes like **Skill India** and **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** and strengthen industry-academia linkages focusing on digital, green, and soft skills for future jobs.
 - Indian can learn from **Ireland model** in this regard by focusing on fostering a strong connection between education and industry
- **Revisiting the Labour Codes through Dialogue:** India should institutionalize social dialogue mechanisms by reconvening the **Indian Labour Conference (ILC).**
 - Ratifying **ILO Convention No. 87 on freedom of association** and **ILO Convention No. 98 on the right to organize and collective bargaining** would promote unionization, particularly for workers in informal sectors.
 - This would address the challenges faced by these workers, **including lack of job security, limited bargaining power, and poor working conditions**, while ensuring fair wages and better working conditions.
- **Promoting Gender Equality:** Increase female labour force participation through policies like **Beti Bachao Beti Padhao** and the **Maternity Benefit Act (2017).**
 - Provide **safe workspaces, flexible hours, work-from-home options**, childcare support, and gender-sensitive policies to boost female labour force participation.
- **Enhancing Worker Health and Safety Standards:** Improve **occupational health and safety standards**, particularly in high-risk sectors such as mining, construction, and textiles.
 - Ensure strict enforcement of the **Occupational Safety, Health, and Working Conditions Code, 2020.**

What are the Key Conventions of the International Labour Organization?



Ten Core Conventions of the International Labour Organization

(also called fundamental/human rights conventions)

✓ Ratified by India

1. Forced Labour Convention (No. 29)
2. Abolition of Forced Labour Convention (No.105)
3. Equal Remuneration Convention (No.100)
4. Discrimination (Employment Occupation) Convention (No.111)
5. Minimum Age Convention (No.138)
6. Worst forms of Child Labour Convention (No.182)

✗ Not Ratified by India

7. Freedom of Association and Protection of Right to Organised Convention (No.87)
8. Right to Organise and Collective Bargaining Convention (No.98)
9. C155 - Occupational Safety and Health Convention, 1981 (No. 155)
10. C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

International Labour Day

- International Labour Day, or May Day, **originated from the 1886 Haymarket Affair** in **Chicago**, where a peaceful workers' rally for an eight-hour workday turned violent.
 - To honor the "**Haymarket Martyrs**," the Second International declared May 1st as International Workers' Day in 1889.
 - The movement symbolized the global fight for fair hours—**8 for work, 8 for rest, and 8 for personal life**.
- In India, Labour Day also known as **Kamgar Divas or Antrarashtriya Shramik Divas** was first celebrated on 1st May 1923, in Chennai by the **Labour Kisan Party of Hindustan**.

What is Bonded Labour?

- **About: Bonded labour, or debt bondage**, is one of the most common yet least recognised forms of **modern slavery**.
 - It occurs when a person is forced to work to repay a loan, often under deceptive terms, receiving little or no wages.
- **Causes:** Bonded labour stems from caste discrimination, feudal land systems, deep poverty, and lack of education and healthcare. Limited livelihood options trap families in inter-generational bondage.
 - **Urban migration** also fuels bonded labour in informal sectors like **domestic work, hotels, and child begging**.
- **Related Constitutional and Legal Provisions:** **Articles 21 and 23** of the Indian Constitution **prohibit bond labour**.
 - The [**Bonded Labour System \(Abolition\) Act, 1976**](#) legally abolished bonded labour and nullified all related agreements. It freed labourers from debt obligations and barred recovery of bonded debts.
- **Prevalence in India:** In 2016, the government announced a plan to rescue and rehabilitate 1.84 crore bonded labourers by 2030.
 - However, as of 2021, only **12,760 bonded labourers had been rescued over a span of five years**.
 - It is common in **agriculture, brick kilns, mining, silk, matchstick, textiles, and firecracker industries**, with high prevalence in **Bihar, UP, Tamil Nadu, Karnataka, and Punjab**.

Conclusion

India must prioritize the **creation of formal, secure, and meaningful employment opportunities**. **By investing in human capital, fostering gender equality**, formalizing the workforce, and aligning skills with emerging industry demands, India can capitalize on its demographic dividend. Immediate and decisive action is essential to **shaping a future-ready workforce**.

Drishti Mains Question:

Analyze the challenges faced by workers in India. What reforms can be implemented to ensure better protection for them under labour laws?

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Pradhan Mantri MUDRA Yojana is aimed at (2016)

- (a) bringing the small entrepreneurs into formal financial system
- (b) providing loans to poor farmers for cultivating particular crops
- (c) providing pensions to old and destitute persons
- (d) funding the voluntary organizations involved in the promotion of skill development and employment generation

Ans: (a)

Q. Disguised unemployment generally means (2013)

- (a) large number of people remain unemployed
- (b) alternative employment is not available
- (c) marginal productivity of labour is zero
- (d) productivity of workers is low

Ans: (c)

Mains

Q. Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. (2023)

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