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What is behind the recent rise in women's workforce participation?

📅 13 May, 2025

Articles



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Women's workforce participation in India increased from 32% in 2022-23 to 37% in 2023-24, with the rise concentrated in rural areas. This article demonstrates that this significant change may be driven by additional clarifications in instructions to enumerators, resulting in several women who were earlier classified as outside the labour force now being considered self-employed. This highlights the need to exercise caution while interpreting the rising workforce participation as sustainable employment growth.

The rise in female workforce participation rate (WPR) in India in 2023-24 has sparked considerable debate, with some attributing it to economic improvement in the labour market and others questioning whether it reflects changes in survey methodology or is a distress-led phenomenon (Afridi 2025, Deshpande 2025, Ghosh 2025). In the post-Covid period, studies highlight rising self-employment among women, not as a result of expansion in employment opportunities but rather as a subsistence strategy to supplement household incomes (Afridi 2024, Dewan 2024, International Labour Organization, 2024).

In our study (Thakur and Chaudhary 2025), we emphasise that in 2023-24, modifications in enumeration practices, specifically in the classification of self-employment, possibly played a key role in the observed higher female WPR. We aim to further contribute to this debate and explore the basic factors associated with the rise in women's WPR using specific National Industrial Classification (NIC) 2008 codes¹. Furthermore, taking average earnings as an indicator of qualitative improvements in women's employment, we explore what drives the recent increase in female WPR – improving job opportunities or necessity-led participation in subsistence employment, and a possible role of change in enumeration guidelines.

Enumeration-based changes in workforce classification

The Periodic Labour Force Survey (PLFS) 2023-2024 introduces additional clarifications in instructions to field staff, which can influence enumerators' interpretations and effectively modify how work participation status is recorded. The additional instruction is in the guidelines for determining activity status code 92 ("attended domestic duties only") and 93 ("attended domestic duties and was also engaged in free collection of goods (vegetables, roots, firewood, cattle feed, etc.), sewing, tailoring, weaving, etc. for household use"). As per the new guidelines, if a person is engaged in domestic duties according to the major time criteria but also engaged in free collection of goods for own use for at least 1 hour regularly or at least 30 days during the preceding 365 days, then the principal activity status (PAS) of the person will be activity code 92. However, the person will be considered self-employed (activity code 11) under subsidiary activity status (SAS). Therefore, the person will be considered self-employed based on their usual activity status (or UAS, which is PAS and SAS combined).

These guidelines may have resulted in the reclassification of individuals from code 93 (considered as 'Not in Labour Force' category) in PAS to code 92 in PAS and code 11 (self-employed) in SAS, leading to a rise in self-employed workers in UAS. Based on the change in SAS of women, Mohanan and Kar (2025) analyse the possible impact on the WPR of females due

to additional guidelines on determining activity codes 92 and 93. However, it is also possible that a person might be shifted from activity code 93 to 11 directly in the PAS, if they are involved in free collection of goods for own use for the majority of days in a year. Thus, the impact of such changes is likely to affect both the PAS and SAS of workers.

Another additional clarification mentions examples of two new economic activities for which special care is to be taken to identify, performed predominantly in self-employment: (i) In situations where one household member (say, the wife) prepares *papad*, *muri*² but another household member (say, the husband) sells such goods, both of the household members (the husband and wife) will be considered as engaged in economic activity. (ii) Working in kitchen gardens, orchards, household poultry, dairy, free collection of fish, small game, wild fruits, vegetables, etc., for household consumption/sale.

It is likely that both these activities in earlier surveys were not explicitly counted as economic activities and are now put under self-employment. Thus, the inclusion of these two additional clarifications might lead to more precise identification of workers in these activities. Therefore, it may result in a rise in individuals classified as self-employed under both SAS and PAS.

Therefore, in our study, we include UAS to explore the changes observed in all those activities which are related to additional instructional clarifications discussed above. The newly added guidelines for recording codes 92 and 93 and the inclusion of two new activities under special care are not just an improvement in data accuracy but an alteration in the criteria by which enumerators classify a person's work participation status. We refer to these revised instructions as "enumeration-based changes in workforce classification".

Since the activities mentioned in the enumeration-based changes are disproportionately carried out by females, specifically rural females in India, the rise in the number of females in the self-employment category (therefore in WPR) in 2023-24 is more likely to be observed for those in rural areas. It is important to note that in 2023-24, the increase in the WPR of rural women (6.1 percentage points) is significantly higher than that of urban women (2.6 percentage points).

