

Rising Youth Unemployment: The Structural Crisis Behind India's Protests

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Rising Youth Unemployment Latest News

- The NEET paper leak triggered the Cockroach Janata Party (CJP)-led protests, and Union Education Minister Dharmendra Pradhan has resigned as a result.
- However, economists argue that the unrest exposes a far deeper structural problem — **rising youth unemployment** that threatens India's demographic dividend.

The Numbers

- According to the Periodic Labour Force Survey (PLFS), unemployment among Indian youth (15-29 age bracket) rose to **16.2% in June 2026**, up from **13.8% in April 2025** — the highest on record since monthly data collection began.
- **Caveat:** The Ministry of Statistics and Programme Implementation (MoSPI) has cautioned that monthly fluctuations don't necessarily indicate secular trends, given seasonal, academic, and labour market

variations.

Two Troubling Trends

- **Broad-based rise:** Unemployment increased across all six youth categories tracked over 15 months — males and females, at the all-India, urban, and rural levels.
- **Falling participation, rising unemployment:** Youth unemployment rose even as the Labour Force Participation Rate (LFPR) — the share of people looking for work — declined in nearly every category.
 - Overall youth LFPR fell from 42.7% to 40.3%.
 - Only urban male LFPR rose, reaching 60.1% (up 1 percentage point).
 - Normally, a falling LFPR should reduce unemployment even without new job creation — but this hasn't happened, signalling deeper labour market stress.
- For context: The overall unemployment rate (15+ age group) was a comparatively stable 5.5% in June (versus 5.6% in April 2025), with LFPR at 54.4%.

A Long-Term, Not Just Cyclical, Problem

- Annual data confirms the trend isn't new:
 - Of 36 states/UTs, youth unemployment in 2025 was higher than in 2022 in 13 of them — including Andhra Pradesh (16.2% from 15.1%), Delhi (14.4% from 5.9%), Telangana (18.1% from 12.6%), and West Bengal (10.6% from 8.4%).
 - For young women, the situation is worse: 16 states/UTs saw rising unemployment over the same period.

Weakening Informal Sector

- The informal sector — traditionally a job-absorption cushion — is also faltering:
 - Informal sector job creation fell to **74.5 lakh in 2025**, down sharply from **1.1 crore** in the year ending September 2024 (MoSPI's Annual Survey of Unincorporated Sector Enterprises).
 - Wage growth slowed to **3.9%**, down from **13%**.

The Education-Employment Mismatch

- Despite years of additional schooling, less than 7% of male Indian graduates find a permanent salaried job within a year of graduating (Azim Premji University's State of Working India 2026 report).
- For white-collar jobs specifically, this figure drops to just 3.7%.
- An estimated 1.1 crore of 6.3 crore graduates aged 20–29 were unemployed in 2023.
- Graduate youth unemployment (under 25) rose to 39.33% in 2023, up from 35.02% in 1983 — showing this is a persistent structural issue, not a recent shock.

Why This Threatens India's Demographic Dividend

- India's median age (~29 years) is rising and expected to **reach 38 by 2050**.

- The current period is the critical window for India's working-age population to earn and drive economic growth — not just build future safety nets.
- As per an Observer Research Foundation paper (March 2026): by the 2040s, the dependency ratio will rise and fiscal space will tighten, meaning demography will no longer automatically drive growth.
- Without productivity, innovation, and institutional gains, progress could stall once India's population peaks.

Conclusion

- The CJP protests may have been sparked by a single exam paper leak, but the underlying grievance is structural: a growing mismatch between education and employment, a shrinking informal sector safety net, and a shrinking window to convert India's youth bulge into economic growth.
- Without urgent, sustained job creation, India risks squandering its demographic dividend before it fully arrives.

Source: IE

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