

The Crisis of Youth Unemployment*

C.P. Chandrasekhar and Jayati Ghosh

The “demographic dividend” that was so eagerly anticipated in India more than a decade ago has already become a demographic disaster. India’s burgeoning youth population is achieving higher levels of education, and then entering a labour market that simply does not offer productive employment opportunities. So extreme is the employment crisis that the problem goes well beyond that of finding a “good job”—one that is regular, formal and with decent wages and working conditions. It extends to the growing inability to find any source of gainful employment at all, however low-paid and tenuous.

This is clearly evident in the desperation of young people to access public employment, which remains the most secure (and therefore desirable) form of paid work. But since such employment has been falling over the past decade, even less secure and not very well-paid jobs are sought after. The news reports of [crowds and stampedes](#) of candidates hoping even for casual work in some service sectors like hotels bear witness to the plight of young people.

The [India Employment Report 2024](#), brought out by the International Labour Organization and the Institute for Human Development, flagged youth unemployment as a serious and growing problem. Unemployment rates (the share of people actively looking for and unable to find paid work, in the total labour force of all those willing and able to work) in 2022 were found to be significantly higher among the youth (15-29 years) than for the rest of the adult population. Open unemployment rates of youth were much higher in urban areas (17.2 per cent) than in rural areas (10.6 per cent) and for young women (21.6 per cent) than for young men (15.8 per cent).

The higher the level of education, the worse the chances of not finding a job: in 2022, the unemployment rate was six times greater for youth who had completed secondary education or higher (18.4 per cent) and nine times higher for graduates (29.1 per cent) than for persons who could not read or write (3.4 per cent). Educated young women had the highest open unemployment rates, going to as much as 34.5 per cent for female graduates (34.5 per cent), compared to 26.4 per cent for their male counterparts. The problem of educated unemployment has intensified over time, with 2022 showing the highest rates.

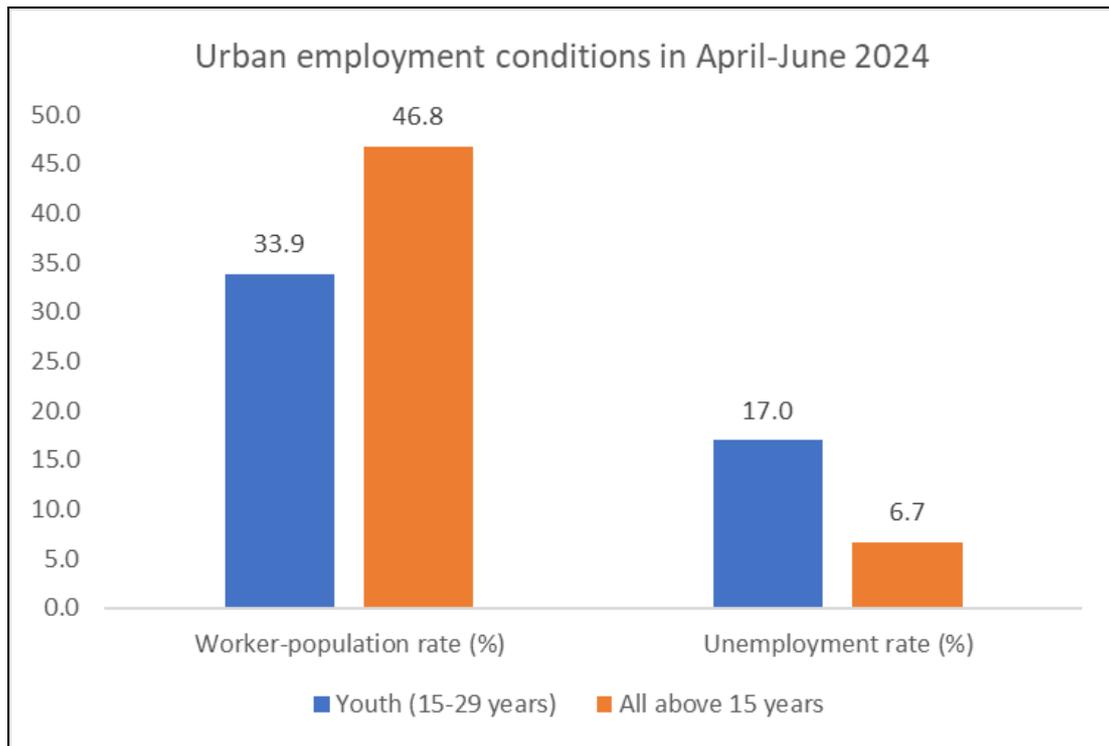
Of course, it is important to look beyond the open unemployment rates to the worker participation rate, since it is possible that many young people may simply have left the labour force (the “discouraged worker effect”) or face other constraints (such as gender roles) that prevent them from trying to access paid employment. In addition, it is likely, especially given the increase in tertiary education, that many young people may be in education or training. But here the ILO Report provides an even more dire statistic: 28.5 per cent of youth were not in employment, education or training (NEET) in 2022. For young women, the situation was even more drastic: nearly half (48.2 per cent) were NEET, compared to only 9.8 per cent of young men.