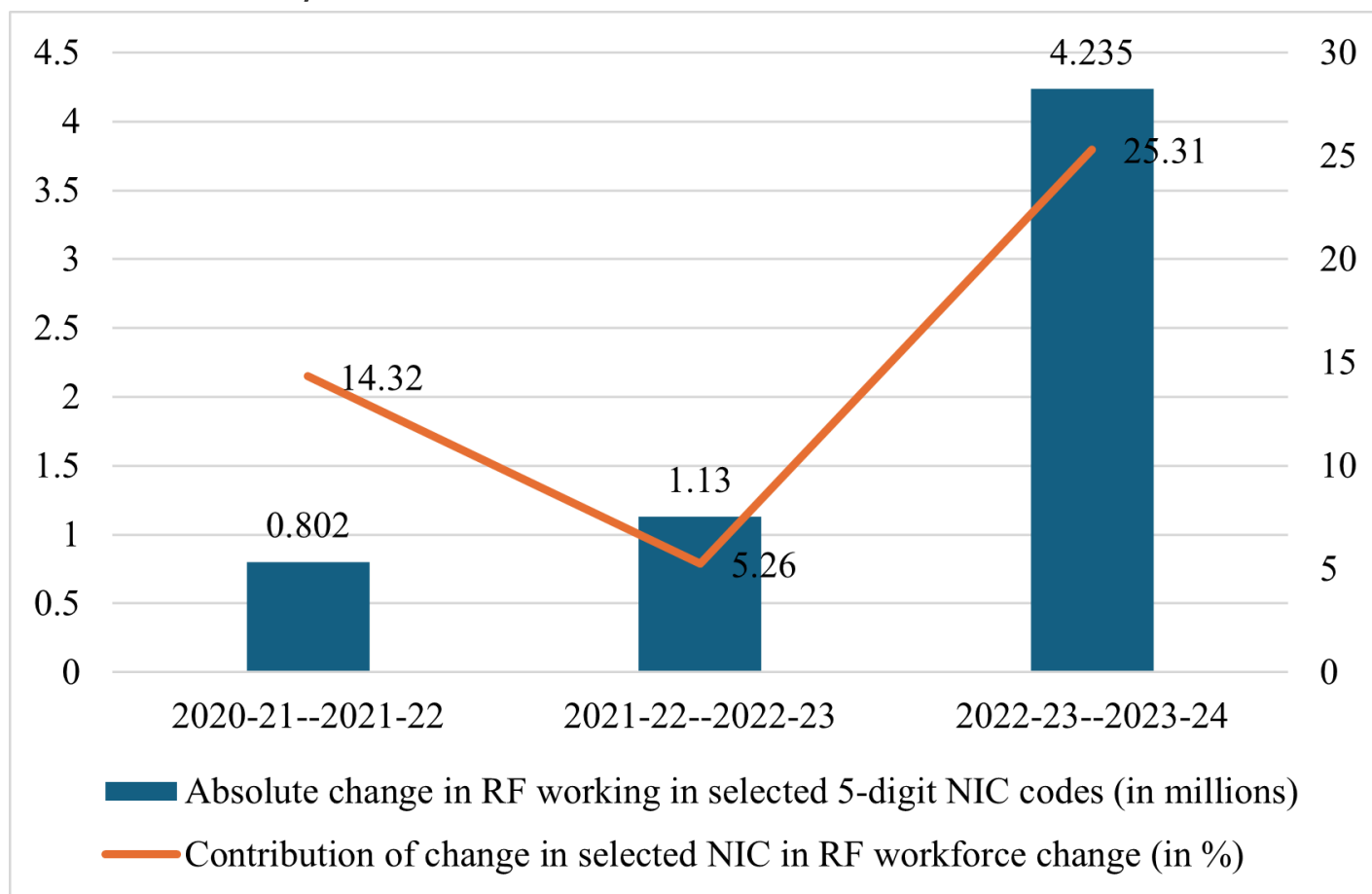
Analysing the trend in National Industrial Classification codes

To analyse the impact of enumeration-based changes in workforce classification, we seek to identify activities introduced in revised instructions as per the NIC 2008 codes. We consider 12 5-digit NIC codes that may be used in recording women's self-employment (UAS) as per the revised instructions.³ This is not an exhaustive list, but it gives a fair idea about the influence of enumeration-based changes on women's work participation.

