

## 4. Unemployment of The Educated Indian

India faces a surge in educated unemployment, with degree holders applying for low-skilled jobs, revealing deep labor market distress and the issue reflects mismatch between education and job market needs.

### Educated Unemployment in India – An Expanding Crisis

**1. Overview** – Educated unemployment refers to a situation where individuals with secondary, tertiary, or professional qualifications are unable to find employment matching their skills or education level. India's growing demographic dividend – with over 65% of the population below 35 years – is facing a structural mismatch between education and employability. The crisis is not just economic but social and psychological, leading to mental distress, migration pressures, and wasted human capital.

#### Current Trends in Educated Unemployment

**1. Mass Overqualification** – Increasing reports of graduates and postgraduates applying for peon, sanitation, or clerical posts reflect the lack of dignified entry-level jobs in the formal sector. Indicates underemployment – where individuals are engaged in jobs below their qualification level – eroding both morale and productivity. Example – Competitive exams for Group D posts often attract MBA, BTech, and MSc applicants, showing a saturation of educated youth in low-skill roles.

**2. Campus Placement Stress** – Even premier institutions such as IITs, NITs, and central universities report a significant proportion of unplaced graduates, highlighting weak absorption of high-skilled labour. Industry slowdown, automation, and limited R&D funding constrain private sector recruitment. Students face psychological stress and uncertainty, leading to depression and anxiety.

**3. Wage Stagnation** – Entry-level salaries remain stuck around ₹3–4 lakh per annum, despite rising inflation. Real earnings have declined, reducing incentives for education and skill investment. Start-ups and MSMEs, which could absorb freshers, often lack the financial capacity to offer competitive pay.

**4. Human Costs** – Rising mental health problems and suicide incidents among unemployed youth expose the emotional and societal fragility associated with joblessness. The NCRB and WHO data show clear links between unemployment, hopelessness, and suicide clusters in several Indian states.

#### Major Causes of Educated Unemployment

**1. Skill Mismatch** – Around 33% of Indian graduates admit that their skills do not match industry needs. Engineering, management, and arts graduates often lack practical exposure, project-based learning, and communication skills. Many technical institutes focus on rote learning, making graduates unemployable in innovation-driven sectors like AI, robotics, and renewable energy. Start-ups and global firms demand applied problem-solving and digital literacy, which are missing in much of India's traditional curriculum.

**2. Jobless Growth and Low Employment Elasticity** – Despite services contributing over 54% to India's GDP, they generate less than 30% of jobs, reflecting jobless growth. The manufacturing sector, traditionally a labour-absorbing industry, faces policy, infrastructure, and energy bottlenecks. Automation and digital transformation reduce demand for low and mid-skill labour. Employment elasticity (the responsiveness of jobs to economic growth) remains weak, meaning GDP growth doesn't translate into sufficient employment creation.

**3. Weak Industry–Academia Linkages** – Only 12% of surveyed job-seekers report any form of campus recruitment or industry collaboration. Most universities lack career counselling cells, internship tie-ups, or curriculum alignment with market needs. Academic institutions emphasize theoretical instruction over practical experience, widening the employability gap.

**4. Gender Disparities** – Female graduate unemployment exceeds **30%**, much higher than the male average. Barriers include – Cultural restrictions on women's mobility and employment (especially in northern states). Safety concerns and lack of secure public transport. Limited opportunities for night shifts or STEM roles. Example – In Bihar and Jharkhand, educated women face social disapproval for working outside their locality, perpetuating economic dependence.

**5. Regional Imbalances** – Educated unemployment rates exceed 35% in states like Bihar, Jharkhand, and

Odisha, compared to below 10% in urban hubs like Bengaluru and Pune. Urban migration from smaller towns to metros creates housing, transport, and infrastructure stress. This regional divergence fuels inequitable development and concentrated job creation in a few industrial corridors.

