



# India's Employment Crisis: Causes, Consequences, and Potential Solutions

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**Abstract** – India is facing a severe employment crisis despite being one of the fastest growing major economies globally. The paper provides an in-depth analysis of the lack of quality job creation across both the formal and informal sectors, leaving over 90% of India's 470 million strong workforce vulnerable. Key statistics indicate elevated levels of unemployment, limited involvement in the workforce particularly among women, and unsatisfactory employment results even for well-educated young people. This study analyzes the several factors contributing to the crisis, including the insufficient private investment, a limited industrial sector, inflexible labor restrictions, and the inadequate quality of higher education and technical skills development. These factors have greatly limited India's capacity for economic growth and resulted in increasing levels of inequality and poverty. This article also examines the political economy repercussions, shown by the loss of the parliamentary majority in 2019 by incumbent Prime Minister Modi due to his inability to fulfill his commitments on employment creation. Researchers project that if India successfully narrowed the gender disparity in employment participation, its GDP might increase by 30% by 2050, underscoring the need for immediate action. In order to tackle the crisis, the paper proposes policy measures targeted at stimulating private sector investments and generating employment particularly in labor-intensive industries. Other key recommendations include reforms in India's education and skills development ecosystem to make graduates more employable along with easing the regulatory burden on businesses. Active labor market and employment generation programs specifically targeting women, rural workers and educated unemployed youth have also been suggested. In conclusion, the paper strongly argues for multi-pronged policy efforts by the Indian government and closer public-private collaboration to resolve the country's employment crisis, fulfill its economic growth potential and maintain socio-political stability.

**Keywords:** Jobless growth, Informality, Skills mismatch, Employment Crisis, Demographic dividend, Rural distress, Manufacturing policy.

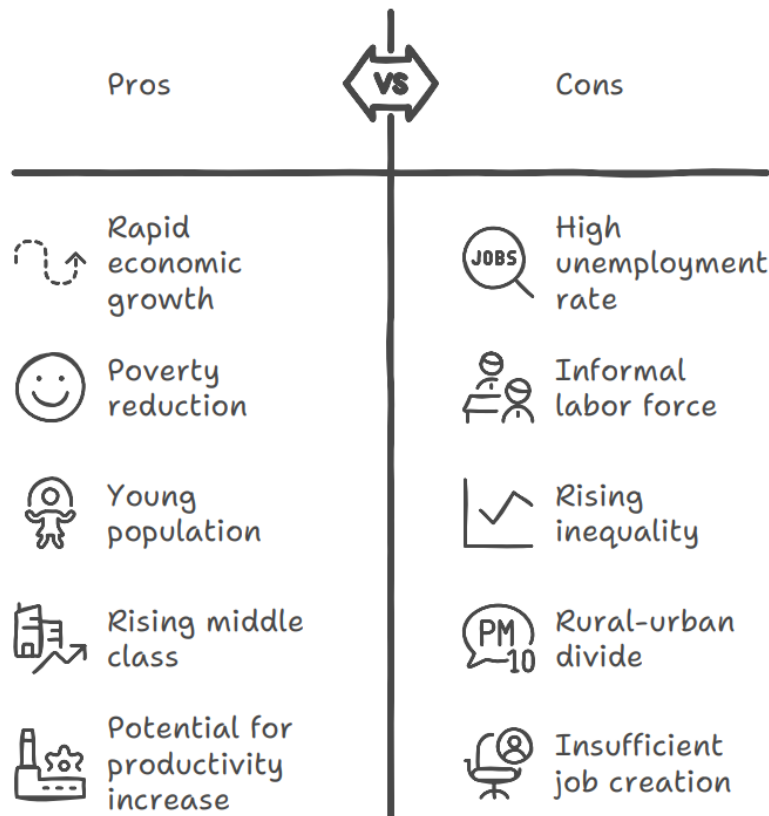
## 1. INTRODUCTION

### 1.1 Brief Background on India's Economy and Demographics

India stands at a pivotal juncture in its economic trajectory. As one of the world's fastest growing major economies over the past decade, it has made remarkable strides in lifting millions out of poverty. However, India's full economic potential remains constrained by a myriad of interlinked challenges, notably in terms of creating adequate employment opportunities for its massive and rapidly expanding pool of working-age labor. Before analyzing the specifics of India's worsening jobs deficit and its drivers, it is imperative to understand the broader context around the country's economic and demographic structure.

With a population of 1.4 billion, India is projected to overtake China as the world's most populous country by 2027. India's population pyramid is still predominantly young, with a median age of 28 years as of 2020. Notably, over 65% of Indians are between 15-64 years, making for a sizable working-age population. Fueling

the so-called “demographic dividend”, around 12 million youth are estimated to enter the labor force every year over the next decade in search of productive employment. Hence, on the one hand, India’s youthful population structure lays the foundations for an expanding labor supply and consumer base which could catalyze growth. However, these demographic tailwinds could also morph into headwinds if matching employment opportunities are not created, portending rising unemployment and socioeconomic unrest.



**Fig 1:** India's Economic and Demographic Landscape

Turning to the macroeconomic landscape, India registered an estimated 6.8% annual GDP growth rate in the decade preceding the Covid-19 pandemic, surpassing most regional peers. This rapid growth lifted nearly 300 million citizens out of poverty since 2000. However, the pandemic severely disrupted economic momentum, with GDP contracting sharply before rebounding to an estimated 8.7% expansion in FY2022 following the easing of lockdowns. Medium-term projections peg India’s annual GDP growth potential at over 6-7% driven by rising productivity, consumption demand from an expanding middle-class, and a shift towards higher-value services and manufacturing in the structural transformation accompanying development.

Yet, India’s growth model has thus far fallen short of realizing its full promise in generating wide-based social gains. For instance, despite positive headline GDP figures, the economy has struggled to create sufficient employment opportunities across sectors. India’s unemployment rate averaged around 8% between 2016-2020 before spiking to double digits during pandemic lockdowns. Adding to the complexity is India’s highly informalized labor force, with over 80% engaged in informal work marked by low earnings, negligible job security and lack of social protections. The coexistence of stubborn informality amid rising educated unemployment suggests deep structural rigidities in India’s job markets.



Furthermore, aggregate income growth has concentrated among the uppermost income strata rather than permeating downward. This lopsided nature of India's growth pattern manifests in surging inequality despite declines in headline poverty rates. India's Gini coefficient rose from 45 in 2000 to over 51 in 2022, reflecting extreme concentration of prosperity among a thin elite slice. Relatedly, wealth distribution is also heavily skewed, with the top 10% of households owning nearly three-fourths of total wealth in 2021. Hence, though India is classified as a lower middle-income country, it contend with inequality levels comparable to far richer nations.

Rural-urban divides further accentuate India's uneven growth, with the benefits of economic expansion accruing predominantly to urban conurbations. Though agriculture remains India's single largest employer engaging over 40% of the workforce, its contribution to GDP has dwindled below 20%. Structural transformation has lifted millions from farm-based livelihoods, but insufficient job creation in higher value industry and services means absorption in low-productivity informal activities instead. There thus remain deep regional disparities between India's globally connected, thriving megacities and its less developed heartland which serves to dampen shared prosperity.

In essence, while India has posted strong headline growth, this has not readily translated into broadly shared gains for its massive population given anemic job creation and highly unequal incomes. With millions poised to enter its workforce each year amid growing aspirations, resolving India's employment conundrum will decisively shape its economic trajectory. Failure of create adequate opportunities risks converting India's youth bulge into a demographic time-bomb, jeopardizing macroeconomic stability and heightening social tensions. The contours and drivers of India's complex jobs crisis thus merit deeper analysis to illuminate potential pathways for constructive policy responses.