We find that the number of rural females classified as self-employed within the selected NIC code activities substantially increased – by 4.2 million from 2022-23 to 2023-24, as compared to 1.1 million from 2021-22 to 2022-23 (Figure 1). Strikingly, the increase contributed 25.3% to the

rise in the number of rural women in the workforce between 2022-23 and 2023-24 – as against 5.3% in the previous year. For urban females (Figure 2), self-employment in selected NIC codes doubled from 109,000 in 2021-22-2022-23 to 255,000 million in 2022-23-2023-24 in absolute numbers. However, the incremental contribution of these codes to the overall rise of urban women's workforce, remains limited.

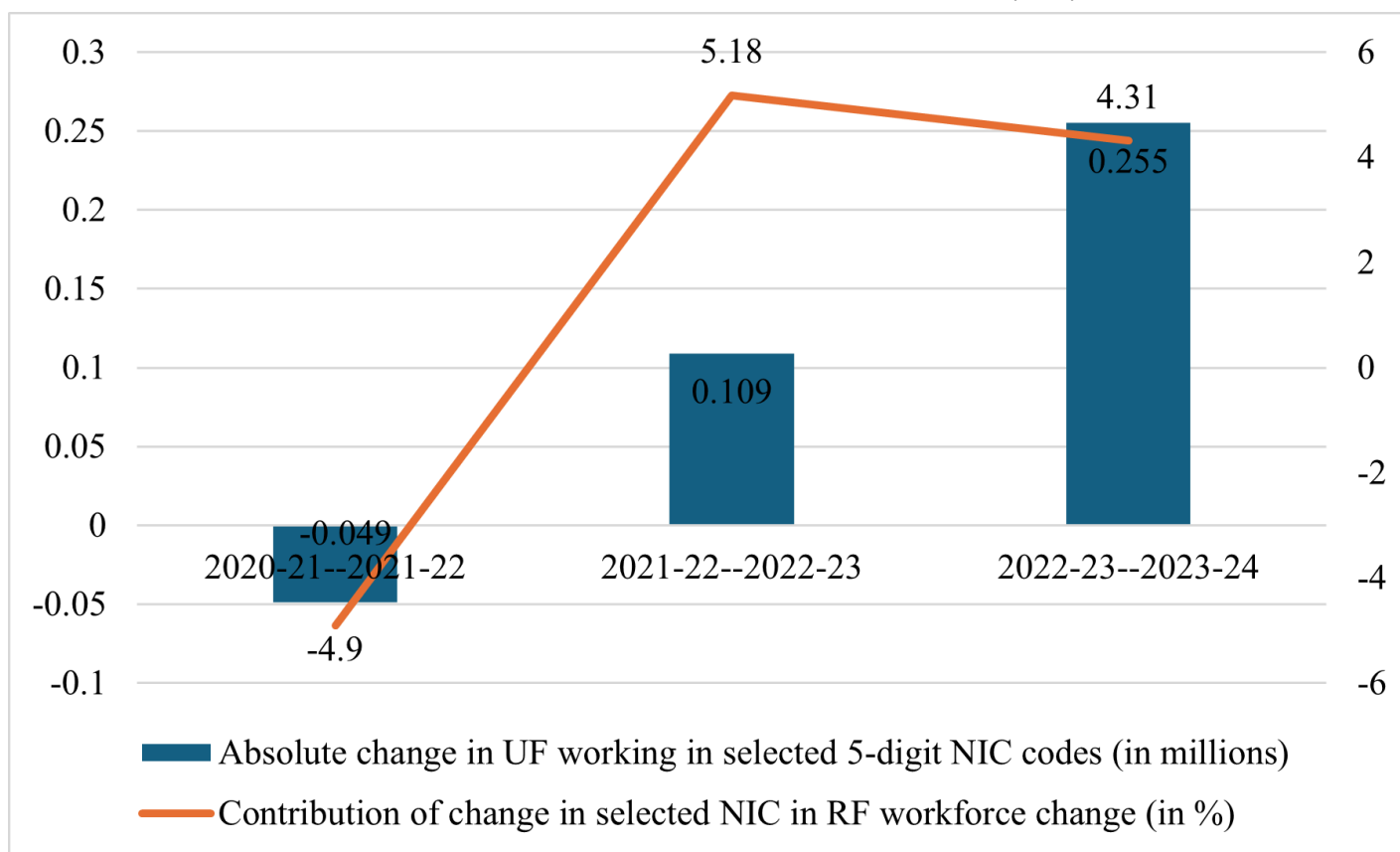
Figure 1. Absolute change in selected NIC codes and their contribution to total rise in workforce, for rural females



Source: Authors' calculations based on unit-level data from various PLFS rounds.