Has the situation improved at all since then? The latest quarterly estimates of the Periodic Labour Force Survey of the NSSO provide some data for urban areas. The data refer to Current Weekly Status, which is based on the nature of the activity

during the reference week (rather than month or year). Seasonal variations in employment are less important in urban contexts, but still do exist

Figure 1 shows that in April-June 2024, the employment situation remained dire for young people—and significantly worse than the average for all people aged over 15 years. The worker-population rate for youth was around 40 per cent lower, and the open unemployment rate was nearly three times, that of the population above 15 years.

Figure 1



Figures 2 and 3 show the disaggregated information for males and females (including transgender) over the previous five quarters. Two features stand out. First, there is a large gap between young men and women in both work participation and open unemployment. Work participation rates for urban male youth have been more than three times that for females throughout this period. Unemployment rates, by contrast, have been much higher for young women, on average around 50 per cent higher. Second, things may have improved very slightly for young men, with a slight uptick in work participation and a slight decline in unemployment, although shifts both shifts are still within the margin of statistical error. However, for young women, the work participation rate has only inched marginally upwards from the appalling low of less than 15 per cent to just above 16 per cent, and the (high) unemployment rate has remained largely stagnant.

Figure 2

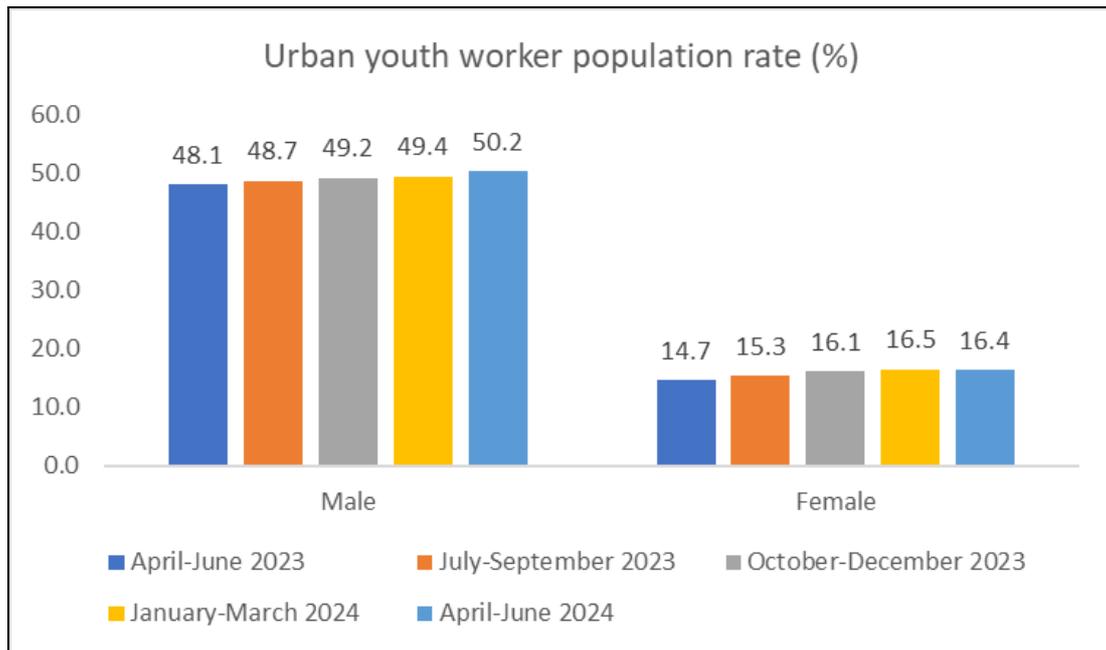
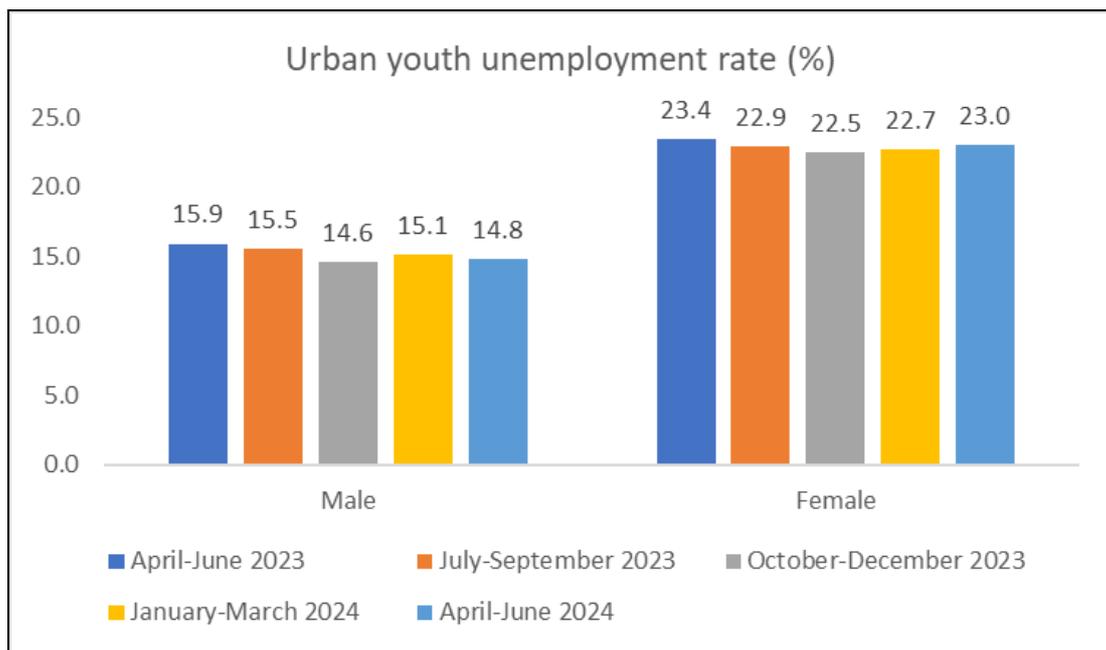


