

# STATE OF WORKING INDIA 2026

Youth in the labour market: Pathways from learning to earning

## Executive Summary





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## **About Azim Premji University's Work on Sustainable Employment**

Azim Premji University was established in 2010, by the Azim Premji Foundation, with a clear social purpose of working towards a just, equitable, humane, and sustainable society. All of the University's programmes, teaching, research, and practice, work towards this purpose.

To contribute to the critical matter of India creating just and sustainable employment, the University has set up the Centre for Sustainable Employment (CSE), which conducts and supports research in areas of work, labour, and employment. It is part of the Centre for the Study of the Indian Economy, and provides empirically grounded, analytical insights as to the state of employment in India.

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# Executive Summary

India's youth population, defined as those between the ages of 15 to 29, is the largest in the world. The 367 million people in this age group account for a third of the country's working age population. The extent to which this large, increasingly educated and aspirational cohort is productively absorbed into the labour market will determine whether this massive, and continuing demographic dividend translates into an economic dividend.

Whether this will materialise or not will depend on the education and skills of Indian youth and the opportunities available to them in the labour market. As such, youth employment outcomes will be determined by their options and choices in higher education. How long should they study, and in what lines? Where can they access effective education and skill training for the jobs available? And how can they find remunerative work? This year's State of Working India report traces this arc of a young worker's transition - from education to job search into employment, and how this has evolved over the last forty years.

Since Independence, India has made remarkable progress in closing some of the educational gaps of the past. Gross enrolment ratios in higher education are in keeping with India's level of development. Socioeconomic barriers in access to education along gender and caste lines have been reduced (although there is still a long way to go) and India has a much more connected and capable workforce entering the labor market as a result. This has not however been accompanied by an effective transition into employment. Unemployment rates are stubbornly high for young graduates. Access to education is uneven. The school to work transition is uncertain, and for many, not into stable, remunerative employment.

Young people are also entering a labour market that is challenging. While recent discussions have raised concerns about the advent of Artificial Intelligence and its potential impact on entry-level salaried employment, as of yet, its full effects remain uncertain. What is not in doubt though, is that the last half decade has not been one in which salaried employment has been generated in adequate numbers, despite some notable successes. In the post-Covid period India's employed population has increased from 490 million to 572 million, with employment rates rising from 71 to 74 percent for men and from 26 to 34 percent for women, between 2021-22 and 2023-24. But the majority of employment creation has been in agriculture. Of the 83 million jobs added between 2021-22 and 2023-24, 40 million have been in agriculture, with women accounting for a large share (38 million). The number of women in own-account self-employment has seen a nearly four-fold increase since 2017. Self employment earnings among women and salaried earnings (for men and women) have largely stagnated. Given uneven economic development across the country, migration has emerged as an important mechanism among the youth to access employment.

It is in this context of a recent structural slowdown, a more educated and aspirational youth population and the challenge of new technologies that this year's Report addresses the question of youth employment in India. The report is primarily backward looking - we use official databases going back four decades to see how youth participation in education and employment has changed, how well we have been able to use this demographic dividend, and the challenges and opportunities that arise in integrating them into the workforce. The hope is that it provides a clear eyed view for thinking about current and future levers to ensure that the substantial youth dividend is put to proper use.

## Highlights from the report

- **India is nearing the peak of its demographic dividend, with the share of the working-age population expected to begin declining after 2030:** The 15 to 29 year olds, India's youth, number about 367 million and account for nearly a third of the working age population. Of them, 263 million are not in education and constitute the potential workforce. The pace of employment creation for this young generation in the coming decade will be critical in determining whether India's demographic dividend can be translated into an economic one.
- **Educational attainment among the youth has risen substantially over the past four decades, particularly among women:** India's tertiary enrolment rate of 28 percent is on par with that of countries at similar levels of per capita income. Between 1983 and 2017, the country made considerable gains in higher education, particularly among women.
- **Recent trends suggest a reversal in tertiary enrolment trends among men:** The share of young men in education fell from 38% in 2017 to 34% in late 2024, with a large share citing the need to support household incomes as reason for their withdrawal. The most common reason given for withdrawing from education is the need to support household incomes. In 2017, the share citing this reason was 58 percent. By 2023, it had increased to 72 percent.
- **India's expansion in tertiary education has been accompanied by a rapid increase in the number of institutions, largely driven by private providers:** Since liberalisation, the number of higher education institutions has increased from 1,644 to 69,534. The availability of colleges has steadily improved from 29 colleges per lakh youth in 2010 to 45 colleges in 2021. However, there are large regional disparities with northern and eastern states still having relatively fewer number of colleges per lakh youth.
- **Increase in number of teachers has not kept pace with increase in student numbers:** AICTE norms prescribe between 15 to 20 students per teacher. However, private colleges have, on average, 28 students per teacher while public colleges have 47. Hiring and filling up of vacancies in teaching positions remain crucial to ensure that learning outcomes are not compromised due to resource constraints.
- **Expansion of vocational training institutes since the 2010s:** The number of Industrial Training Institutes have increased by nearly 300%, led largely by private ITIs. But this expansion has been accompanied by decline in institutional quality, particularly among private providers. The link between ITI training and employment remains tenuous with no perceptible association between location of ITIs and location of manufacturing firms.
- **Higher education has become increasingly democratised but financial barriers remain:** Between 2007 and 2017, the share of students in tertiary education who belong to the poorest households increased from 8 percent to 15 percent.
- **Financial barriers continue to restrict access to higher education, particularly in professional fields such as engineering and medicine:** Youth from richer households are far more likely to be enrolled in professional courses like engineering and medicine. The cost of pursuing these degrees often exceeds the annual per capita expenditure for poorer households, resulting in their underrepresentation in these fields and reinforcing inequalities in access to high-paying occupations. This gap has narrowed somewhat between 2007 and 2017, although disparities remain.

- **The transition from education to employment remains a major challenge, particularly for graduates.** Graduate unemployment among the 15- to 29-year-olds remains high – nearly 40% among the 15- to 25-year-olds, and 20% among the 25- to 29-year-olds; and, only a small share secure stable salaried jobs within a year of graduation.
- **The rapid expansion in the number of graduates has not been matched by commensurate growth in graduate employment:** Between 2004-05 and 2023, while approximately 5 million graduates were added each year, only around 2.8 million found employment, and an even smaller share entered salaried employment, contributing to rising graduate unemployment and slowing earnings growth.
- **Graduate salaried earnings exceeds non-graduates at the time of entry into employment and over their lifetime:** Graduate salaries are twice that of non-graduates at the time of entering the labour market. These differences widen over their lifetime.
- **For men, the earnings premium has stagnated in recent years:** However, growth in entry-level salaries of young graduate men have slowed down. At the same time gender gaps in graduate earnings have narrowed significantly, indicating improved labour market outcomes for young women.
- **Young workers are exiting agriculture faster than older cohorts and increasingly entering manufacturing and services:** Young women, in particular, have seen rising employment in manufacturing and modern services, including information technology, automobile manufacturing and business support services, indicating changing sectoral pathways into the labour market.
- **Caste- and gender-based occupational segregation has weakened over time:** Younger cohorts are less likely to be concentrated in traditional occupations associated with their social background. Industries traditionally associated with SC/STs have a fewer share of young SC/STs, indicating that newer generations are not adopting traditional employment pathways. For instance, in 1983, young SC/STs accounted for 40 percent of SC/STs employed in leather and footwear industry. By 2023, their share had fallen to 24 percent. For women too, we see fewer shares of younger women in traditional female-dominated sectors such as tobacco and personal services.
- **Migration has emerged as an important mechanism through which youth respond to uneven regional development and labour market opportunities:** Younger, poorer states continue to be major sources of migrant workers, while more economically advanced and ageing states increasingly rely on migrant youth to meet labour demand.

The rest of this Executive Summary elaborates on the above points with reference to the corresponding figure or table in the Report.

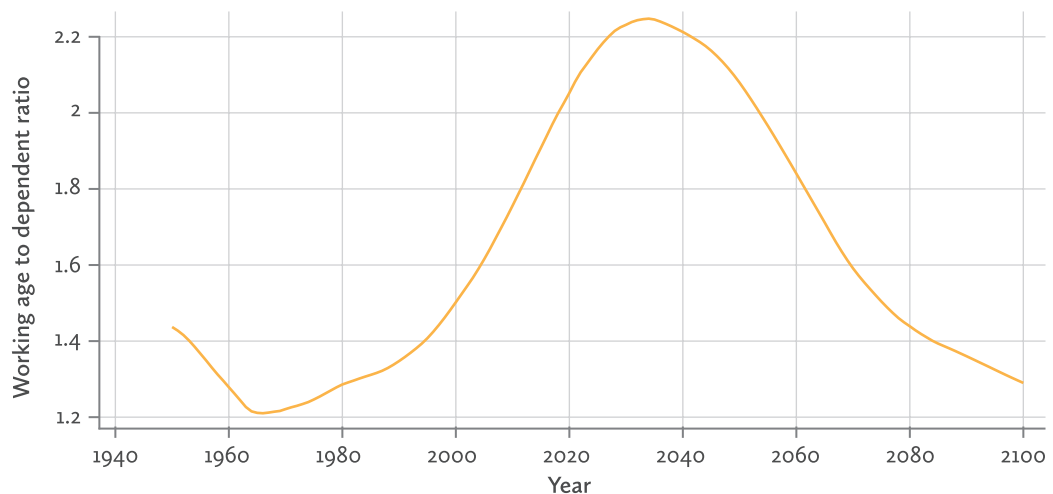
## A. The demographic dividend

1. With a median age of 28 years, India is among the youngest economies in the world. However, with the share of youth beginning to decline, the window to reap the demographic dividend is narrowing.

a. In 2023, the working age population in India accounted for nearly 70 percent of the total population. An age structure where the working age population increases relative to the dependent population as is the case now in India, is referred to as the “demographic dividend”. If this demographic dividend is to translate into an economic one, employment is crucial.

b. India is nearing the final phase of its demographic dividend. The ratio of the working age population to the dependent population is expected to decline from 2030 onwards as a result of the falling share of the youth population and an increase in elderly population.