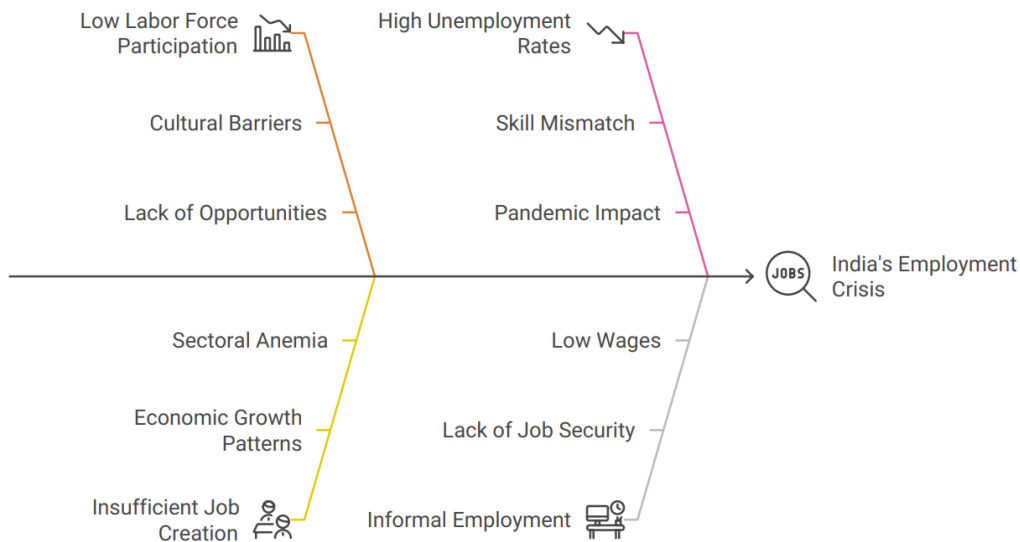
## 1.2 Overview of the Employment Crisis and Its Impacts

India's economic growth story of the past decade has begun unraveling. While GDP has expanded at a healthy clip, this headline figure masks deep cracks in the economy's ability to produce enough decent jobs for its burgeoning workforce. Employment metrics reveal a sobering picture - low and falling labor force participation, anemic job creation across sectors, and worsening conditions in existing jobs marked by widespread informality and vulnerability. This mismatch between robust macroeconomic performance and a worsening jobs deficit points to a structural employment crisis with profound social and economic repercussions.

Analyzing key indicators underscores the gravity of India's employment challenge. At around 42%, India's labor force participation rate - reflecting the share of working-age adults actively engaged in the labor market - is among the lowest globally, trailing not just China but even less developed nations like Indonesia. Regional peer Bangladesh boasts 56% labor force participation, highlighting India's stark underutilization of its demographic dividend. Crucially, women's participation rates have plummeted below 20%, amounting to over 240 million "missing women workers", representing a tremendous loss of human capital.

Turning to job creation, between 2012-2018, India added only around 1.8 million jobs annually across all sectors, when over 10 million youth enter working age each year. This massive gap indicates that economic growth has been largely jobless, failing to absorb new labor market entrants adequately. In fact, employment generation in recent years was slower than the previous decade's already weak performance, pointing to worsening structural bottlenecks. Pandemic disruptions have further aggravated job scarcity, with employment still below pre-Covid levels amid elongated labor market recovery.

Unemployment trends validate these strains. India’s overall unemployment rate hovered around 7-8% between 2016-2020 before surging into double digits due to stringent lockdowns. Critically, joblessness is concentrated among higher educated youth indicating grave mismatch between skills imparted and those demanded by employers. Shockingly, unemployment among graduate degree holders exceeded 18% in 2022, representing underutilization of precious human capital. Urban centers fare worse, with youth unemployment spiking at nearly 35% in populous states like Bihar or Jharkhand, sowing seeds for potential unrest by idle educated youth.



**Fig 2:** Root Causes of India's Employment Crisis

However, aggregate employment data obscures as much as it reveals regarding realities for ordinary Indians. Over 80% of India’s workers remain in informal employment lacking basic job security, fair wages, or statutory welfare benefits. Though open unemployment captures public attention, underemployment and disguised unemployment are equally pressing issues stymieing productivity and prosperity. For instance, nearly a third of peasants own plots too tiny to provide full livelihoods, while millions of casual laborers endure seasonality in degraded working conditions across farms and cities.

Furthermore, nominal indicators of “employment” misleadingly classify anyone working even one hour within prolonged reference periods as holding a “job”. Such oversimplified categorization overlooks crucial aspects like earnings levels, hours worked and availability of work across months. In fact, time poverty is rampant with over 40% of laborers putting in excessive hours for subsistence earnings barely above legal minimum wages. Likewise, real incomes for informal workers have stagnated at meager levels despite broader economic expansion.

Evidently, far from engendering shared prosperity, India’s growth template has birthed low-quality jobs and widening decent work deficits. These employment challenges stem from and feedback into numerous socioeconomic problems plaguing contemporary India. Perhaps most damagingly, informality and job scarcity hamper intergenerational occupational mobility which sustains inequality and hinders sustainable growth. With livelihood options remaining limited despite increased educational attainment, disillusioned youth queue up for government jobs or undertake higher degrees, lowering productive capacity in the immediate term.



Insufficient job creation also dampens aggregate demand and domestic consumption, while eroding human capital built through investments in education and health. Women especially face consequences like worsened nutrition levels and threats to reproductive health given overwhelming engagement in hazardous informal sectors. Fiscal pressures mount as employment stagnation drags down government revenues, even as expenditures on welfare for supporting vulnerable citizens simultaneously rise.

All considered, India's employment crisis severely constrains its growth model's sustainability and inclusiveness. In fact, unresolved labor market deficits represent the Achilles' Heel which could upend macroeconomic stability down the line. With millions added to the workforce annually, constructive policy responses to boost job creation constitute India's foremost economic challenge in coming decades. Failure on the employment front risks converting India's youth surge into a demographic disaster by stunting shared prosperity and fomenting socio-political tensions through rising inequality and joblessness among citizens.

## 2. THE NATURE AND SCALE OF INDIA'S JOB CRISIS

### 2.1 Key Employment Metrics and Trends

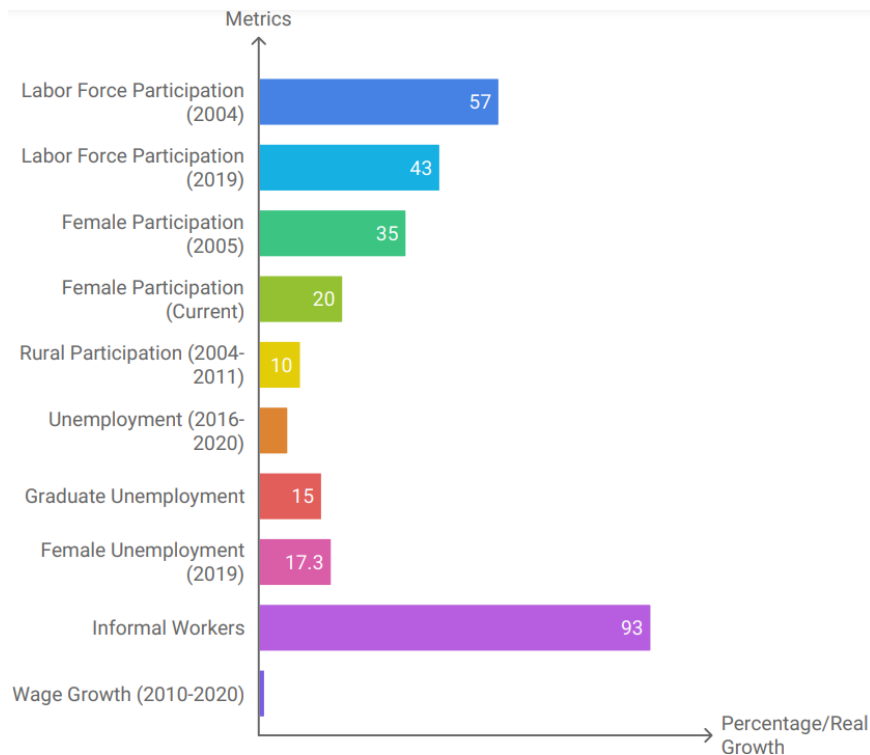
A nuanced understanding of India's employment challenge necessitates analyzing crucial job market indicators and their trajectories. Monitoring metrics like labor force participation rates, unemployment figures, informalization levels and wage patterns offers vital insights into the health of the economy's job creation machinery and allows evidence-based assessments of the adequacy of employment generation. On digging deeper, the empirical employment data reveals a painful picture of constrained livelihood opportunities and decent work deficits facing most Indians.

