

# A STUDY OF LABOUR FORCE PARTICIPATION IN RURAL AND URBAN SECTOR OF INDIA

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## ABSTRACT

*This study investigates the patterns and disparities in Labour Force Participation Rate (LFPR) across rural and urban India, with a focus on gender differences and temporal trends. Utilizing data from the Periodic Labour Force Survey (PLFS), it analyses labour participation dynamics among the working-age population (15–59 years) and highlights key differences in male and female participation across regions. The study finds consistently lower LFPR among women, especially in urban areas, and identifies economic, social, and educational factors influencing these trends. The paper concludes with policy recommendations aimed at improving female participation and reducing rural-urban disparities.*

**Keywords:** Labour Force Participation Rate (LFPR), gender disparities, rural-urban divide, informal employment, female workforce, PLFS data, India.

## INTRODUCTION

Labour Force Participation Rate (LFPR) is a vital indicator of economic activity, reflecting the portion of the working-age population either employed or actively seeking employment. LFPR helps in understanding the supply side of the labour market and is influenced by factors such as economic growth, educational attainment, social norms, and demographic trends.

India's labour market is characterized by notable disparities, particularly along rural-urban and gender lines. While economic development has ushered in modernization and urbanization, it has not uniformly increased labour participation, especially among women. Understanding these dynamics is crucial for formulating inclusive and effective labour policies.

## OBJECTIVES OF THE STUDY

- To assess and compare labour force participation rates in rural and urban sectors of India.

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- To evaluate gender-based disparities in LFPR.
- To identify trends in LFPR over time and suggest policy interventions.

DATA AND METHODOLOGY

Data Source

The study uses secondary data from the **Periodic Labour Force Survey (PLFS)**, conducted by the National Statistical Office (NSO), Government of India. It covers major rounds (2017–2021) to examine trends and compare participation across sectors and genders.

Key Concepts

- **Labour Force Participation Rate (LFPR):** Proportion of the population (age 15–59) working or seeking work.
- **Worker Population Ratio (WPR):** Percentage of workers in the total population.
- **Unemployment Rate (UR):** Proportion of the labour force that is unemployed.

ANALYSIS AND FINDINGS

Overall Labour Force Participation Rate

The overall LFPR in India remains modest, with a notable divergence between rural and urban areas.

| Year | Rural LFPR (%) | Urban LFPR (%) |
|------|----------------|----------------|
| 2017 | 42.0           | 36.0           |
| 2019 | 40.7           | 35.9           |
| 2021 | 41.5           | 36.8           |

*Note: Derived from PLFS data.*

Gender Disparities

A prominent feature of India’s labour market is the low **Female Labour Force Participation Rate (FLFPR)**.

| Sector | Male LFPR (%) | Female LFPR (%) |
|--------|---------------|-----------------|
| Rural  | 76.0          | 27.0            |
| Urban  | 73.0          | 20.0            |

- **Rural women** are more likely to engage in agricultural or household-based work, often unaccounted for in formal statistics.
- **Urban women** face constraints such as lack of flexible work, safety concerns, and social

stigma.

### **Youth Participation (Age 15–29)**

- Youth LFPR has declined due to increasing enrolment in higher education, especially among urban youth.
- Urban female youth show the steepest drop, reflecting both educational aspirations and limited post-education opportunities.

### **Educational Attainment and LFPR**

- Higher education correlates with **lower LFPR among women**, particularly in urban India—a paradox where educated women exit the labour market due to social expectations, lack of suitable jobs, or marriage.

## **FACTORS AFFECTING LABOUR FORCE PARTICIPATION**

- **Economic Factors:**
  - Informality of rural work.
  - Lack of formal job opportunities in urban areas.
- **Social and Cultural Factors:**
  - Patriarchal norms discouraging female employment.
  - Stigma attached to certain jobs for women.
- **Educational Aspirations:**
  - Increased enrolment in education reduces immediate participation.
- **Safety and Infrastructure:**
  - Lack of safe transportation and workplaces for urban women.
- **Policy Gaps:**
  - Weak implementation of employment schemes.
  - Inadequate childcare or maternity support.

## **CONCLUSION**

This study highlights significant disparities in labour force participation across rural and urban India, particularly among women. Despite policy efforts, female LFPR remains low, with urban areas showing the steepest gaps. Rural India, while exhibiting higher FLFPR, reflects underemployment and informal work structures. Bridging these gaps requires targeted interventions, infrastructure improvements, and societal change.

## **POLICY RECOMMENDATIONS**

- **Promote Skill Development:** Gender-sensitive, demand-driven training programs.
- **Encourage Formal Employment:** Incentivize flexible work arrangements for women.

- **Improve Safety Infrastructure:** Safe transport and workplaces to boost female participation.
- **Supportive Policies:** Expand childcare, maternity benefits, and re-entry programs.
- **Awareness Campaigns:** Challenge norms limiting women's economic participation.

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