India's demographic dividend is expected to peak in 2030



Source and notes: World Population Prospects, 2024, UN Population Division. This is Figure 2.4 in the report.

c. The youth, i.e. those between the ages of 15 and 29 years, are a subset of this working age population and currently account for a third, around 367 million. If we exclude those who are in education, this amounts to about 263 million - our potential young workforce. Never before have so many young Indians been as educated and as connected. Creating remunerative and meaningful employment for this highly aspirational cohort is imperative if we are to reap the dividends of demography.

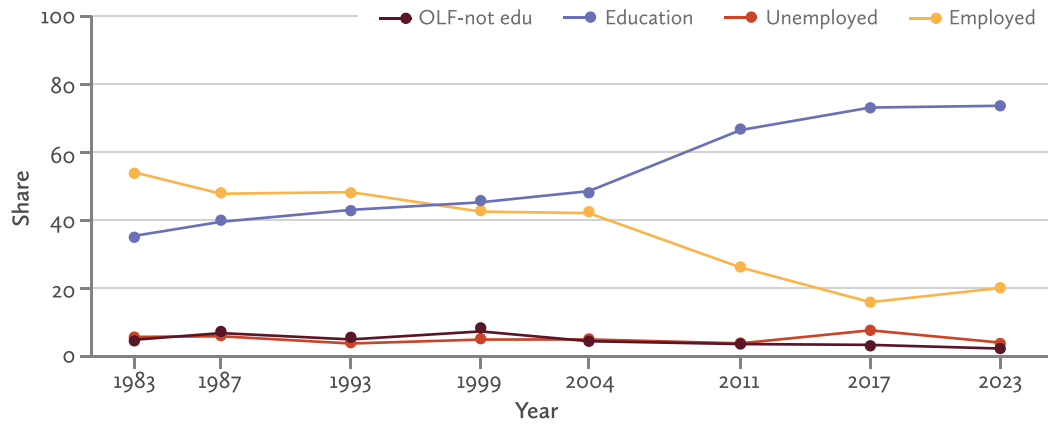
## B. Training the workforce - higher education and vocational training

2. In the last forty years, India has made considerable progress in higher educational enrolment, particularly among women.

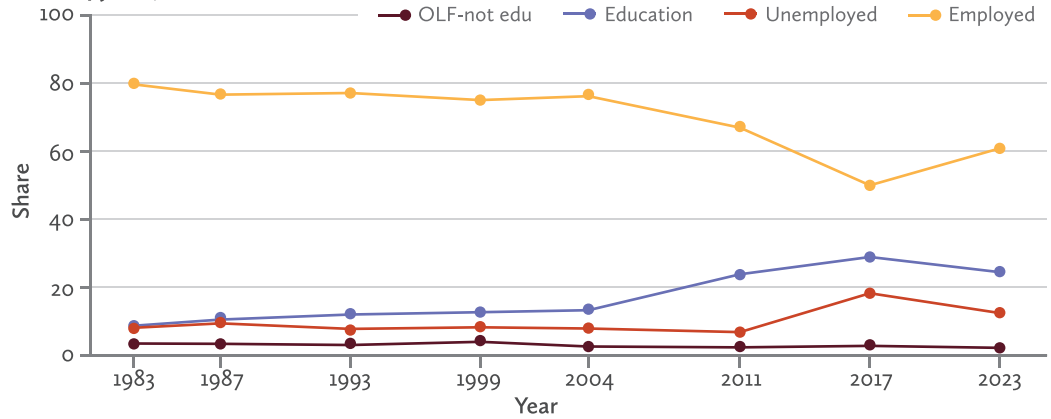
a. Educational enrolment has risen sharply over the past four decades, alongside a decline in employment. Among men aged 15–19, enrolment increased from 49 percent in 1983–84 to 73 percent in 2023–24. For women, the increase has been even sharper, from 38 percent in 1983 to 68 percent in 2023. For the older cohort, 20 to 24 year olds, the increase is seen from 2004 onwards. These gains reflect substantial progress in secondary and tertiary education participation, particularly for women.

Steady increase in educational enrolment, especially among women

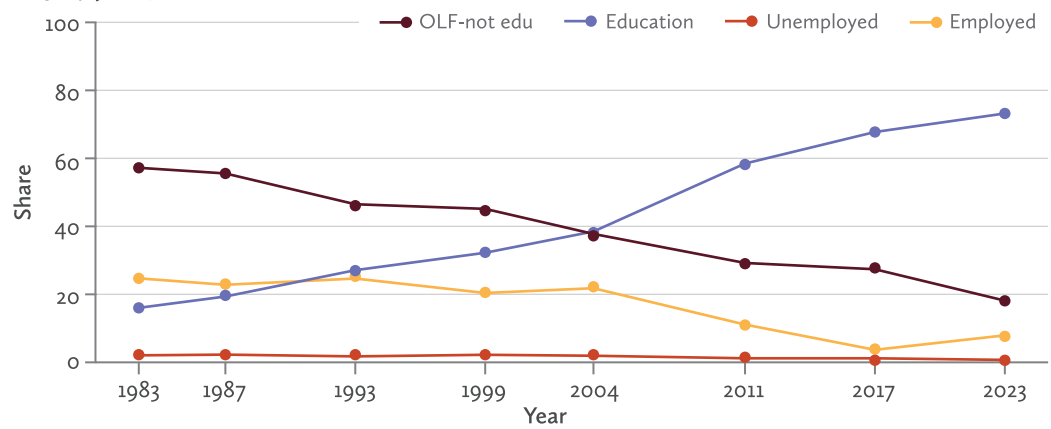
a: 15-19 years, Men



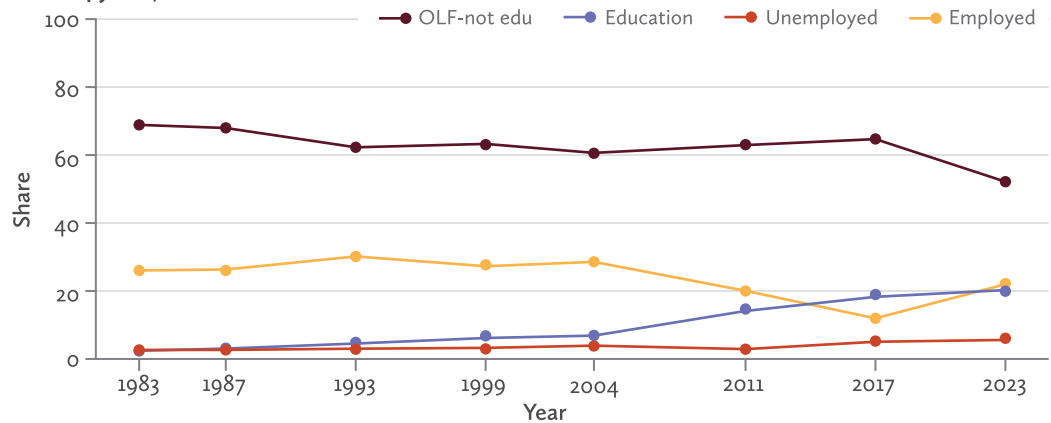
b: 20-24 years, Men



c: 15-19 years, Women



d: 20-24 years, Women

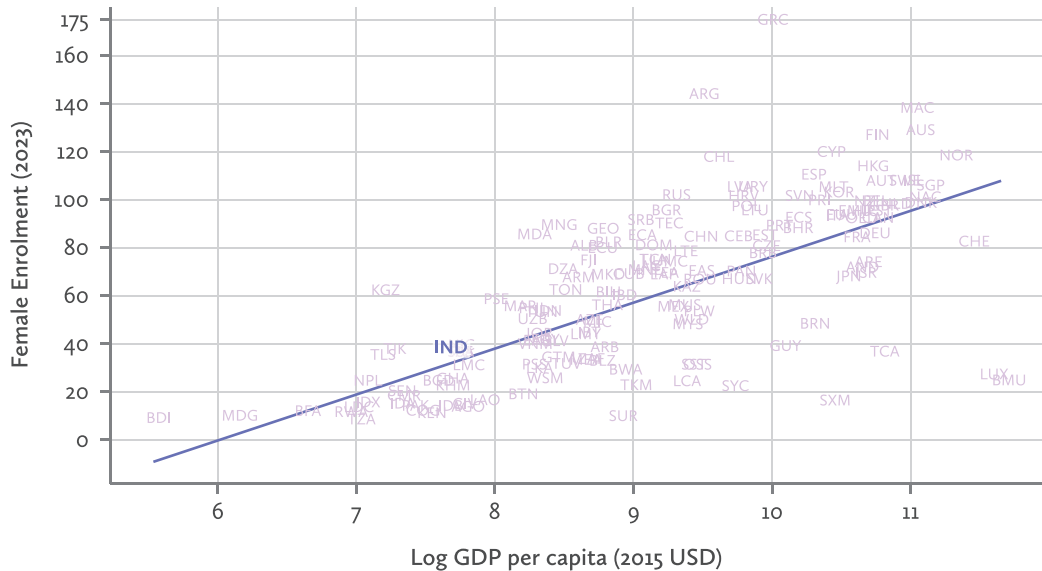


Sources and notes: NSS-EUS and PLFS various rounds. This is Figure 2.9 and 2.10 in the report