Beginning with aggregate labor force participation, India's rates have steadily declined over the past decade from around 57% in 2004 to below 43% in 2019 among working-age adults. As mentioned previously, this places India among the worst globally in utilizing its demographic dividend. Breaking down participation rates by social markers exposes further troubling trends. Female participation rates plunged from over 35% in 2005 to below 20% currently driven by rising education levels but severely limited job availability. Rural participation also dropped 10 percentage points between 2004-2011 as agriculture shedding labor without parallel urban industrial growth to absorb displaced peasants. Educational segmentation also mattered, with higher unemployment among more educated youth indicating mismatch with many preferring to wait for formal jobs rather than accept informal work.

Geographical variations add further complexity. States with better governance and industrialization like Maharashtra and Tamil Nadu boasted participation rates nearing 45% pre-pandemic outperforming less developed Bihar or Odisha stuck below 30%. Thus, deficits are highest in populous northern heartland states with higher labor underutilization. But structural weaknesses manifest even in prospering urban clusters like Bangalore or Hyderabad with high youth unemployment indicating that growth dividends remain narrowly concentrated.

Analyzing net job creation figures affirms these strains. During the fast-paced 2004-2011 growth phase, around 7 million jobs were added annually. But this plummeted in the aftermath of the global financial crisis. In fact, absolute job contraction was witnessed in some years between 2011-2018 as headline economic expansion remained divorced from employment generation. Analysis by thinktank CMIE pegs net job creation at under 5 million yearly over the past five years when over 10 million new laborers entered working age each year, thus steadily worsening the jobs shortfall.

The picture remains gloomy upon examining unemployment trends. Aggregate unemployment hovered around 7–8% from 2016–2020 before surging into double digits during pandemic shocks. Graduates faced over 15% joblessness through this period. Female unemployment clocked in even higher at 17.3% in late 2019 reflecting extreme marginalization. But aggregate figures still underestimate hardship due to issues in defining “employment”. In fact, nearly half of Indian laborers suffered periods without work despite supposedly being “employed”. This points to massive under-employment and job insecurity roiling beneath seemingly positive low unemployment rates.



**Fig 3:** Key Employment Metrics in India (2004- 2019)

Informality metrics also signal the poor quality of employment for the vast majority. Around 93% of Indian workers operate in the informal economy bereft of secure contracts, minimum wages or legal protections. Though open unemployment grabs attention, underemployment and vulnerable employment are equally serious concerns giving the prevalence of low productive, subsistence work. For example, one third of smallholder farmers own such tiny, unviable land parcels that substantial under-employment prevails. Likewise, millions engaged seasonally in construction work face prolonged slack periods dragging incomes below year-long full employment earnings.

Thus, beyond open joblessness, pervasive underemployment demonstrates that scarce quality work undercuts human capital utilization and labor productivity. Crucially, informalization has rapidly risen across all categories of employment over the past 15 years despite ambitions to formalize the workforce. This points to deep structural rigidities in transforming the employment base towards higher productivity sectors matching India’s lofty growth aspirations.

Wage patterns reinforce these worries. Indian wage growth lagged GDP expansion severely with average real incomes rising mere 1.5 to 2.5% annually between 2010–2020 compared to headline growth exceeding 7%. Rural wages grew slower than urban from 2015 onwards showing wide spatial divergences in prosperity.



Additionally, higher wages accrued predominantly to highly skilled workers in globally integrated sectors like IT, finance and business process outsourcing. By contrast, average laborers across informal services and industry eked out survival at near-stagnant low wages reflecting extreme inequalities in how the pie of national income is shared.

Taken together, empirical assessments of participation rates, unemployment metrics, wage growth and informality percentages paint a concerning picture of India's employment situation regardless of where one looks. Much as headline GDP figures seem to showcase India as a star economic performer, the reality facing ordinary citizens desperate for stable, fairly paid work remains far less sanguine. Constructing an accurate jobs portrait requires glancing beyond aggregate unemployment to capture strains like falling participation and underemployment. On that test too, India fares poorly, warranting urgent measures to remedy the crisis before socioeconomic aftershocks destabilize the economy.

## 2.2 Formal Vs. Informal Sector Jobs

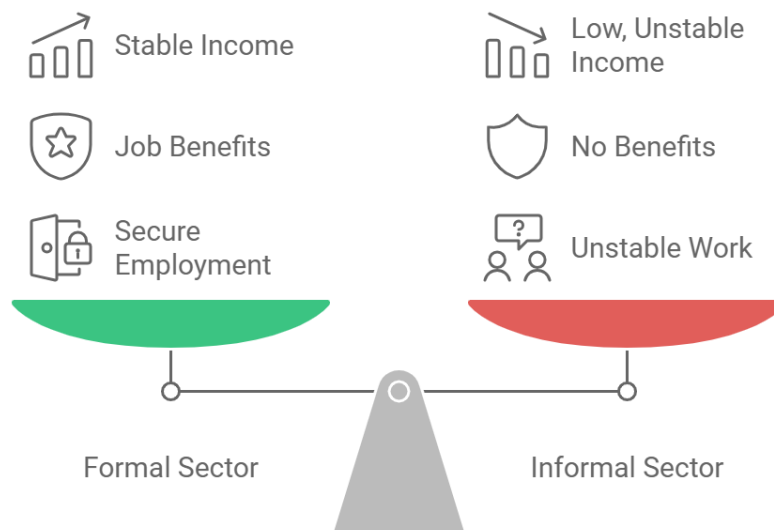
Beyond aggregate labor market metrics, analyzing the composition of employment across formal and informal sectors offers vital insights into the quality of work available to ordinary Indians. Formal sector jobs are marked by secure, contractual employment relationships with associated benefits like paid leave, provident fund payments and insurance covers. By contrast, informal work lacks contracts guaranteeing stability, incomes, or social protection. Over 80% of India's employed pool engages in informal labor, pointing to grave decent work deficits fueling socioeconomic adversity.

Critically, informal job shares have risen over the past decade regardless of education levels, implying that economic growth by itself cannot sufficiently formalize employment. For instance, 68% of college graduates operated informally in 2021 compared to 64% in 2016 reflecting persistent difficulty securing regular salaried jobs even for educated youth. Likewise, 87% of India's manufacturing workforce remained informalized with no signs of shrinking despite the government's "Make in India" industrialization push. Even among registered enterprises above 10 workers where labor regulations are applicable, 40% of employees had no written job contracts, indicating that legal evasion strategies help firms circumvent compliance.

Several factors sustain widespread informal employment despite economic expansion. Firstly, complex bureaucratic red tape raises formal job creation costs for enterprises while rigid labor regulations deter formal hiring and firing. Ease of compliance ranks abysmally low at 136th globally for starting businesses in India owing to over 11 procedures required across three months to launch formal ventures. Such regulatory cholesterol prompts enterprises to remain small and informal to avoid dealing with the formal system. Nearly 15 laws govern workforce adjustments, making employers averse to expand payroll on permanent contracts given inflated dismissal costs.

As such "labor protection" policies perversely incentivize contractual informal hiring circumventing regulations. Secondly, acute infrastructure deficits raise transport and logistics expenses for India's enterprises eroding their cost competitiveness and stifling job creation capacity. Likewise, domestic value chains remain fragmented with producers detached from end markets, preventing emergence of anchor industrial employers supporting formal job multipliers. Thirdly, inadequate access to capital compels micro-enterprises and casual laborers to remain self-employed informally as banks hesitate to fund small-scale ventures lacking collateral. Together these demand and supply-side bottlenecks self-reinforce informalization.

