

India's Jobs Market: Understanding Employment Trends Over the Last Decade

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India's Jobs Market Latest News

- Growing youth unrest — manifesting in new political movements and citizen-led scrutiny of governance failures — has shifted public attention from GDP growth numbers to job creation.
- This article uses CMIE (Centre for Monitoring Indian Economy) data to examine what actually happened to employment in India between 2016-17 and 2025-26.

Understanding the Data: Why Employment Rate Matters More Than Unemployment Rate

- The Unemployment Rate (UER) is calculated as a share of the **labour force** — those actively seeking work.
- When discouraged workers stop looking for jobs, they exit the labour force, which can **artificially reduce the UER** even as actual joblessness worsens.

- India's **Labour Force Participation Rate** (LFPR) fluctuates significantly — unlike developed countries where it remains stable — making the UER a misleading indicator of labour market stress.
- **The Employment Rate (ER): A More Reliable Metric**
 - The Employment Rate measures the number of people with a job as a **percentage of the total working-age population** (15 years and above).
 - It bypasses LFPR fluctuations entirely. A falling ER — even when the UER appears low — reveals the true depth of joblessness.
 - This is the primary metric used in this analysis.

Overall Employment Rate: The Headline Finding

- India's overall ER fell from **42.7% in 2016-17** to **38.7% in 2025-26**.
- In absolute terms, employment rose from 406 million to 438 million — an addition of 32 million jobs.
- However, this was insufficient because India's working-age population grew **faster** than job creation.
- The ER hit its lowest point around **2020-21 and 2021-22** (COVID impact) and has partially recovered since, but remains well below the 2016-17 baseline.
- **Gender Dimension**
 - The ER decline has been severe across both genders.
 - **For men**, it fell from 70.5% to 64.8%.
 - **For women**, it fell from 11.8% to 9.4% — already very low, now even lower — indicating that women are increasingly being pushed out of the labour market altogether.

Employment Rate by Age Group

- The ER declined across almost all age groups between 2016-17 and 2025-26. The only two cohorts showing marginal improvement were the **25-29 years** and **55-59 years groups**.
- The most dramatic decline was in the 15-19 age group — from 9.81% to 3.22% — suggesting that young people are either in education, or simply unable to find work.
- The 20-24 age group also saw a steep fall — from 33.28% to 21.36% — making youth unemployment one of the most pressing structural concerns.
- Notably, falls across age groups were sharper than increments, explaining the overall decline.

Employment Rate by Education Level

- All education cohorts show a lower ER in 2025-26 than in 2016-17.
- However, the degree of decline varies:
 - The cohort with only primary education saw the sharpest decline.
 - Graduates saw the smallest decline — from approximately 51% in 2016-17 to 49% in 2025-26 — suggesting that higher education provides some insulation but is far from a guarantee of employment.
- The broader message is stark: education has not been able to protect workers from declining employment prospects.

Employment Rate by Religion

- All four major religious communities show a decline in ER over the decade.
- In 2025-26, ER stood at 39% for Hindus (down from 43%), 37% for Muslims (down from 40%), 37% for Sikhs (down from 42%), and 41% for Christians — the only group that held roughly steady.
- The near-uniform decline across religious groups confirms that the **employment crisis is structural, not community-specific**.

Employment Rate by Caste Group

- No caste group escaped the declining trend. In 2025-26, the ER stood at roughly 36% for Upper Castes, 38-39% for OBCs, 40% for Scheduled Castes, and 48% for Scheduled Tribes.
- While STs retain the highest ER (largely due to agricultural and forest-based livelihoods), their ER has also declined from 49.1% in 2016-17.
- The “Intermediate Castes” — Marathas, Jats, Gujjars — who aspire for OBC status partly driven by employment pressures — also show a declining trend.
- The employment crisis cuts across all caste lines.

Why Is This Happening - Structural Explanations

- **GDP Growth is Necessary but Not Sufficient**
 - India has maintained reasonable GDP growth over the decade, yet employment has declined.
 - This reflects a **lopsided growth model** — one that boosts aggregate output without generating proportionate jobs.
 - Economists argue that Indian policies are designed more to boost GDP than to create employment.
- **Slowbalisation and Trade Insularity**
 - Slowbalisation refers to the slowing down of globalisation — a trend where the pace of global economic integration (trade, investment, migration, supply chains) is decelerating or even reversing, after decades of rapid expansion.
 - A less open global trading environment — Brexit, Trump’s tariff policies, India’s own withdrawal from RCEP, rising import tariffs, and the “Swadeshi” growth model — reduces export-led job opportunities.
 - Countries with large young populations like India need open trade to generate the volume of jobs required.
- **The AI Threat**
 - Artificial Intelligence poses a growing threat to India’s labour market — particularly in services, IT, and routine white-collar work — potentially disrupting job creation in the very sectors where India has been competitive globally.

Conclusion

- India’s employment data tells a sobering story: **more people, fewer jobs proportionally, across every gender, age, caste, religion, and education level**. GDP growth without job-rich growth is not development — it is statistics masquerading as progress.

- For a country with the world's largest youth population, converting the demographic dividend into dignified employment is not just an economic imperative — it is the defining governance challenge of our time.

Source: IE

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