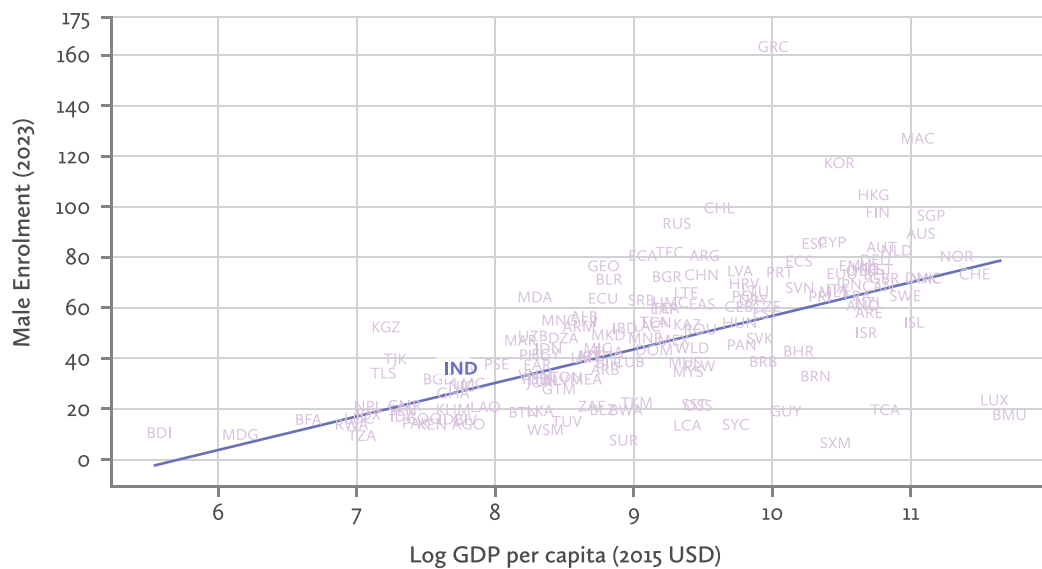
b. Gross tertiary enrolment rates among men and women are in line with that of other countries at similar per capita income levels suggesting that India’s performance has been broadly consistent with global benchmarks. However, persistent caste-based inequalities continue to constrain equitable access to tertiary education. Although enrolment rates among Scheduled Castes increased from 11 percent to 26 percent, and among Scheduled Tribes from 8 to 21 percent between 2011 and 2023, both remain below the national average of 28 percent. Therefore, participation in higher education still remains unequal.

From a global perspective, India is on track in terms of GER, given its per capita income

a: Female



b: Male



Sources and notes: World Development Indicators 2023. GER refers to tertiary school enrolment (% , gross). This is Figure 4.5 in the report.

**3. The increase in educational enrolment has come against the backdrop of expansion of higher educational institutions across the country, and of vocational training institutions, particularly post-liberalisation.**

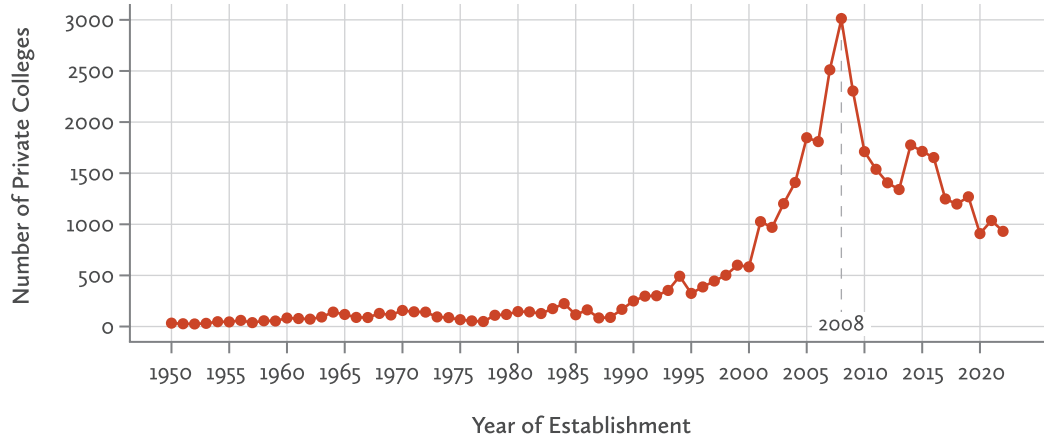
a. From 1,644 institutes of higher education - colleges and universities - there are now 69,534 institutions registered in AISHE. The years between 2000 and 2010 saw the sharpest increase with the number of institutions rising by 150 percent. The majority, 80 percent, of

higher education institutions are private, a shift from the 1950s to 1980s, when there were nearly equal shares of public and private institutions.

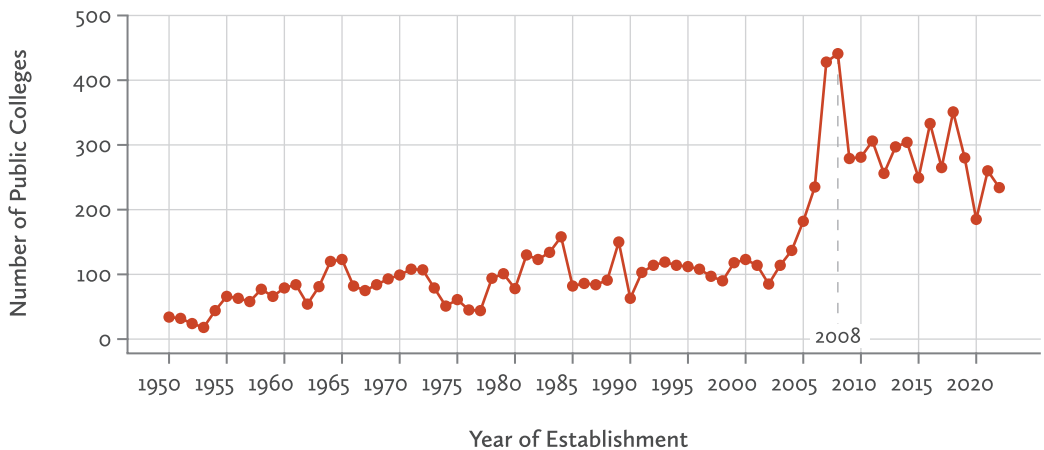
b. Since the 2000s, the number of ITIs have also increased by nearly 300 percent, from 3,674 in 2005 to 14,582 in 2025. And, much like higher education, this increase was driven by private ITIs - about 80 percent of ITIs currently are private ITIs.

**Increase in the number of educational institutions - colleges and ITIs - till the first decade of 2000s**

**a: Private Colleges**



**b: Public Colleges**

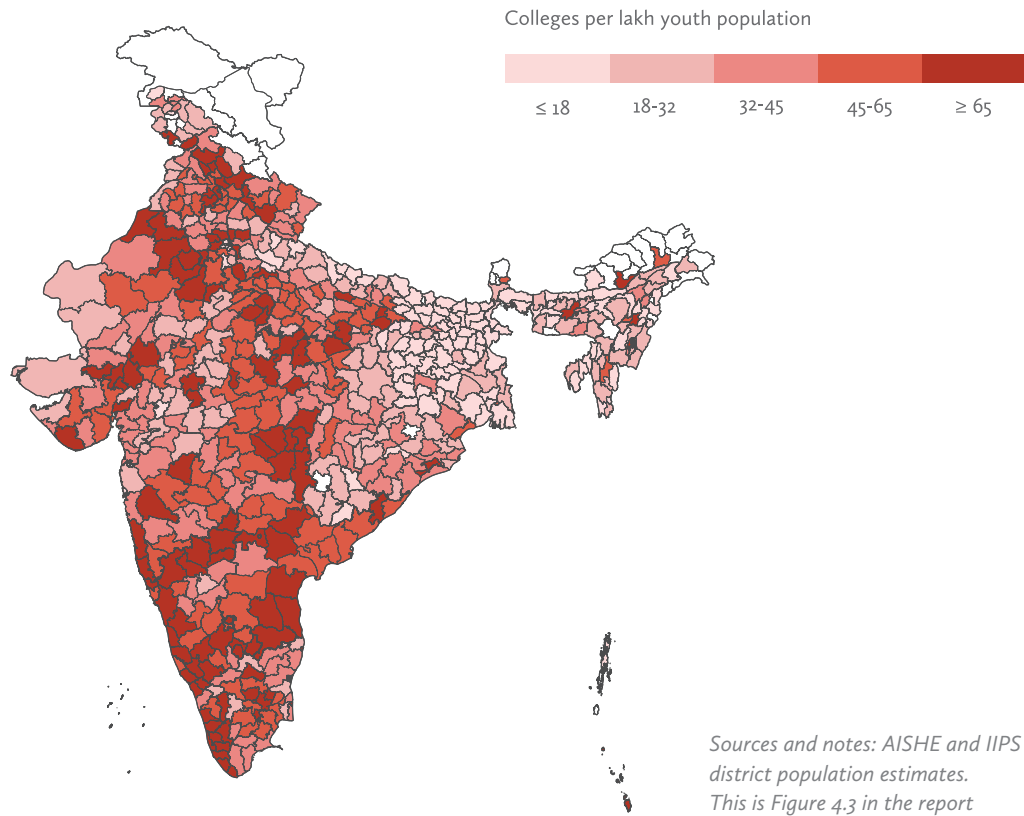


Sources and notes: Higher educational institutions from AISHE. ITIs from NCVT-MIS (institution-level data). This is Figure 4.2 in the report.