However, fundamental traits mark clear distinctions between formal and informal work in India with divergent implications for living standards. Formal employment provides vastly superior earnings, income stability and risk protection by virtue of steady salaries and entitlement-linked social security benefits. During illness or lean periods, provident fund savings and insurance serves as a cushion unavailable for informal casual wage workers surviving hand-to-mouth. Likewise, formal sector associations amplify employee voice in negotiating better work conditions.



Comparing formal and informal sector jobs in India.

**Fig 4:** Comparing Formal and Informal Sector Jobs in India.

By contrast, exploitative conditions fester among the informal employed— whether wage laborers at construction sites, smallholder peasants, street hawkers or home-based producers. With limited fallback options given job scarcity, these segments endure low, unstable incomes lacking bargaining power and thus remain extremely vulnerable to shocks while having negligible pathways for upward mobility. Informality also deprives public revenues for funding social programs, further hampering equitable growth.

Therefore, despite contributing over 40% of national output, India’s vast informal sector workforce remains largely excluded from economic progress in the absence of steady contractual employment. Given estimates predict merely 20–25 million formal jobs added by 2030 in a best case scenario, limited quality work portends grave instability risks if left unresolved by policy interventions to boost job formalization.

### 2.3 Issues Faced by Women and Educated Youth

Beyond aggregate labor market trends, assessing difficulties faced by specific demographic segments offers additional texture to understanding India’s jobs crisis. In particular, educated youth and women constitute important constituent groups that crucially shape socioeconomic outcomes but have borne serious employment brunt.

Despite rising female educational enrollment, female labor force participation rates have plummeted from 35% in 2005 to below 20% currently, giving India among the lowest globally. This underscores massive under-utilization of women’s potential, with nearly 240 million defined as “not in labor force” amounting to lost output and deprivations for such households. Most glaringly, the emergence of “missing middle” emphasizes that





higher-educated urban women face greatest barriers entering labor markets relative to less educated rural peers already engaged informally out of necessity.

Core bottlenecks curtailing female employment span social restrictions, sectoral employment patterns and skilling mismatches. Indian women shoulder disproportionate unpaid housework burdens, with time poverty further limiting outside work. Travel restrictions persist, hampering mobility. Crucially, the fastest job creating sectors like business process outsourcing or software are perceived as less suitable for women given norms and safety concerns. Manufacturing where large-scale female participation is viable remains stunted at 15% of output, unable to absorb surplus farm labor. So despite rising credentials, women queue for very limited government and teaching vacancies only to find graduate unemployment hitting 17%.

Even when participating, adverse conditions prevail with 86% informality and only 20% earning regular wages. Prejudices undermine career progression as women cluster in low responsibility roles. Female entrepreneurs also suffer marginalization in accessing institutional finance or product markets. All considered, outcomes for women remain extremely unequal despite their rising qualifications, pointing to failures in translating better education to meaningful livelihoods.

Turning to educated youth, buoyed by “demographic dividend” prospects and aspirations of formal white-collar employment, India’s tertiary enrollment ratio crossed 27% in 2019. However, growth critically fell short in good-quality, commensurate job availability leading to severe frustration for degree holders. Alarming, unemployment rose with higher educational attainment to breach 25% for post-graduates by 2018, as youth queued unsuccessfully for government vacancies. Likewise graduate underemployment hit 60% indicating underutilized skills in low productivity roles like petty retail.

Here too a skewed structure of economic expansion underlies such severe educated labor market imbalances. Job multipliers proved lowest in skill-intensive globally competitive sectors like finance or IT that saw fastest growth. For example, adding \$1 million output value in finance created just one job against seven in labor intensive manufacturing. Furthermore, stimulus programs promoting tertiary education lacked corresponding private investments in mass skill-intensive manufacturing witnessed in East Asia earlier. This demand-supply mismatch manifests in over-qualification where four in five persons securing stable salaried jobs lack required academic credentials.

All considered, higher enrollment sans matching employment opportunities generates imbalances where additional years university education perversely yield worse outcomes. By 2030 nearly 140 million graduates will enter working age lacking quality jobs. Already India faces severe human capital underutilization visible in rising youth discouragement. Constructively channeling educated labor’s potential by resolving information asymmetry, skilling deficits and sectoral job mismatches remains imperative to prevent socioeconomic aftershocks.

### 3. UNDERSTANDING THE CAUSES

#### 3.1 Weak Private Sector Job Creation

While public sector hiring grabbed headlines for mass vacancy announcements, sustainable employment generation intrinsically hinges on steady private investment translating into additional productive jobs across farms and firms of all sizes. This pathway towards employment-centered growth badly faltered in India’s case. Analyzing trends reveals anemic job addition in private corporate establishments over the past decade despite buoyant profits, hemorrhaging employment in peasant agriculture and constrained expansion for informal small enterprises – together hampering economy-wide job creation.



Beginning with large corporates, consolidated hiring slowed remarkably despite surging profits and rising salaries for elite talent. Net employment in private establishments employing over 10 workers grew merely 2% yearly between 2010–2015 compared to yearly revenue growth exceeding 12% for corporates like Reliance, Adani or Tata. Manufacturing job addition decelerated from 2.4% yearly to 0.5% over this period as policies incentivized capital-intensive projects. Labor-intensive sectors like apparels, footwear and food products employing 70% of manufacturing workers thus lost jobs. Even publicly listed IT firms trimmed workforces to protect profitability margins, transitioning to automation.

Clearly, chasing higher returns for investors enjoyed precedence over expanding employment. In fact, adding economic value translated poorly into job creation with around \$450,000 yearly output gaining required to add a single services job in top Indian IT firms. So, despite high headline growth and rising billionaires, corporate employment expansion proved tepid, necessitating micro and small enterprises to take up the slack. This contrasts East Asian economies like Japan where large corporations underpinned mass job creation.

However, India performed poorly here too relative to peers. High compliance overheads for formalization, inadequate infrastructure, tardy contract enforcement and difficult credit access constrained small firm expansion. Micro units employing less than 10 workers actually shed over 35 million jobs during demonetization turbulence alongside negative impacts from the poorly implemented GST rollout delaying payments for months. Net job creation turned negative in some years as vulnerable small firms shuttered and self-employment last resort options disappeared.

Meanwhile, agriculture remains India's single largest employer still engaging 40% the workforce, but agrarian distress roiled rural job markets over the past decade. Crop commercialization advocates argue farmers shifting from cereals towards higher-value cash crops can raise rural living standards. However, severe terms of trade losses prevailed as input costs inflated nearly 250% since 2000 outpacing farmgate crop price growth. Caught between rising cultivation expenses for seeds, fertilizers, and institutional credit on one hand and output price volatility on the other, Indian smallholding peasantry faced a severe cost-price squeeze eroding viability for multitudes relying solely on tiny land parcels.

Consequently, over 300,000 farmers exited agriculture annually from 2011–2016 as rural youth migrated desperately towards saturated urban construction sectors displaying boom and bust cycles. Yet given over 600 million citizens still directly or indirectly dependent on farm livelihoods, the agrarian crisis crippled India's job base for the vulnerable adding to inequality and fueling social strains manifesting in farmer protests nationwide.

Therefore, regardless of where one observes, India's private enterprise machinery across agriculture, industry or services faltered in generating employment opportunities sufficiently given inherent obstacles. Constructive policy efforts to remedy sector-specific bottlenecks retarding job creation growth remains imperative if India hopes to resolve this fundamental weakness in its growth strategy undermining prosperity and stability.

### 3.2 Skills Mismatch and Flaws in the Education System

Education constitutes a crucial supply-side factor shaping employment outcomes. India made laudable strides towards universalizing primary education while rapidly expanding tertiary enrollment to 27% by 2019. However, serious qualitative limitations in skills delivered versus those demanded by industry critically



hamper graduate employability. These mismatches alongside system-wide flaws foster skills scarcity coexisting with educated unemployment, reflecting poor learning outcomes.