Figure 2. Absolute change in selected NIC codes and their contribution to total rise in workforce, for urban females



Source: Authors' calculations based on unit-level data from various PLFS rounds.



It is important to note that a rise in the number of women working in the selected NIC code activities between 2021-22 and 2022-23 was evident in urban and rural areas. An observed shift towards these selected activities in this period could be the motivation behind the inclusion of additional clarifications for recording working status, and the rate of rise increased starkly in the period between 2022-23 and 2023-24. Nevertheless, it is important to examine to what extent such a shift resulted from increased availability of quality work or expanding employment opportunities for women in selected activities. Therefore, in the following section, we try to capture the change in relative average earnings of selected NIC codes compared to the overall earnings of self-employed women.

Earnings decline in self-employment

PLFS only records a 2-digit NIC code⁴ for Current Weekly Status (CWS), per which gross earnings (for the last 30 days) are recorded. Hence, we have taken corresponding 2-digit NIC codes encapsulating all 12 activities in the previous section under their broad industry heads.⁵ However, that would be an approximation only. Therefore, to arrive at more accurate estimates, we have imputed the earnings of self-employed women in the 12 5-digit NIC codes as per UAS.

For rural females, the real average earnings of self-employed decreased from Rs. 2,789 in 2022-23 to Rs. 2,611 in 2023-24 (Figure 3). A sharp fall in real average earnings in 2-digit NIC codes is observed, from Rs. 2,831 in 2022-23 to Rs. 2,635 in 2023-24. Meanwhile, over the same period,

the fall in imputed real average earnings in 5-digit NIC codes is sharper, from Rs. 2,642 to Rs. 1,818. A similar trend is observed for urban females (Figure 4). The fall in real average earnings is steep in 2-digit NIC codes and steeper in 5-digit NIC codes in rural and urban areas, highlighting the possible impact of enumeration-based changes in workforce classification and rising vulnerability rather than an actual economic shift.