**4. The expansion of institutions of higher education has proceeded unequally across the country and large regional variations remain. Among ITIs, expansion has been accompanied by a deterioration in quality.**

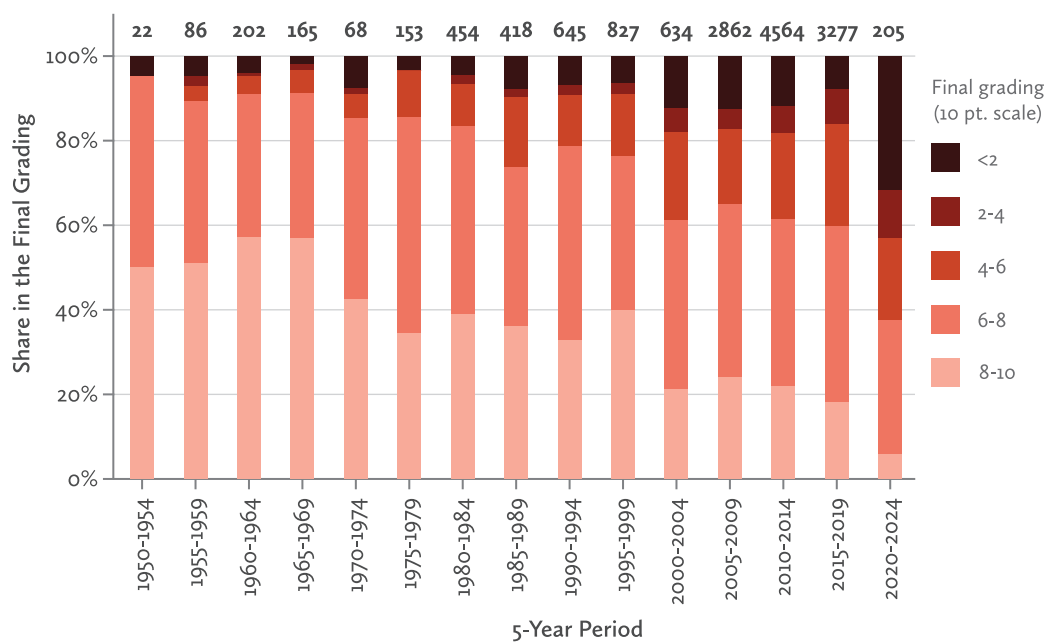
a. College density, measured by the number of colleges available per lakh youth population in a district, steadily improved between 2010 and 2021 from 29 to 45 colleges per lakh youth. Central and Western states like Madhya Pradesh, Gujarat and Rajasthan have closed the gap with southern states and have similar per capita institutional availability. However, among the northern states of Bihar, Jharkhand and West Bengal, institutional availability remains low compared to the rest of the country.

**Regional disparities in the per capita availability of colleges**



b. ITI expansion since the 2000s has come at the cost of institutional quality. Based on eight indicators including enrolment, pass percentage and trade diversity, ITI quality rankings have deteriorated in the last few decades and the more recently established ITIs score relatively worse on these and other parameters of quality. Private ITIs have lower rankings on an average, compared to older ITIs.

**Newer ITIs fare much worse on quality parameters compared to older ITIs**

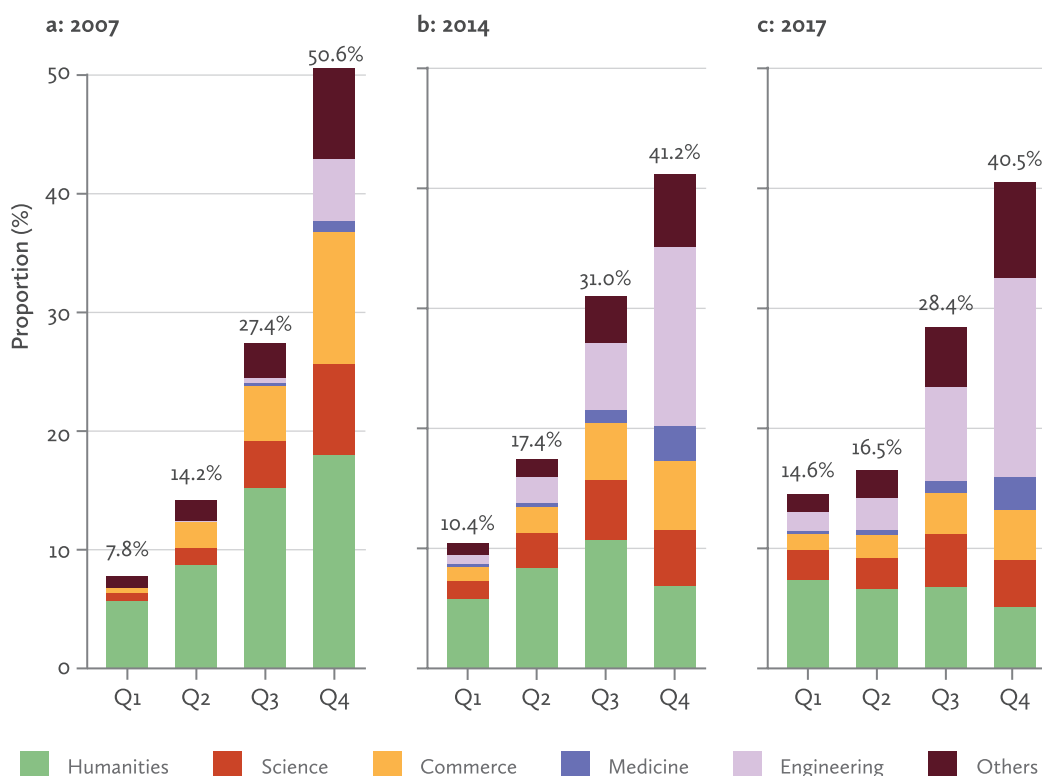


Sources and notes: NCVT-MIS (institution-level data). Grading is based on admission percentage, female participation, trade diversity, pass percentage, CBT exam participation, average marks, DST enrolment, and SC/ST/PwD enrolment. A grade of 8-10 indicates best quality, 6-8 good, 4-6 average, 2-4 below average, and below 2 poor. Numbers on the top of the bars refer to the number of ITIs. This is Figure 5.4 in the report

### 5. Despite institutional expansion, higher education remains prohibitively expensive for many.

- a. Despite institutional expansion, the cost of education, particularly professional degrees have risen significantly over the years. Medicine and Engineering degrees are among the most expensive. A Medicine degree costs approximately ₹97,400 and an Engineering degree costs about ₹1,23,000 annually as of 2017-18.
- b. Enrollment rates are higher in richer households, but between 2007 and 2017, we see some narrowing of this disparity with a rise in the share of students from poorer households. In 2007, only 22 percent of students came from the bottom two households. By 2017-28, their share had increased to 32 percent.
- c. Youth from richer households are far more likely to be enrolled in professional courses like Engineering and Medicine which are also the higher earning courses with more guaranteed and stable employment outcomes. Conversely youth from poorer households are far more likely to be in Commerce and Humanities. This divergence has increased between 2007 and 2017.

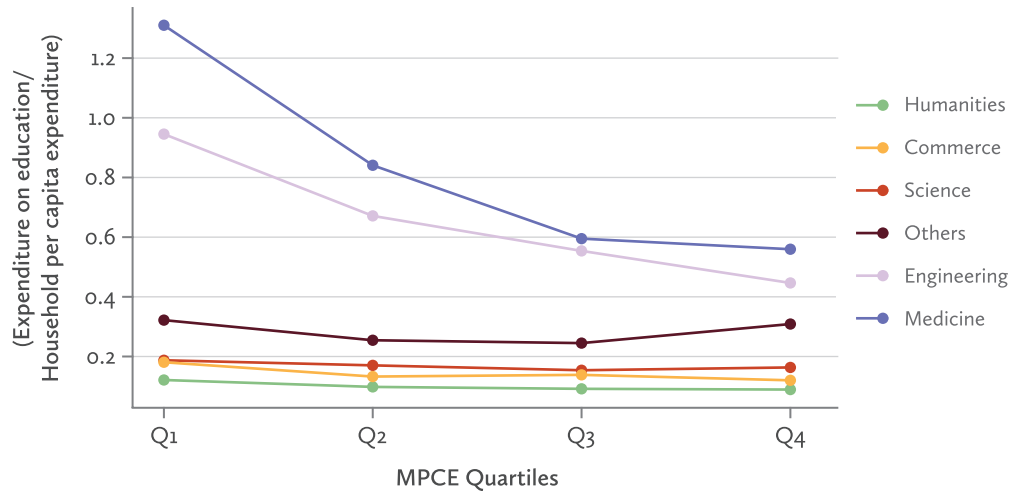
Steady increase in students in engineering courses, particularly in the richer households



Sources and notes: NSS Social Expenditure on Education surveys. This is Figure 4.14 in the report.