## Economic and Social Impact

**1. Increased Social Inequality** – Educated unemployment worsens income disparity between urban and rural India. The divide between formal and informal jobholders increases, reinforcing class and caste-based inequalities. Rural youth without access to urban opportunities face downward social mobility.

**2. Rising Crime and Social Unrest** – Youth unemployment correlates with higher crime rates, drug use, and involvement in violent protests. Disillusioned educated youth are more susceptible to radical or extremist ideologies, posing internal security challenges.

**3. Erosion of Skills and Human Capital** – Long-term unemployment leads to skill decay, reduced motivation, and lower lifetime earnings potential. The economy loses productive capacity as trained human capital remains idle or underutilized.

**4. Family and Household Strain** – Unemployed educated members delay financial independence, causing family tensions and reduced social mobility. Economic stress results in delayed marriages, reduced spending on children's education, and poorer health outcomes.

**5. Pressure on the Informal Sector** – Many educated youth are forced into informal jobs such as delivery work, telemarketing, or tutoring. These jobs lack social security, pensions, or health coverage, perpetuating income insecurity and tax revenue loss.

**6. Urban Infrastructure Stress** – Migration of unemployed or underemployed youth to metros increases demand for housing, transport, and sanitation, outpacing urban infrastructure capacity. Cities like Delhi, Mumbai, and Bengaluru experience growing slum populations and informal settlements.

**7. Mental Health and Suicide Clusters** – Joblessness contributes to depression, low self-worth, and suicidal ideation among youth. Certain districts, especially in Maharashtra, Tamil Nadu, and Telangana, show cluster patterns of suicides linked to job frustration, requiring localized socio-economic interventions.

## Policy Gaps and Reform Imperatives

**1. Limitations of Current Schemes** – Flagship initiatives like Atmanirbhar Bharat Rozgar Yojana (ABRY), PM Kaushal Vikas Yojana (PMKVY), and Startup India have expanded access but lack –

1. Adequate scale to match youth population size.
2. Integration of local employment data and sectoral mapping.
3. Effective follow-up mechanisms to ensure job placement post-training.

### 2. Reforms Required

**A. Demand-Driven Education** – Implement industry-integrated curricula with job-linked apprenticeships and hands-on training. National Education Policy (NEP) 2020 already envisions vocational integration and lifelong learning pathways, which need faster execution. Encourage public-private skill clusters in industrial zones.

**B. Labour-Intensive and Green Growth** – Prioritize manufacturing, renewable energy, agro-processing, and tourism as employment-rich sectors. Promote green jobs in areas like solar installation, waste management, and sustainable construction. Incentivize labour-intensive industries through tax benefits and streamlined compliance.

**C. Women-Focused Employment Policies** – Provide safe urban transport, childcare facilities, and gender-sensitive workplaces. Encourage flexible work-from-home models and promote STEM participation among women. Strictly enforce POSH Act (2013) to ensure harassment-free workspaces.

**D. Data and Labour Market Transparency** – Reform Periodic Labour Force Survey (PLFS) to provide state-wise, degree-wise, and gender-disaggregated data. Introduce Graduate Employment Index (GEI) to track employability and job quality. Improve real-time job portals for transparent information exchange between job-seekers and employers.

**E. Regional Skill and Employment Missions** – Establish Regional Skill Development Hubs (RSDHs) in lagging states. Align skill training with local industrial demand and district-level economic plans.

## Conclusion

India's educated unemployment crisis represents a paradox of prosperity – a growing pool of educated youth facing shrinking formal opportunities. This challenge is multidimensional, combining economic stagnation, educational inefficiencies, gender inequality, and mental health distress.

Addressing it requires –

1. Comprehensive employment strategy integrating education, industry, and mental health.
2. Decentralised, demand-based job creation underpinned by green and digital growth.
3. A shift from “degree accumulation” to “employable skills”, ensuring that India's demographic dividend does not become a demographic burden.

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