Surveys underscore this learning crisis – only 43% of Class 5 rural pupils could read basic texts, falling to 25% by Class 8. Learning poverty transcends literacy, with 80% of engineers lacking programming proficiency expected by tech employers. Such deficits trace partly back to rote-based curriculums ill-suited for problem solving. Additionally, patchy regulatory oversight birthed an ecosystem of low-quality private colleges lacking infrastructure or qualified faculty, yet churning out graduates unable to meet industry needs. Graduates thus require extensive re-skilling, which smaller firms cannot undertake.

However, skills mismatches run deeper too. Employer surveys identified suitable applicants lacking for over 60% vacancies in key sectors like IT, banking, and textiles. But simultaneously youth queues lengthen for limited government openings like railways or defense even if misaligned with competencies, indicating flawed aspirational orientations. Here inflexible social attitudes regarding prestige of public sector positions regardless of individual strengths undermine efficient matching.

Furthermore, abstract academic stream selections made early during secondary school distort later skilling. Arts and commerce degrees attract many youngsters while industry demands technical trainees, nursing assistants, welders and sales executives. So, skills imbalances owe partly to collective perceptions minus objective mapping of aptitudes to careers. Mainstreaming vocational training suffers stigma as less accomplished students opted for polytechnics, whereas advanced economies like Germany synergize both academic and technical skill building.

Reforming inertia also limits course dynamism. Curriculums take years aligning to industry shifts like automation and digitalization. Consequently, over 40% recent graduates were found inadequately prepared for jobs involving newer cognitive abilities like design thinking. Such lags compound over time. Outdated unemployable courses persist, with India producing 15 times more literature graduates than Japan despite lower enrollment rates. Likewise, teacher availability bottlenecks aggravate quality issues.

In summary, the proliferation of low-quality higher education institutions, dated pedagogies fixated on rote learning, inertia in responding to technological disruptions dynamically, negative perceptions associated with vocational training, and aspirational mismatches funnel youth into careers where vacancies remain limited. Thus, systemic education bottlenecks interact to spawn unemployable graduates lacking appropriate skill sets in areas where industry demand is rising. With over 140 million projected to enter India's workforce in a decade, constructive policy steps to rectify foundational learning deficiencies and bridging skill gaps remains imperative to capitalizing upon the demographic dividend.

Sector-specific interventions like apprenticeships, training subsidies for employees, incentivizing private skilling institutes and reforming obsolete syllabuses would help. But beyond piecemeal measures, foundational gaps in learning levels paid insufficient attention thus far demands urgent redressal if India hopes to nurture homegrown talent equipped for the future of work, rather than bemoan skill shortages amid vast educated unemployment.

### 3.3 Regulatory Burdens and Labor Market Rigidities

Beyond education system flaws, complex regulatory architecture governing Indian enterprises has imposed massive compliance burdens deterring formal job creation while perversely incentivizing informal



employment. Analysing India's business climate exposes how reform inertia in rationalizing outdated statutes from the permit-license raj era sustain informality and constrain firms from expanding.

According to World Bank metrics, India ranked 136 among 190 countries globally in 2020 for ease of starting business, with over 11 procedures spanning nearly three months before operations formally commence even for simple trading firms. Registration process alone requires half a dozen clearances across state and central agencies. Such red tape prompts over 63% unincorporated non-agricultural enterprises to remain outside the formal system to bypass dealings with the bureaucratic state machinery.

Likewise, nearly 1500 state and central laws govern routine aspects like taxation, licensing, environmental procedures, sanitation and labour regulations for enterprises already operating. On average, managers squander over 25% of time navigating this policy minefield annually, entailing substantial efficiency losses and distraction from innovation efforts. Statutory compliance adds up to over 40% of equipment operating expenses for small trucking firms as bribery compounds costs.

Navigating legal uncertainties around areas like land acquisition despite having necessary finance prompts delays or abandonment for one third private projects. Such impediments to smooth operations and growth inflate costs, dragging down even competitive Indian corporations relative to international peers. Over 40% cement industry cost differentials compared to US trace back to overheads from fuel transportation delays and diesel price subsidies owing to bureaucracy enforced distortions. In fact insolvency resolution involving defaulting large debtors like Essar steel or Bhushan Power took over 500 days stretching balance sheets of creditors due to legal wranglings. The legacy of red tape and state restrictions thus continue saddling Indian enterprises even as aspirations grow of attracting global manufacturing giants like Apple to Invest here under "Make in India" vision. Among the plethora of business regulations, labor protection statutes specifically have perversely affected hiring patterns. Nearly 250 central and state laws with over 40 amendments govern layoffs, workplace conditions, social security and minimum wages in establishments with over 10 regular employees. Even temporary retrenchment requires bureaucratic notification and compensation for staff having worked over two years.

The intentions behind such strict labor regulations were to protect worker rights. But in practice, it perversely incentivized smaller firms to remain under 10 staff to avoid compliance. Even larger factories employ more contract laborers off payroll who lack bargaining power given informal status. Studies emphasize that rigid labor laws deter formal job creation in labor-intensive sectors compared to capital intensive ones in India by hampering economies of scale and encouraging outdated techniques. Global experience from Germany to Indonesia shows inflexible labor statutes adversely impact employment levels for youth and women especially, apart from dragging productivity. Therefore, easing the substantive red tape facing startups and incumbents while introducing flexibility in labor administrations calibrated to Indian realities offers promising returns. But vested interests oppose unwinding portions of the inspector raj known to enable rent extraction. Hence political economy battles looms for Indian reformers prioritizing employment generation.

## 4. IMPACTS AND IMPLICATIONS

### 4.1 Economic Growth Constraints

Beyond its profound social repercussions, India's inability to generate adequate employment opportunities also threatens realizing its economic growth potential in absence of requisite structural transformation. A young population and rising working-age share offered prospects of a demographic dividend boosting expansion. However, this remains contingent on sufficient employment avenues emerging to productively



utilize the abundant labor. With job creation faltering, the demographic advantage risks morphing into a liability, squandering human capital and tightening multiple binding constraints that hamper sustainable growth.

A first order impact of inadequate employment generation shows in meager growth of aggregate domestic consumption expenditure, forming nearly 60% of GDP. With income instability and low pay being hallmarks of informal work that engages over 80% of labor force, purchasing power remains severely curtailed for majority households. Underemployment amid seasonal slack periods further erodes earnings across temporary wage workers and marginal peasant groups, denting consumption. Job scarcity also compels over 10 million youth to pursue further education instead of seeking work immediately, thus shrinking the working population in their most productive early phase.

Likewise, uncertainty over future livelihoods prospects deter family formation and expenditures on housing, durables, or private vehicles. Youth also cut avoidable current spending while prolonging dependency on parental support to ensure funds suffice for loan repayment of expensive tertiary degrees whose utility remains questionable. Overall personal consumption nearly halved from averaging 7% yearly growth during 2005-2011 boom years to below 4% subsequently as employment conditions worsened. With tepid domestic demand, India's growth relies excessively on export competitiveness which remains hampered by infrastructure backlogs. On fiscal parameters too, India's narrow tax base owes partly to overwhelming job informality allowing enterprises to underreport revenues easily while limiting payroll tax deductions. Consequently, India's tax-to-GDP ratio languishes below 17%, far below Turkey or Brazil as budgets remain squeezed constraining public investments pivotal for crowding in private corporate funds towards employment intensive manufacturing. Likewise on external balances, gold imports continue rising as the precious metal remains preferred savings vehicle, undermining currency stability.

Turning to social impacts, educated youth queuing unsuccessfully for limited public sector openings has manifest in rising unrest. With government as the preferred employer given job security and allowances, over 30 million youth applied for just 90,000 railway vacancies in 2019, prompting riots when recruitment processes were marred by nepotism allegations. Likewise, farmer protests against weak crop prices, rural indebtedness and land dispossession also partly stem from successive crop failures and missing rural employment avenues. Therefore, through dampening consumption demand, skewing social stability and tightening fiscal balances, India's employment crisis harbors grave consequences for macroeconomic stability and sustainable expansion. With IMF projecting over 120 million more working age entrants by 2050, ensuring adequate livelihoods remains pivotal if India hopes to harness demographic dividend to its advantage rather than risk tensions from frustrated youth without pathways for social advancement.