- d. If we calculate educational expenditure as a share of a household's per capita expenditure, then among the poorest quartile of households, the cost of pursuing a professional degree like Engineering and Medicine exceeds their annual per capita expenditure. Poorer households cannot afford professional degrees.

**Financial burden of professional degrees exceeds household's per capita expenditure among the poorer households**



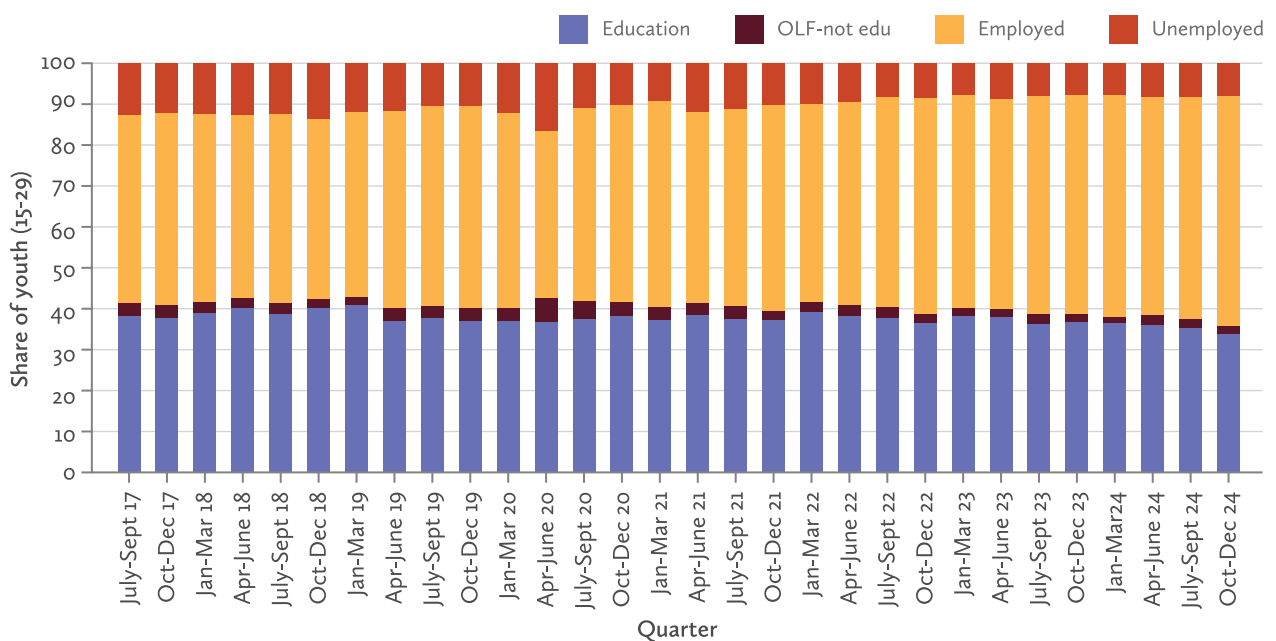
Sources and notes: NSS Social Expenditure on Education surveys. This is Figure 4.15 in the report.

e. Students from poorer households face a dual disadvantage in higher education - barriers to accessing tertiary institutions, and constraints in pursuing professional courses that offer higher labour market returns but involve substantial private costs. This can limit their access to more remunerative employment opportunities underscoring the importance of policy measures to improve affordability and ensure more equitable access across institutions and fields of study.

**6. Since 2017, among young men, there has been a reversal in these trends and their share in education has fallen.**

a. The share of young men in education has fallen from 38 percent 2017 to 34 percent in the last quarter of 2024. This has been accompanied by a corresponding increase in their share in employment. For women too there is an increase in employment, although this is not accompanied by a decrease in education, but rather in their share out of the labour force.

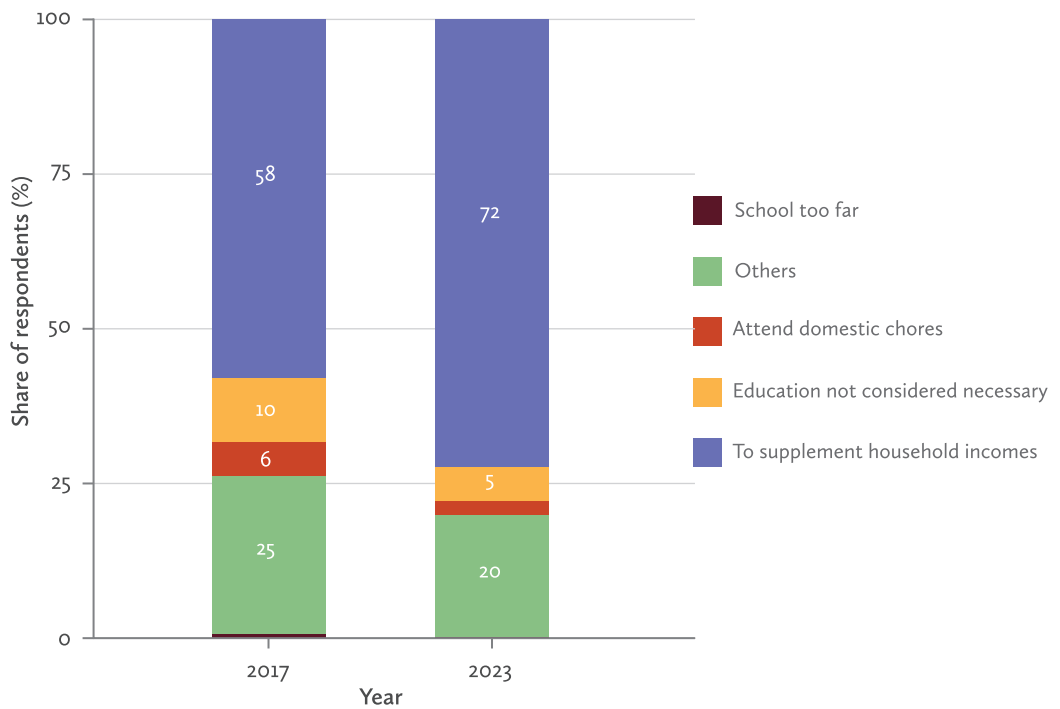
**Increase in young men's employment has come with a reduction in their share in education**



Source and notes : Periodic Labour Force Survey (PLFS), all quarters, 2017-18 to 2023-24 and OLF-not edu : Out of labour force and not in education. This is Figure 2.12 in the report.

b. When asked for the reason for not being enrolled in education, an increasingly large share of young men between the age of 15 to 24 years respond with the need to support household incomes as the reason for withdrawal from education. This share has increased between 2017 and 2023, from 58% to 72%.

**Increasing share of young men cite supplementing household incomes as reason for withdrawing from education**



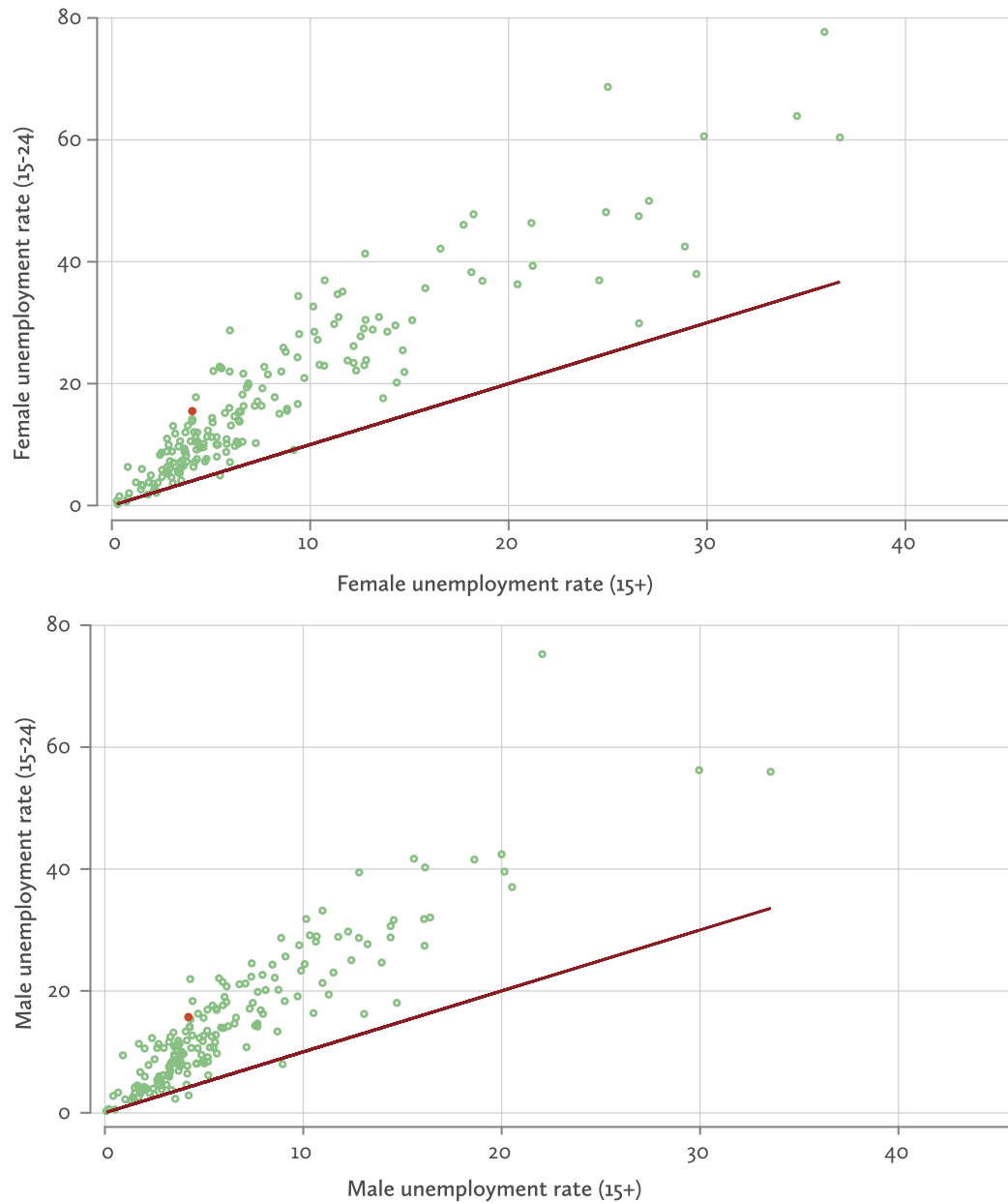
Sources and notes: Periodic Labour Force Survey (PLFS) 2017-18 , 2023-24. This is Figure 2.13 in the report.