Figure 3



There are very significant differences across states, as evident from Table 1: in aggregate rates of work participation and unemployment among youth, as well as in gender gaps. States with overall poor employment indicators, expressed in low work participation and high unemployment, also show the largest gender gaps. While work participation of young women is low in all states, with no state crossing the threshold of 22 per cent, it is especially low in Bihar and Uttar Pradesh. Youth unemployment rates are especially high (and extremely high for young women) in Jammu and Kashmir, Uttarakhand, Rajasthan, Odisha, Kerala, Himachal Pradesh and Assam—but

this could also be because many young people are simply not in the labour force in other states.

Table 1: Urban youth employment conditions in major states, Apr-Jun 2024

	Work participation rate		Unemployment rate	
	Male	Female	Male	Female
Andhra Pradesh	45.2	14.6	21.4	27.5
Assam	52.2	15.9	18.7	37.1
Bihar	32.9	5.3	19.8	27.3
Chhattisgarh	47.1	19.4	20.8	28.8
Delhi	38.0	14.5	3.8	3.3
Gujarat	62.0	22.0	8.3	8.1
Haryana	52.6	13.7	9.9	17.2
Himachal Pradesh	56.0	21.2	10.9	41.6
Jharkhand	35.0	11.5	19.9	16.8
Karnataka	50.8	19.5	12.1	15.6
Kerala	39.4	15.2	19.2	41.9
Madhya Pradesh	55.4	13.0	11.5	10.2
Maharashtra	55.2	22.9	14.4	17.0
Odisha	40.5	18.1	25.4	33.8
Punjab	56.1	15.7	14.7	21.8
Rajasthan	45.5	12.9	22.2	36.9
Tamil Nadu	49.2	16.9	12.8	23.7
Telangana	52.3	17.4	17.3	28.4
Uttarakhand	51.0	13.7	10.2	40.6
Uttar Pradesh	50.1	8.5	16.1	34.9
West Bengal	55.9	21.8	14.3	20.4
Jammu & Kashmir	42.1	13.7	18.8	52.7
All India	50.2	16.4	14.8	23.0

This is not just an enormous waste of economic resources involving personal tragedy for tens of millions of young people, it is also a socio-economic recipe for major tensions and instability. We are already experiencing some of this, but much more is likely—unless we get a central government that finally moves away from denial to proactive policies for employment generation.

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