## 4.2 Rising Inequality and Poverty

While India has made substantial economic progress over the past three decades, this headline growth failed to prove sufficiently inclusive as evidenced by rising inequality side by side with higher GDP. At the heart of unequal outcomes lies the severe jobs crisis and persistent employment informality channeling gains disproportionately towards elite slices rather than permeating prosperity across socioeconomic echelons. Thus, beyond macroeconomic concerns, employment shortages critically undermine equitable and sustainable development.

On parameters like education, nutrition and upward mobility, inequality reigns with disproportionate opportunities accruing to upper castes and classes. For example, despite forming only 15% population share,



forward castes accounted for over 70% top corporate board seats and held over 90 million out of total 121 million cultivable land holdings in 2021, indicating extreme concentration of wealth generating assets. Meanwhile over half of rural Dalit and Adivasi households remain functionally landless even today living under clouds of malnutrition and educational deprivation that hampers gainful participation in emerging job domains.

Likewise, gender inequality remains stark – while female graduate unemployment hit 17.3% in 2018, four fifths of stable, formal sector jobs went to overqualified but informationally advantaged male applicants. With patriarchal attitudes limiting female mobility and relegating women to unpaid care roles, Avenue for skill development and career advancement shrink precipitously. Consequently, despite rising overall education levels, intergenerational occupational immobility remains endemic with parental income almost predetermining daughters' employment outcomes in absence of level playing fields.

Turning to incomes, between 2011-2015, real average household earnings for the bottom quintile contracted by over 13% while the top quintile saw 12% expansion in sharp divergence from the late 2000s trend when buoyant construction sector absorbed unskilled workers in urban clusters. This reversal owed to job markets overwhelmingly generating insecure informal work lacking bargaining power or pathways to prosperity even post liberalization reforms.

In fact, sharpest income declines manifested among farmers and agricultural laborers trapped in unremunerative crop cultivation or compelled towards casual wage work in cities surviving off daily uncertainty. With agrarian terms of trade worsening for smallholding peasants cultivating increasingly tiny, fragmented land parcels, immiserization fuelled migrations whereby footloose workers lacked skills for higher-paid industry jobs. Thereby nor rural neither urban possibilities emerged for vulnerable sections to escape underdevelopment traps.

Overall between 2000 and 2019, India's Gini coefficient estimate rose from 45 to above 50 indicating extreme income asymmetry well past recognized warning thresholds for social stability risks Even media headlines celebrating swelling billionaire wealth belied that one billionaire amassed equivalent net worth to bottom 60% citizens in 2021 highlighting disconnected realities. Thus, despite alleviating headcount poverty ratios, intense deprivation persists for multitude given widening prosperity differences the employment crisis compounds by rewarding specialized talents over abundant ordinary labor.

Therefore, beyond manifesting in economic bottlenecks, India's jobs crisis proves deeply exclusionary by concentrating opportunities with well-endowed elite miners over desperately impoverished masses. With over 45% households still deprived of minimum wage jobs, productive employment generation constitutes imperative but unfinished agenda for equitable development.

### 4.3 Social and Political Instability

Beyond economic implications, India's inability to create sufficient employment opportunities also threatens socio-political stability in multiple ways. A young population presents a demographic dividend, but this could morph into a demographic disaster if job creation continuously lags heightened aspirations among increasingly educated youth aware of limited pathways for upward mobility. Already India contends with rising youth disenchantment manifesting in identity politics which taps sentiments against inequality of opportunities.



Surveys underscore perceived disparities in labour market access with over 80% respondents agreeing job scarcity rather than inadequate skills underlies unemployment. Structural inadequacies in generating employment hence shape social outlook, especially for youth who prioritize income certainty. However, their lived reality even after accumulating academic credentials remains marred by uncertainty and income volatility when confined to informal work. With moderate estimations still projecting another 115 million people added to working age population by 2050 in the world's single largest cohort of youth, unresolved job shortfalls risk heightening unrest and eroding trust in political institutions. Signs already visible caution about this destabilizing possibility unless urgent constructive action bridges expectations with outcomes.

For instance, severe competition for limited public sector openings bred large scale exam paper leak and nepotism allegations when millions raced for a few state railways vacancies in 2019. With government perceived guarantees of job stability, queues lengthen despite role unsuitability, so cheating episodes recurrently erupt and whip public frustration around lack of meritocracy. Likewise, farmers protests against agricultural reforms allowing market forces in price setting stem partly from decades of rural immiserization with missing employment alternatives that liberalization once promised.

With farming rendered mostly unviable on tiny landholdings, debt traps and crop losses abound absent alternative local earning sources, begetting resentments. Intersecting identity cleavages further complicate the landscape given recruitment controversies surrounding faith or region. All considered, these socio-political fault lines liable to rupture owe substantially to the bottlenecks youth face in securing dignified livelihoods that higher education promised yet failed to deliver at scale. The shortfalls hence engender perception of uneven access or nepotism that reactionary groups capitalize upon to mobilize support, dangerously straining social cohesion. Vigilante brigades and hate crimes already normalized across several states, with joblessness keeping communal tensions simmering by providing ready catchment of frustrated youths.

Politically too, after statewide agrarian protests facilitated incumbent regime change, employment generation emerged decisively as ballot issue for 2024 national polls. Regional parties similarly route welfare promises around job quotas for locals. Given voting youth surpassing all other segments, their political choices hinge critically on which contenders convince on the jobs plank rather than macroeconomic arguments. Therefore, the ramifications of employment inadequacy colour both economic and socio-political spheres which interact in vicious cycles. With multitudes still dependent on vulnerable informal jobs, the observed disenchantment constitutes warning signal since unresolved job deficits risk tipping precarity into instability with grave consequences for national harmony and growth ambitions.

## 5. THE PATH FORWARD: POLICY OPTIONS AND RECOMMENDATIONS

### 5.1 Strengthening Manufacturing and Exports

Constructing durable solutions to India's jobs conundrum requires moving beyond transient interventions like income transfers. Fundamentally transitioning workforce progressively out of low productive farm and informal service livelihoods into higher productivity industry and tradable services holds the key. Within that manufacturing merits foremost focus given its unmatched capacity for job creation globally from England's industrial revolution to East Asia's export led booms. Likewise foreign trade integration creates demonstration effects for wider enterprise upgrades to realize Make in India vision.

Commencing with manufacturing, India requires large scale labour intensive factory growth to absorb its low skilled surplus working population gainfully. Policy imperatives span attracting investment in skills and



clusters, upgrading industry infrastructure, rationalizing regulations, and easing compliances. Firstly, construction of plug and play industrial corridors with assured power, pre-approved zones and effluent plants can attract investors hesitant due to land delays. Such intelligent infrastructure creation is already underway along the Delhi Mumbai industrial corridor through public financing that crowd in significant private pools on appeased risks.

Likewise creating reliable infrastructure for uninterrupted electricity supply remains imperative to boost industry competitiveness. Gradually raising manufacturing value added share within overall output to 25% could potentially create 100 million additional jobs according to NITI Aayog estimates. But given just 1.4% of India's labour force underwent formal skills training, large mismatches hamper absorption hence necessitating urgent upscaling of apprenticeships and vocational institutes purveying industry relevant curriculum.

Additionally, rationalizing aspects of India's outdated labor regulations regime deserves consideration for facilitating economies of scale and output expansion as firms currently hesitate hiring permanent workers given firing restrictions. Quietly easing limitations through legislative amendments rather than sudden deregulation may balance flexibility with fairness. But investing political capital for the same remains essential. On export promotion, four key avenues open up for raising India's global integration including through free trade deals. Firstly, with logistics expenses touching 14% of product costs compared to 8.5% in competitors, major infrastructure upgradation becomes imperative. Government schemes like Sagarmala to strengthen port connectivity through coastal roads, inland waterways and warehousing zones merit faster rollout and monitoring. Likewise facilitating access to trade finance for small exporters through dedicated credit guarantees and insurance products by SIDBI and ECGC would ease capital constraints hampering market exploration initiatives. Thirdly, enhancing overseas presence through commercial officers well versed in destination country norms and regulations would support Indian exporters in navigating compliance complexities.