### C. Finding employment - the school to work transition

**7. The transition from completion of education to finding a job is a critical phase for the youth. In India, for the majority, this transition lasts for at least a year, and there is no certainty of finding salaried employment.**

a. Youth unemployment rates are significantly higher than overall unemployment rates globally, but in India, this gap is particularly pronounced. While this pattern reflects common labour market frictions faced by new entrants including limited experience and networks, it also signals deeper constraints in labour demand.

In India, youth unemployment is four times non-youth, much higher than global average



Sources and notes: World Development Indicators, 2023. The red dot corresponds to India. This is Figure 6.1 in the report.

- b.** Open unemployment tends to be higher at higher levels of education and lower among older cohorts. The former, high unemployment rate among graduates reflects higher aspirations and the willingness and ability to wait for a good job. The latter, declining unemployment with age, indicates eventual matching with jobs and limits to how long one can remain out of the labour market. Therefore young workers and in particular, young graduates will be expected to have among the highest recorded open unemployment rates
- c.** In India, 40 percent of graduates in the labour force report open unemployment. However, this is not a new phenomenon - between 1983 and 2023, graduate unemployment rates have remained more or less unchanged between 35 and 40 percent.

**Graduate youth unemployment has been a persistent problem in India**

Graduate & above	39.33	20.04	8.94	3.25	1.09
Higher Secondary	16.33	7.01	3.33	1.65	1.09
Secondary	9.97	4.10	1.60	1.17	1.17
Primary or middle	8.98	3.40	2.37	1.91	1.42
Literate but below primary	7.60	0.63	2.70	1.80	1.68
Illiterate	8.09	1.06	2.17	1.67	1.60
	Less than 25 years	25-29 years	30-34 years	35-39 years	40 years and above

Sources and notes: PLFS 2023-24. This is Figure 6.2 in the report.

d. However, the problem of graduate unemployment has been magnified in recent years owing to the growing size of the graduate population. In the last few decades, the youth population has grown substantially. So has the tertiary enrollment rate resulting in an increase in the absolute number of young graduates. This, together with the high incidence of unemployment has resulted in a large number of unemployed graduates - 11 million out of 63 million graduates between the ages of 20 to 29 were unemployed as of 2023.

**As the number of graduates increased, so did the incidence of unemployment**

	Graduates		Unemployed graduates	
	As a share of 20-29 year olds (%)	No. (in million)	As a share of 20-29 unemployed (%)	No. (in million)
<b>1983</b>	4%	5	13%	0.7
<b>1993</b>	6%	9	22%	2
<b>2004</b>	10%	19	32%	3
<b>2011</b>	16%	32	44%	4
<b>2017</b>	22%	49	46%	10
<b>2023</b>	28%	63	67%	11

Sources and notes: NSS EUS and PLFS, various years. This is Table 6.1 in the report.

- e. Using panel data we track young graduate men for a year from when they report themselves as unemployed. Half of these young men find employment within a year. But only a small share find permanent salaried or white collar employment. Among graduates, only about 7 percent find permanent salaried employment within a year of reporting themselves as unemployed.

Fifty percent of young graduates find employment within a year, but finding salaried employment is rarer

Education level	Any employment (%)	Permanent Salaried (%)	White Collar (%)
12th Standard Pass	51.9	4.0	1.5
Graduate & above	48.8	6.7	3.7
Overall	51.2	4.6	2.0

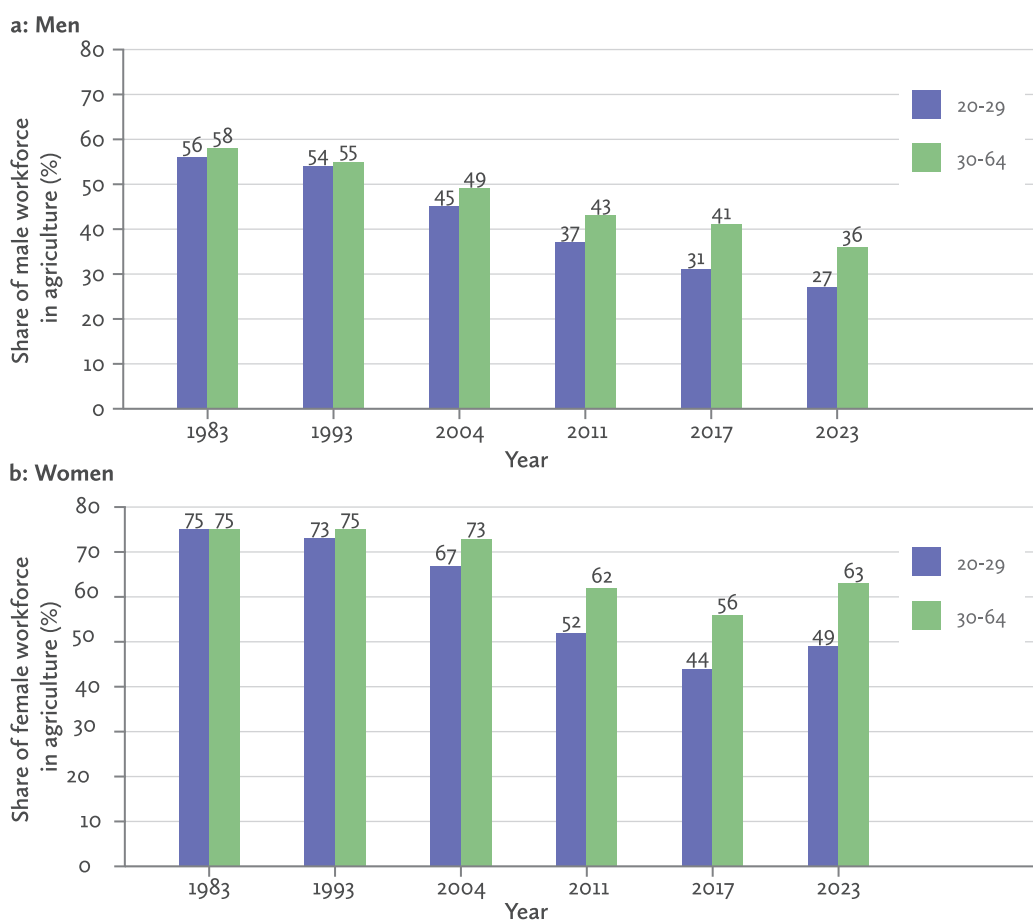
Sources and notes: CMIE-CPHS pooled sample. This is Table 6.5 in the report.

## D. Young workers in the labour market

### 8. The exit of workers from agriculture that has characterised India's labour market has happened at a much faster pace for young workers, particularly young women.

- a. The share of young workers in agriculture has fallen much faster than that of the older workers. However, from 2017 onwards we see a change in this trend. For women, the share of workers in agriculture - young and old - has increased. And, among young men, there is a relative stagnation in the share in agriculture, between 2017 and 2023.

