

PRESS RELEASE

## State of Working India 2023: Social Identities and Labour Market Outcomes

**New Delhi, September 20, 2023:** India has significantly expanded the share of workers with regular wages, narrowed caste-based segregation and reduced gender-based disparities in the workforce from the 1980s while challenges remain, said 'State of Working India 2023', a report released today by Azim Premji University. The report draws on evidence from official data sources and a novel primary survey, the Indian Working Survey, conducted in collaboration with IWWAGE and IIM Bangalore. The report takes an in-depth look at the impact of economic growth and structural change on social disparities. It shows that while significant progress has been made on all fronts, there is still a long road ahead. The full report is [available online](#).

"Good news in a report on jobs is rare anywhere in the world today. So, that the State of Working India 2023 is full of good things that have happened in India on jobs and livelihood is not only heartening but also energizing. The SWI is, as always, rigorously researched, and the basic story that it tells is that of progress on many dimensions of jobs, including their quality, equity, and justice, while it also points out the challenges that remain," noted Indu Prasad, Vice Chancellor, Azim Premji University.

Amit Basole, the lead author of the report and Professor of Economics at Azim Premji University said: "The report offers an in-depth analysis of the relationship between economic growth, structural change, and social disparities over a long period since the 1980s and examines the short-term effects of the pandemic on the labour market. We hope that the report will provide useful information to enable us to further reduce disparities and make growth an inclusive process."

### **Highlights from the report:**

**Faster structural change:** After stagnating since the 1980s, the share of workers with regular wage or salaried work started increasing in 2004, going from 18% to 25% for men and 10% to 25% for women. Between 2004 and 2017, around 3 million regular wage jobs were created annually. Between 2017 and 2019 this jumped to 5 million per year. Since 2019, pace of regular wage jobs creation decreased due to the growth slowdown and the pandemic.

**Upward mobility has increased:** In 2004, over 80% of sons of casual wage workers were themselves in casual employment. This was the case for both SC/ST workers and other castes. For non-SC/ST castes, this fell from 83% to 53% by 2018 and incidence of better-quality work such as regular salaried jobs increased. It fell for SC/ST castes as well, but to a lesser extent (86% to 76%).

**Caste-based segregation has reduced:** In the early 1980s, scheduled caste workers were more than five times over-represented in waste-related work and over four times in leather-related work. This has declined rapidly over time, though it is not completely eliminated as of 2021-22. In leather industry, the representation index declined sharply to 1.4 in 2021. In waste management and sewerage, over-representation of SCs decreased to 1.6 times in 2011 before increasing slightly again.

**Gender-based earnings disparities have reduced:** In 2004, salaried women workers earned 70% of what men earned. By 2017, the gap had reduced, and women earned 76% of what men did. Since then, the gap has remained constant till 2021-22.

**Connection between growth and good jobs remains weak:** Since the 1990s, year-on-year non-farm GDP growth and non-farm employment growth are uncorrelated with each other suggesting that policies promoting faster growth need not promote faster job creation. However, between 2004 and 2019, on average, growth translated to decent employment. This was interrupted by the pandemic which caused larger growth in distress employment.

**Unemployment is falling but remains high:** Post-Covid, the unemployment rate is lower than it was pre-Covid, for all education levels. But it remains above 15% for graduates and more worryingly it touches a huge 42% for graduates under 25 years.

**After falling for years, women's WPR is rising, but not for the right reasons:** After falling or being stagnant since 2004, female employment rates have risen since 2019 due to a distress-led increase in self-employment. Before Covid, 50% of women were self-employed. After Covid this rose to 60%. As a result, earnings from self-employment declined in real terms over this period. Even two years after the 2020 lockdown, self-employment earnings were only 85% of what they were in the April-June 2019 quarter.

**Gender norms continue to be significant for women's employment:** As husband's income rises, women are less likely to work. In urban areas, after the husband's income crosses INR 40,000 per month, the chance of the wife working increases again (i.e. there is a U-shaped relationship). There is also a strong intergenerational effect of gender norms. Compared to households where there is no mother-in-law present, married women living in households where the mother-in-law is present but not employed are 20% (rural) to 30% (urban) less likely to be employed. However, if the mother-in-law is employed herself, daughters-in-law are 50% (rural) to 70% (urban) more likely to be employed.

**Lower caste entrepreneurs are still rare:** We find that even in the smallest firm sizes, SC and ST workers are under-represented compared to their share in the overall workforce. But even more significantly, SC and ST owners are barely represented among firms employing more than 20 workers. Correspondingly, upper caste overrepresentation increases with firm size.

SWI 2023 is available on our website along with previous year's reports. We hope that the analysis presented in the report will be of use to policy-makers, researchers, students as well as the general public.

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**About Azim Premji University**

Azim Premji University was established under the Azim Premji University Act 2010 of the Government of Karnataka. Azim Premji Foundation, the sponsoring body set up the University as a fully philanthropic and not-for-profit entity, with a clear social purpose of contributing to the realization of a just, equitable, humane, and sustainable society.