Figure 3. Real average earnings of self-employed rural women, at 2011-12 prices

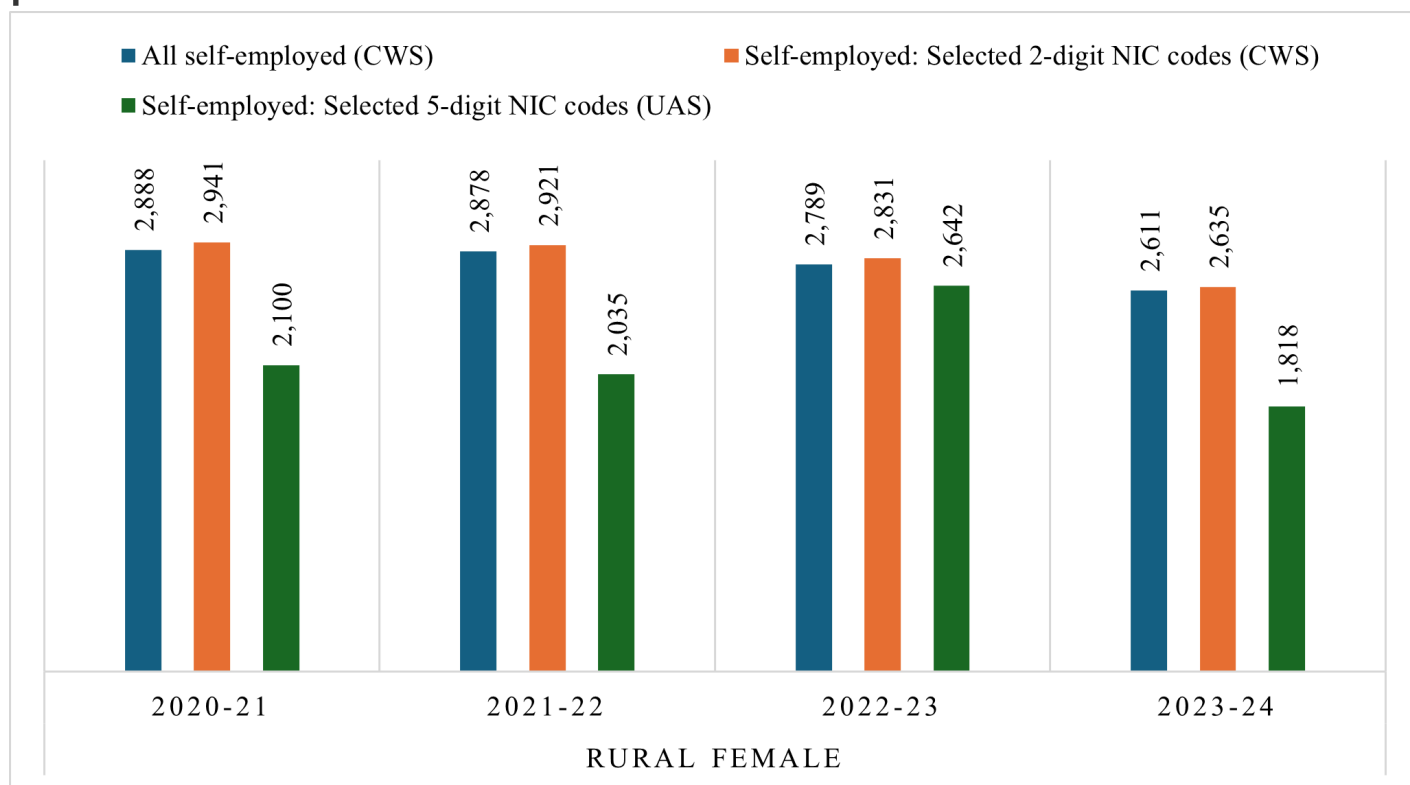


Figure 4. Real average earnings of self-employed urban women, at 2011-12 prices



It is important to note that in the post-Covid-19 period (2021-22 to 2022-23), the absolute number of self-employed women working in selected 5-digit NIC codes has increased in both rural and urban areas, along with a rise in their average earnings as per UAS. This indicates that these activities provided some help in coping with Covid-19-led distress on the employment front.

However, the massive rise observed between 2022-23 and 2023-24 for self-employed women in the same set of activities was accompanied by a substantial fall in their imputed real average earnings as per UAS. Instead of being a pulling effect in the labour market, such a decline indicates a possibility that a substantial number of women previously counted as outside of the labour force are now classified as self-employed without upward earning mobility.

Even though it is difficult to capture the exact contribution of revised instructions in the rise of women's WPR in 2023-24. However, the fall in women's real earnings in 2023-24 in selected NIC codes further corroborates the argument that enumeration-based changes in workforce classification along with distress-led employment diversification largely catalysed such a rise.

Even though it is difficult to capture the exact contribution of revised instructions in the rise of women's WPR in 2023-24, the fall in women's real earnings in 2023-24 in selected NIC codes corroborates the argument that enumeration-based changes in workforce classification, along with distress-led employment diversification, largely catalysed such a rise. Therefore, it is necessary to exercise caution while interpreting the recent rise in women's WPR as sustainable employment growth and improvement in employment quality. Due to a possible enumeration-

based overestimation in women's WPR, the impact of policy changes on improving their working conditions runs the risk of being misguided.

Notes:

1. Industrial sectors are defined according to National Industrial Classification (NIC) codes. NIC codes are a statistical standard for developing and maintaining a comparable data base for various economic activities, developed with an intent to ascertain and analyse as to how each economic activity is contributing towards national income.

2. An Indian snack comprising a wafer/cracker and puffed rice.

3. For free collection of goods like firewood, vegetables, roots, fish, small game, and wild fruits for household consumption, NIC codes taken are as follows: 02201 (*Gathering and preparation of fire wood*), 02303 (*Gathering of wild growing mushrooms, truffles, berries, nuts, cork, balsams, vegetable hair, eelgrass, mosses, lichens*), 02309 (*Gathering of non-wood forest products, not elsewhere classified*), 03122 (*Taking and gathering of freshwater aquatic animals*).

For the preparation of *papad*, *muri* and other goods for selling, NIC codes taken are as follows: 10619 (*Other grain milling and processing not elsewhere classified*), 10796 (*Manufacture of papads, appalam and similar food products*).

For working in kitchen gardens, orchards, household poultry and dairy for household consumption, the NIC codes taken are as follows: 01114 (*Growing of pulses (dal) and other leguminous crops such as peas and beans, not used as oilseeds*), 01132 (*Growing of cucumbers, gherkins, aubergines, tomatoes, watermelons, cantaloupes, melons and other fruit-bearing vegetables*), 01139 (*Growing of vegetables, not elsewhere classified*), 01221 (*Growing of mangoes*), 01411 (*Raising and breeding of cattle and buffaloes*), 01441 (*Raising and breeding of sheep and goats*).

4. This is a broader classification of economic activity, relative to the 5-digit codes

5. These are: 01 (Crop and animal production, hunting and related service activities), 02 (Forestry and logging), 03 (Fishing and aquaculture), 10 (Manufacture of food products)

Further Reading

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