Younger workers have exited agriculture faster



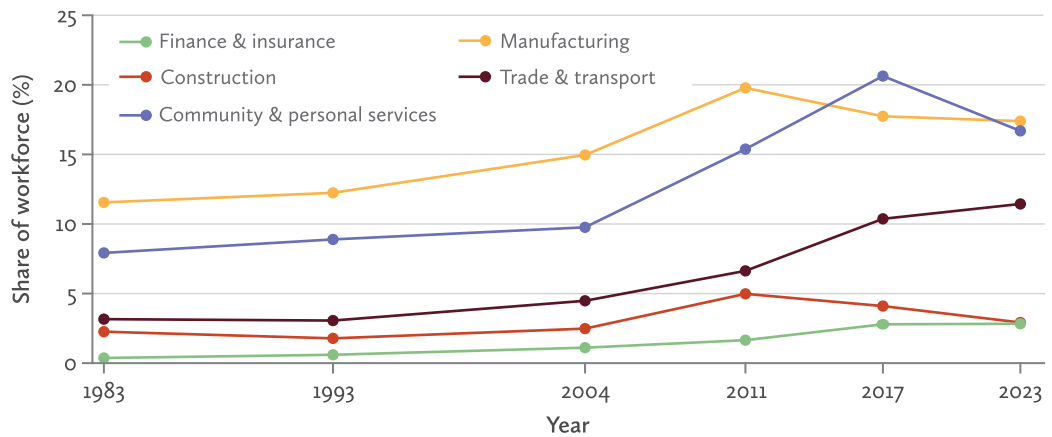
Sources and notes: NSS EUS 1983-84, 1993-94, 2004-05, 2011-12, PLFS 2017-18, 2023-24. These are Figures 3.1 and 3.2 in the report.

**9. Young and old men work in similar non-agricultural sectors. Among women, however, in recent years, major non-agricultural employers differ substantially between the young and old.**

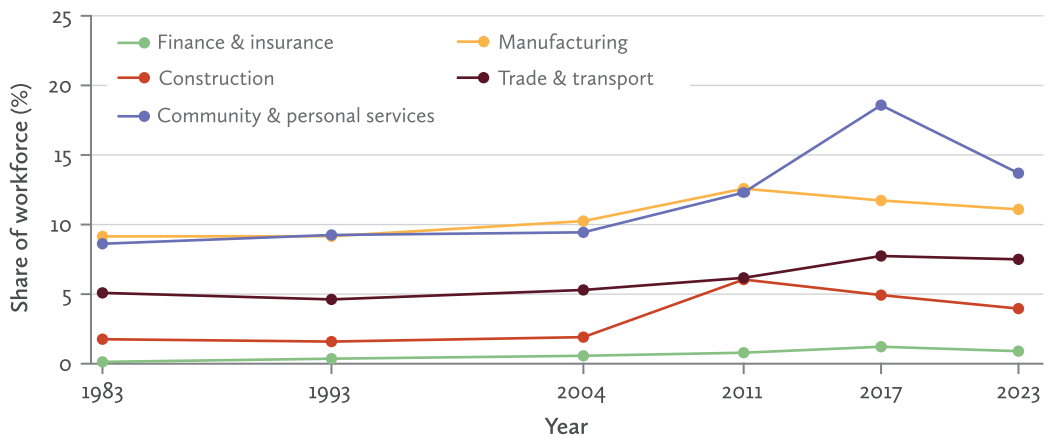
a. Young women are increasingly employed in manufacturing. This is driven largely by employment in the Textile and Apparel industry. Older women, on the other hand, are predominantly engaged in Community and Personal services. For young men, the major entry-level non-agricultural employers are Trade, Transport, and Construction, not very different from the major employers of older men.

**Manufacturing has emerged as a major employer for young women in recent years**

**a: Young women (20-29 years)**



**b: Older women (30-64 years)**

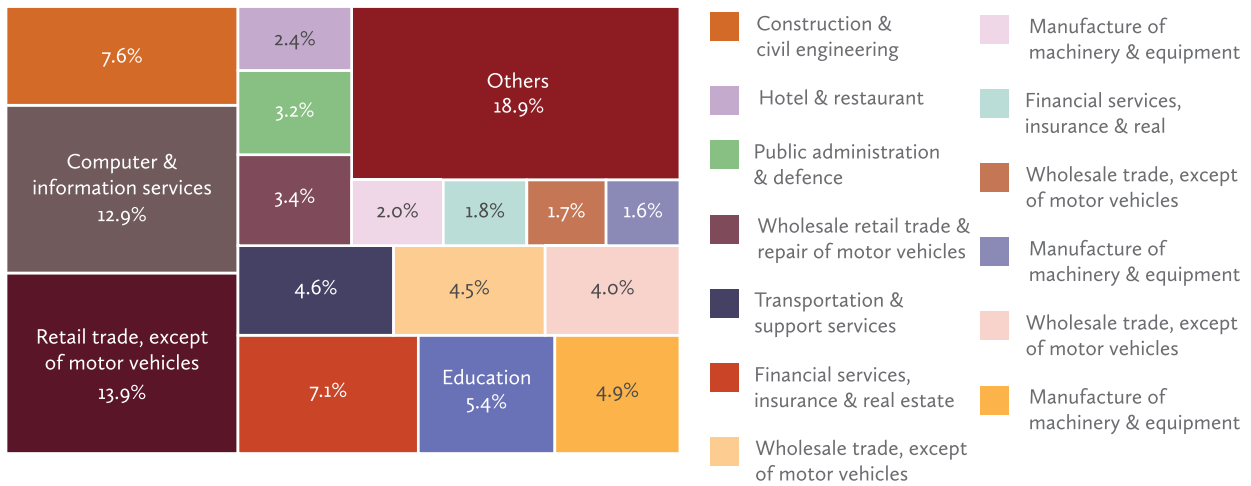


Sources and notes: NSS EUS 1983-84, 1993-94, 2004-05, 2011-12, PLFS 2017-18, 2023-24. These are Figures 3.4a and 3.4b in the report.

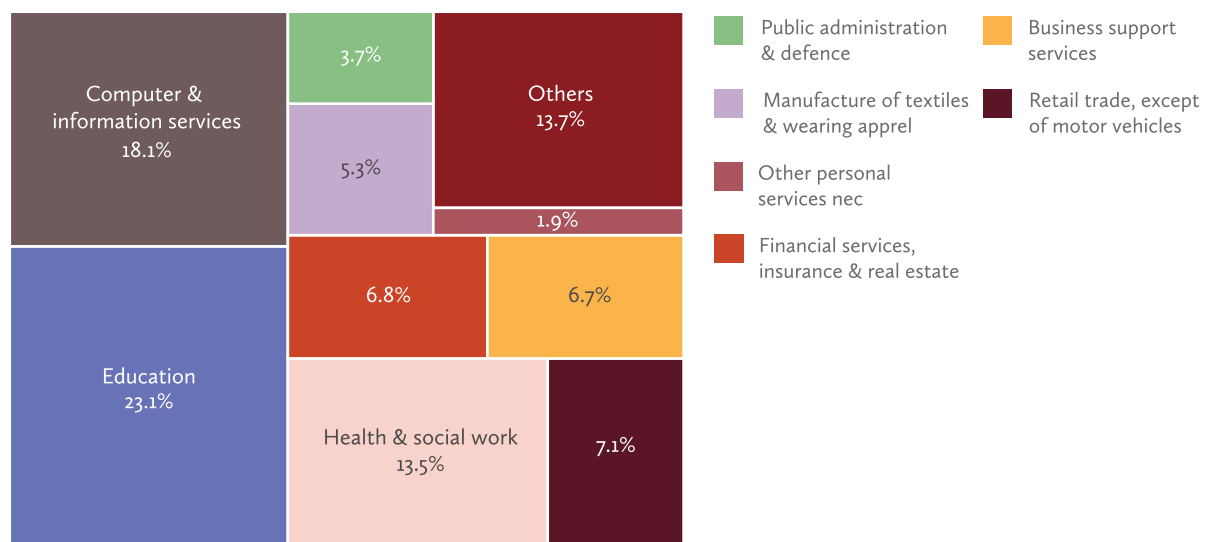
b. In 2023, Computer and Information services, retail trade, construction and civil engineering were major employers for men. For women, Computer and information services, health and education accounted for the majority of graduate employment.

### Major non-agricultural sectors of employment

a: Men



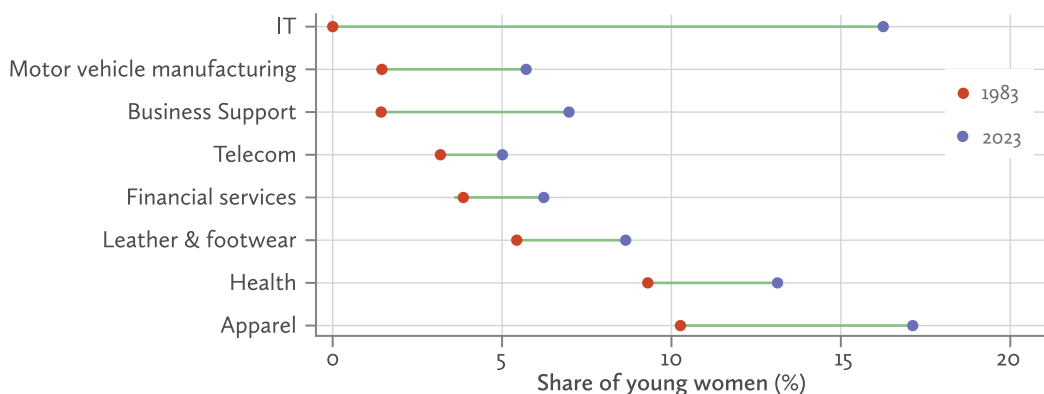
b: Women



Sources and notes: PLFS 2023-24. Includes only young (20-29). Shares correspond to non-agricultural workforce. These are Figures 3.5b and 3.6b in the report.

c. Traditionally female dominated industries of women were tobacco, education and health. These industries are seeing less entry of young women. For women, it is the services sector industries along with apparel manufacturing that has seen the largest increase in young women between 1983 and 2023. We examine the top ten industries that have seen the largest increase in employment within young graduate women. These are IT, motor vehicle manufacturing and Business support services.

