

GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT
LOK SABHA
UNSTARRED QUESTION NO. 5811
TO BE ANSWERED ON 30TH MARCH, 2026
GROWING INFORMALITY IN SERVICES SECTOR

5811. ADV K. FRANCIS GEORGE:

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the Government has taken any note of increasing informality and low-wage employment trends in the services sector and if so, the details thereof;**
- (b) the details of employment trends in the services sector in the country during the last five years and the current year, year-wise, including formal and informal employment distribution;**
- (c) whether any assessment has been conducted by the Government regarding risks of a low-wage employment trap and sectoral productivity disparities and if so, the findings thereof;**
- (d) the details of steps taken by the Government to expand social security coverage, skill development and formalisation of service sector employment; and**
- (e) the details of measures proposed to strengthen by the Government linkages between manufacturing and services to ensure sustainable employment growth?**

ANSWER

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT
(SUSHRI SHOBHA KARANDLAJE)

(a) to (e): The KLEMS (K: Capital, L: Labour, E: Energy, M: Materials and S: Services) database published by Reserve Bank of India's (RBI) which covers 27 industries comprising of the entire Indian economy and provides employment estimates across 27 industries. As per the latest data, the number of persons engaged in services sector has increased from 16.2 crores in 2017-18 to 20.15 crores in 2022-23. Also, in manufacturing sector from 5.47 crores to 6.3 crores during the same period. The year-wise details may be seen at <https://rbi.org.in/Scripts/KLEMS.aspx>.

The official data on Employment and Unemployment is collected through Periodic Labour Force Survey (PLFS) which is conducted by the Ministry of Statistics and Programme Implementation (MoSPI) since 2017-18.

As per the latest available Annual PLFS reports, the estimated Worker Population Ratio (WPR), indicating employment (including formal and informal sector) has increased from 46.8% in 2017-18 to 58.2% in 2023-24.

Further, more than 8.23 crore net subscribers have joined Employees' Provident Fund Organization (EPFO) between September 2017 and July 2025 indicating increase in employment and formalization of the job market. Also, more than 1.29 crore net subscribers have joined EPFO during the year 2024-25.

To promote formalisation of the workforce, the Occupational Safety, Health and Working Conditions Code, 2020 provides for mandatory issuance of appointment letters to employees. The Code on Social Security, 2020 expands social security coverage by extending Employees' State Insurance Corporation coverage pan-India, allowing voluntary coverage for establishments with less than 10 employees, and mandating coverage even for establishments with a single employee engaged in hazardous processes. The coverage under the Employees' Provident Fund Organisation now applies to all establishments employing 20 or more employees, with the earlier schedule-based restriction removed. Further, the Employees' Enrolment Scheme (EES) of EPFO provides a time-bound opportunity for employers to bring left-out employees under the fold of social security, thereby ensuring their formalization.

Under the Government of India's Skill India Mission (SIM), the Ministry of Skill Development and Entrepreneurship (MSDE) delivers skill, re-skill and up-skill training through an extensive network of skill development centres under various schemes, viz. Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Jan Shikshan Sansthan (JSS), National Apprenticeship Promotion Scheme (NAPS) and Craftsmen Training Scheme (CTS) through Industrial Training Institutes (ITIs), across the country. The SIM aims at enabling youth of India to get future ready and equipped with industry relevant skills.

In addition, the Government is implementing Employment Linked Incentive (ELI) Scheme named as the Pradhan Mantri Viksit Bharat Rozgar Yojana to support employment generation, enhance employability and social security across all sectors, with special focus on the manufacturing sector. The scheme with an outlay of Rs 99,446 Crore aims to incentivize the creation of more than 3.5 Crore jobs in the country, over a period of 2 years.