Finally, strategically negotiated mutual trade agreements deserve priority to ease market entry barriers currently inflating costs. Learning from ASEAN peers, initial focus on exporting strength areas like textiles, leather, and agricultural products appears pragmatic rather than insisting on overly ambitious comprehensive deals. Therefore, in conclusion, India requires a comprehensive employment strategy centered on structural transition of workforce towards organized manufacturing and tradable services. Constructing reliable infrastructure, incentivizing private investors through aligned center-state policies, prudently easing size based regulations, and strategically integrating into global value chains constitute key avenues policymakers could jointly pursue for resolving the protracted jobs crisis through a production led growth transformation.

## 5.2 Education and Skills Development Reforms

Beyond stimulating job creation policies, resolving India's employment conundrum also requires urgent redressal of foundational education inadequacies that manifest in low learning levels and skills mismatches. While governments justifiably prioritized universal primary schooling access and rapid tertiary enrolment expansion, lack of commensurate emphasis on qualitative transformation hampers human capital development.

Simply attaining credentials sans corresponding productivity enhancements leads students towards career frustration. Likewise technical and vocational training suffered prolonged policy apathy until very recently despite aptitudes misaligning with qualifications, engendering skilled labour shortages amid educated





unemployment. Therefore, a comprehensive agenda spanning learning outcome improvements, vocational participation boosting and flexible models for continued upskilling constitutes imperative education reform pathway for constructively harnessing India's demographic dividend.

Commencing at school stage, personalized learning techniques, qualified teachers and dynamic curriculums would help improve foundational literacy, numeracy, and cognitive abilities rather than encouraging rote memorization alone. Governments recognizing learning poverty now initiate retraining for 3.5 million teachers to modernize classroom transaction styles. Meanwhile public-private partnerships open avenues for edtech integration to track individual competency improvements through games and adaptive content that responds to pupil strengths.

Moving towards skilling, negative social perceptions regarding vocational education first necessitate recalibration through awareness campaigns on aspirational careers in automotive repairs, healthcare assistance etc. that school leavers could undertake. Currently just 6-7% of fresh labor market entrants opt for industrial training against 15% in Germany and 26% in Japan. Mainstreaming vocational guidance cells in schools and allowing lateral mobility between academic degrees and diploma channels would enable youth to select training consciously aligned with interests rather than being pushed towards tertiary education under peer pressures.

Thereafter, policy efforts could focus on strengthening the ITIs ecosystem with upgraded infrastructure, competent trainers and dynamic course content, while easing pathways for certified trainees moving into apprenticeships programs across suitable industries. For instance, linking common engineering entrance exams to admissions in polytechnics on par with undergraduate professional courses would raise aspirational value for vocational training. Financial mechanisms like skill vouchers could empower students by providing wider choice among accredited private training providers as well.

Post skilling, apprenticeship portals like in Germany may better match job seekers with industry openings. Rewarding enterprises that meet apprentice hiring targets through financial incentives appears worthwhile for facilitating absorption. Requirements for compulsory industry attachments within college curriculums would also foster experience. Overall, the aim should encompass creating reliable skilling to employment transitions that reassure youth about investing in productive vocations aligned to market needs rather than pursuing academic degrees as default option alone.

Finally, ongoing reskilling initiatives for those already employed formal and informal sectors remain vital given technological disruptions that rapidly alter old skills utility. Allowing withdrawal from retirement accounts to finance reskilling costs merits consideration. Imparting recognition to individuals enlisting in online upskilling courses through blockchain based lifelong learning credits would also motivate continuing education alongside jobs. Therefore in summary, major education reforms centered on learning outcomes in schools, destigmatizing vocational training, incentivizing apprenticeship hiring and universalizing lifelong reskilling opportunities together constitute constructive pillars for resolving India's skill shortages and employment mismatches.

### 5.3 Easing Business Regulations and Labor Laws

Beyond job creation policies on manufacturing and skills, India requires substantive easing of longstanding regulatory chokeholds deterring entrepreneurship formalization alongside labor market flexibility for absorbing expanding workforces. According to World Bank's latest Ease of Doing Business rankings, India slipped further behind to 63rd position globally with entrepreneurs reporting over 11 procedures across three



months before startup incorporation. Likewise archaic labour statutes immersed in inspector raj mindsets continue constraining manufacturing competitiveness.

Rationalizing the plethora of business compliance rules deserves urgent policy attention to incentivize formalization and enterprise growth which can generate formal contractual jobs at scale rather than informal unprotected livelihoods. Likewise imparting calibrated flexibility in labor regulations would facilitate productivity and job quality enhancements in tandem with expanding workforce footprints of factories. But given vested interests benefitting from status quo barriers to competition, political determination would prove critical for ambitious reforms with wider socioeconomic payoffs.

Commencing ease of business reforms, digitizing registration processes would significantly prune time and resource commitments for incorporation formalities through a single online application on portals like Udyam rather than physical paperwork necessitating interfacing with half a dozen departmental agencies earlier. Thereafter, facilitating online tax compliance, return filings and payments integrated with goods invoices would dramatically improve transparency, verify reported revenues while removing harassment avenues over physical audits.

In fact, technology upgradation merits priority across all citizen-state interfaces spanning documentation, verification, service delivery and grievance redressal mechanisms. Digitizing land records fully, streamlining building plan sanctions via online tracking and simplifying environment clearances through standard criteria would each encourage smooth operations. Publishing real time national trade data would equally assist export marketing.

Turning to labour flexibility, grandfathering size based regulations on worker welfare by shifting threshold applicability to firms employing over 50 rather than 10 regular employees could incentivize small entrepreneurs contemplate expansion when compliance costs currently deter hiring. Thereafter in phases, sunset clauses may be enacted on certain restrictive dismissal regulations phased out gradually over say five years while transitional income supports finance worker reskilling. However, minimum wage compliance and workplace safety parameters merit continued monitoring given employee vulnerability. Overall imparting greater flexibility in hiring and wage setting decisions would likely spur job creation.

In parallel, easing stringent controls on temporary contract labor deployment could balance employer needs for peak season staffing alongside securing permanent employees on rolls. But prohibiting endless renewal of short term contracts would safeguard against replacing permanent hires blindly through loosely regulated temporary workers. Likewise facilitating timely grievance arbitration rather than prolonged litigation would assist responsible employers while empowering workers voice concerns. Therefore in essence, ambitious next generation reforms encompassing easing startup hurdles through digitization, enabling flexibility in labor deployment regulations calibrated to Indian realities, improving dispute resolution avenues and monitoring workplace standards could potentially transform India's regulatory architecture from a coercive to collaborative governance model boosting both enterprise competitiveness and worker welfare as East Asia managed through the 1980s. But for the same political willingness proves indispensable to surmount special interests benefitting from status quo.

## 5.4 Targeted Active Labor Market Programs

While boosting aggregate job creation deserves policy priority, targeted interventions through active labour market programs also merit consideration given vulnerable worker groups facing multi-dimensional barriers transitioning towards sustainable livelihoods. Women, rural workers relocated due to farm distress, migrants



and educated youth constitute key constituents that merit focused employment schemes providing skills, aptitude matching services and temporary earnings support empowering vulnerable citizens to navigate complex transitions.

For urban migrant labourers at construction sites, portable benefits schemes like health insurance and social security packages would assist in coping with common risks. One option could federally fund basic coverage packages while allowing private insurers to provide modular top up options that recognize subsets requiring coverage continuity despite interstate mobility.

Likewise facilitating skills portability through an integrated national database logging training credentials of interstate migrants would ease pathway for transitions towards higher productivity jobs when disrupted at current sites. Temporary provisions for utilizing existing ration cards or voter identity proofs to access public distribution systems foods in host states until local eligibility documentation completes would ease hardships for families escaping distress or crop failures back home.

