

Methodology on using PLFS for the Bahutva Karnataka report on Wages, Employment and Inequity

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The Periodic Labour Force Survey (PLFS) is a nationally representative annual survey conducted by the National Statistical Office (NSO) since 2017-18. Before PLFS, the erstwhile National Sample Survey Organisation used to carry out quinquennial Employment and Unemployment Surveys (EUS). The last round of EUS was released in 2011-12. Six rounds of PLFS unit-level data are available (2017-18 to 2022-23). The survey collects information on demographics of all the individuals in the surveyed households, details on their employment status, individual labour incomes and monthly household consumption expenditure. The analysis is representative of 49 crore workers in the country for the year 2022-23.

For all the analysis regarding employment outcomes and income calculation in the report titled 'Employment, Wages & Inequity' released by Bahutva Karnataka on March 11, we have used the current weekly activity status (CWS) of an individual. CWS might be more reliable compared to other ways of checking employment status with different reference periods, due to the shorter reference period. All the calculations for the labour force participation rate, workforce participation rate, unemployment rate, employment and industry type are done using CWS. To generate absolute numbers (workforce, labour force etc) in any given year, the ratios calculated from the sample survey are multiplied by the population projections for that year ([see reports issued by the National Commission of Population, Ministry of Health & Family Welfare](#)). The earnings numbers from EUS and PLFS are adjusted for inflation using [CPI-R and CPI-U, with a base of 2011-12](#).

In PLFS, the income data for regular wage workers and self-employed are recorded for the month before enumeration while for casual wage workers there is wage data for the last seven days. To make the income data comparable over employment types we have presented weekly instead of monthly earnings. Since casual wage labourers don't get work every day of the month, multiplying their weekly wages by 4 to get a monthly wage is a big assumption. Further, the corresponding daily wage rates for casual labour also varies depending on the type of work.

[The Ministry of Labour and Employment had constituted an expert committee](#), under the Chairpersonship of Dr. Anoop Satpathy to review and recommend methodology for fixation of National Minimum Wage. The Expert Committee has submitted its report on "Determining the Methodology for Fixation of the National Minimum Wage" to the Government of India in 2019. This committee recommended that the national minimum floor wages in India should be at least Rs 375 per day. This was calculated based on the amount of money needed to ensure a balanced diet for each person. In addition to the minimum wages, the Committee also recommended an additional housing allowance of Rs 1,430 per month for urban workers. Adjusting for inflation, in 2023, the weekly national minimum floor wages would be Rs 3,050. To calculate the percentage of households earning less than this threshold, we aggregated the individual level earnings at the household level, i.e., to sum labour incomes of all family members regardless of their employment type. PLFS only records labour incomes. One caveat here is that all those households whose sources of income are other than employment such as rentiers, pensioners or remittance recipients are not included in this analysis. Roughly 10.5% of the surveyed households belong to this category and are excluded from our analysis.