Turning to rural workers displaced from unviable farm livelihoods, dedicated training and placement initiatives deserve consideration. Potential options include launching national level 'Rozgar Setu' portals acting as talent exchange linking folk registration profiles specifying education, skills and location preference with potential employers posting openings in nearby districts. Effectively harnessing opportunities under MGNREGA schemes towards creating durable assets like water harvesting structures also holds potential by imparting construction skills eventually relevant for absorption by infrastructure developers.

For women, the constraints span social restrictions, mobility barriers and sectoral gender imbalances in emerging occupations. There potential policy responses revolve around skills suitable for home based work like nutrition counselling through dedicated training networks, linking SHG collectives to e-commerce product distribution channels enabling income generation at doorsteps, reserved hiring quotas on factory shop floors and secure dormitory accommodations nearby industrial clusters that reassure rural families regarding safety. Government financed evening crèche facilities located proximate to women concentrated special economic zones also merit consideration given domestic responsibilities many shoulder.

Finally, for educated university graduates struggling with fewer job vacancies than seekers, campus placement coordination assumes importance as potential employers find minimal suitable applicants currently while queues lengthen at teacher recruitment drives hinting aspirational mismatches. Therefore, formalizing structures for talent assessment, building correspondence between curriculums and occupational profiles and monitoring for early stage career counselling would help better outcomes. Overall, such diverse but targeted interventions necessitate customized design for sensitively responding to heterogeneous needs of vulnerable segments most acutely impacted by disruptive economic transitions facing the country. Sensitively embracing realities workers navigate and providing institutional bridges easing complex mobility pathways thus constitutes sound ethical and economic rationale as India seeks sustainable job creation across traditional and emerging livelihood terrains.

## 6. CONCLUSION

### 6.1 Summarize Main Points

India's economic growth achieved commendable progress expanding GDP manifold since liberalization reforms began in 1991. However aggregate figures camouflaged deep inadequacies in the job creation machinery necessary for effecting structural transformation that brings shared prosperity. As analyzed across



various employment indicators, India suffers a grave crisis with limited livelihood opportunities and perpetually rising job aspirants as record numbers enter working age each year.

The diagnosis reveals key bottlenecks - from the declining employment elasticity of growth to worsening job quality with over 80% informal insecure work marked by low incomes lacking upward mobility pathways. Neither private sector engines on manufacturing or services fronts nor public investments sufficiently catalyzed employment multipliers thus far. India's complex business compliance architecture further constrained small enterprise job creation capacities while skill mismatches induced by flaws in vocational ecosystem design hampered harnessing demographic dividend optimally.

These limitations manifest across falling labor force participation rates including worsening women's workspace access, limited quality non-farm job creation impeding migration out of unviable smallholder agricultural livelihoods and extreme competition even for mismatched government openings among the educated unemployed. Constructively resolving the employment conundrum constitutes foremost economic, social and political imperative for contemporary India with multitudes still vulnerable.

The policy responses require action across five critical fronts. Foremost, spurring labour intensive manufacturing growth and exports dynamism remains pivotal for generating millions of stable contractual jobs with regular wages to transition surplus farm workers while formalizing the unorganized enterprise soil powering 40% of economic activity. Boosting infrastructure, easing complex regulations through digitization and calibrated labor flexibility would assist while Make in India necessitates moving from rhetoric to tangible ground action.

Secondly, foundational reforms in education ecosystem spanning learning improvements in schools, vocational training participation and ongoing adult reskilling would help remedy mismatches and allow workers to nimbly reskill as old jobs transform through automation and globalization. Building talent pipelines aligned to market needs prevents overqualification. Thirdly easing regulatory cholesterol through digitizing bureaucratic transactions from startup incorporation compliance to environmental clearances would lessen harassment for honest wealth creators, encourage formalization and nurture manufacturing dynamism essential for job growth. However, law enforcement requires continued vigil where vulnerable workers risk exploitation.

Fourth avenue encompasses strategic urban planning facilitating migration absorption alongside area specific industrial cluster schemes that synergize produce supply chains, Policy exhaustiveness identifying district level strengths would optimize local job multipliers benefitting migrants through livelihood linkages. Finally supplementary active labor market schemes empowering women's inclusion, nurturing migrant housing/health protections and Youth exchanges industry would alleviate precarity pockets left behind in structural transitions underway. By sensitively assisting vulnerable sections through institutional bridges that reward skills, Fair transitions become realizable to broader prosperity realization. In totality therefore, India's mounting employment challenge necessitates strategic policy initiatives on scaling manufacturing, resolving education inadequacies, and easing enterprise compliance burdens while supplementing with protection packages facilitating difficult economic transitions. With millions still deprived quality jobs, constructive reforms constitute imperative agenda item for equitable and sustainable growth.

## 6.2 Discuss the Urgency of Taking Action

As elaborated so far, inadequate employment generation constitute India's foremost economic, social and political challenge with multifaceted implications for sustainable prosperity realization. By conservative



estimates nearly 18 million youth enter working age each year with aspirations for dignified and rewarding jobs that elevate living standards as prior generations experienced through the initial phases of technology inspired growth since liberalization opened borders in 1991.

However, their present lived reality defies lofty expectations shaped by predecessors as job creation faltered and livelihood precarity morphed into norm for multitudes struggling informally across villages and cities alike in absence of steady formal sector opportunities matching qualifications gained. Already fractures show in socioeconomic fabric with rising inequality, restricted consumption demand dragging growth, farm distress and youth restlessness manifesting occasionally in street fury against establishment that failed to deliver the promise of inclusive development.

Constructively tackling the escalating job crisis deserves immediate policy attention across industrialization, labour regulations and skill ecosystem avenues elaborated in earlier sections. The demographic dividend winds down gradually by 2040s as population stabilization kicks in with working age shares peaking. With over 60% citizens still directly or indirectly dependent on highly fragile agriculture and informal sectors for subsistence currently facing immiserization trends, urgent interventions through employment generation programs constitute imperative agenda to nurture inclusive development.

Given natural growth rate limits with shrinking family sizes, the exporting surplus labour abroad avenue also narrows unlike earlier phases for Asian economies like Philippines, Vietnam or Bangladesh. So domestic pathways of structural transformation emerge as the principal option still available if India intends realizing sustainable prosperity that lifts all boats equitably.

The fiscal headroom too shrinks progressively for government alone to finance employment through artificial public works programs as population aging increases future social security obligations. Already debt levels approach 90% of output constraining budget allocations. Likewise urban infrastructure bottlenecks limit absorptive capacity expansion in major commercial hubs witnessing saturation. Therefore the policy intensity and implementation efficiency in employment centered manufacturing and exports enhancement programs merits dramatic acceleration over the coming half decade.

Politically too with over 60% of Indians already being youths, addressing ambitions and anxieties of the country's most populous dynamic generation constitutes smart strategy. Regional parties already made successful inroads into national opposition space championing sub-national identity movements activated by perceptions of unequal access to opportunity concentrated among elites. Opening gainful avenues for decent work allows broad basing development and fostering inclusive economic citizenship essential for social cohesion with multitudes still waiting entry.

Therefore, both the economic and political imperatives for urgent policy action stand clearly justified to harness India's fleeting demographic dividend towards constructive channels before socioeconomic fault lines witnessing early stirring duplex into uncertain turbulence. With world facing flux amidst globalization retreat and global conflict headwinds, ensuring domestic stability by boosting employment dynamism constitutes imperative policy mandate for the post pandemic world order. The associated institutional challenges remain undoubtedly complex but overcoming the status quo brewing inequality, instability and exclusionary development represents the foreword policy pathway.

Constructively reforming existing growth and employment strategies before disenchantments passing tipping points hence embodies prudent strategy for eject inclusive and sustainable prosperity as envisaged at birth of modern India 75 years ago but unrealized for millions working informally lacking credible ladders for upward mobility. The solutions ideas stand identified in detailed policy recommendations framed earlier



for catalyzing jobs-led structural transformation. Summoning requisite political will now holds the key towards unlocking welfare dignity and stability for multitudes deprived thus far in course of what Oxford scholars characterized as India's unequal development.

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