**IT, Motor vehicle manufacturing and Business support services have seen significant increase in the share of young women in their workforce**



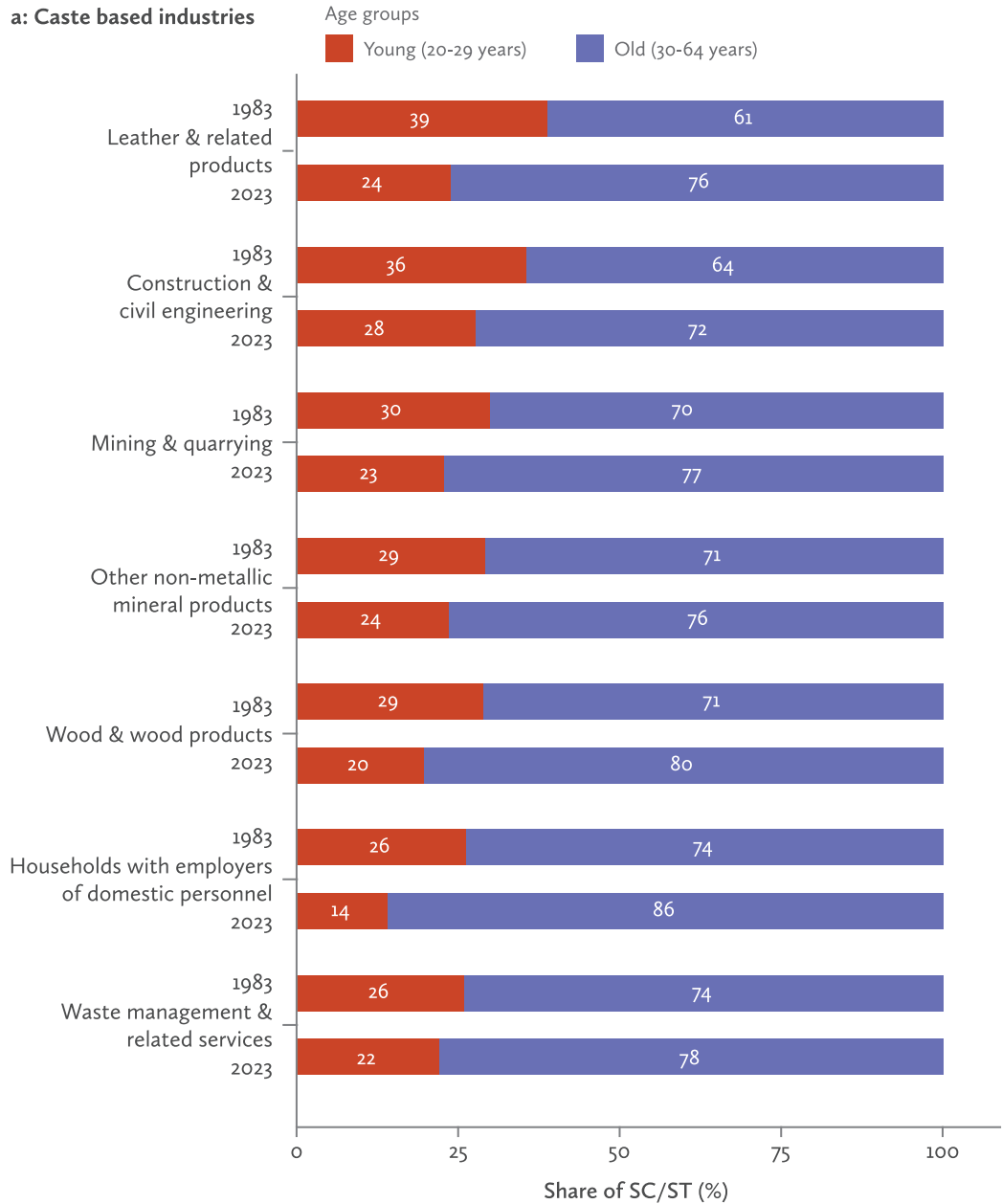
Sources and notes: NSS EUS 1983-84 and PLFS 2023-24. This is Figure 3.11 in the report.

**10. Caste and gender-based occupational segregation has weakened over time and younger generations of workers are less likely to be in industries that are traditionally associated with their caste or gender.**

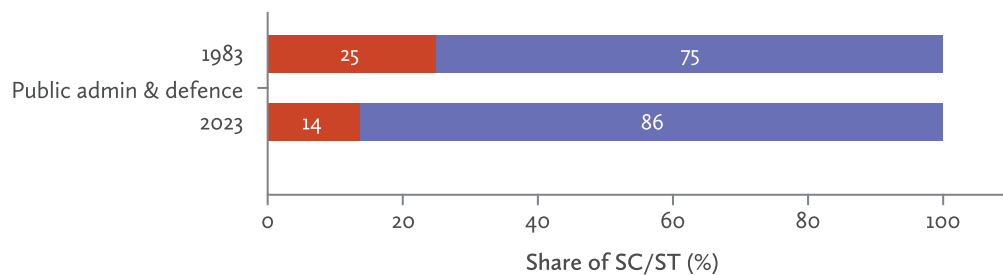
a. Industries traditionally dominated by Scheduled Castes and Scheduled Tribes are now less likely to be entry points into the labour market for young workers from these communities.

**Declining share of young SC/ST workers in traditionally caste-based industries and in public administration**

**a: Caste based industries**



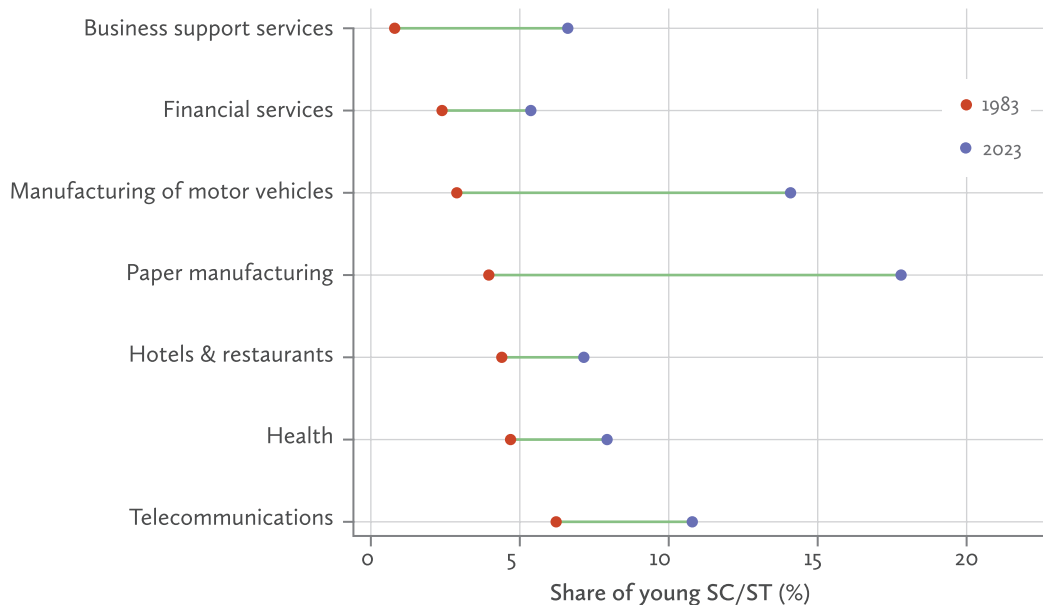
**b: Public sector employment**



Sources and notes: NSS EUS 1983-84 and PLFS 2023-24. These are Figures 3.8a and 3.8b in the report.

b. For Scheduled Castes and Scheduled Tribes, the largest increase in the share of young workers has been in Manufacturing of paper, vehicles and telecommunications equipment.

Top ten sectors that saw the largest increase in the share of SC/STs are those not typically associated with caste-based industries

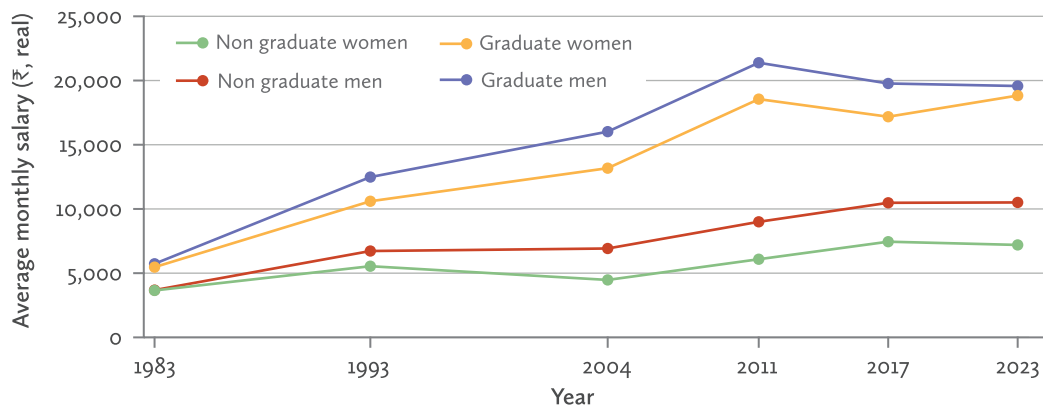


Sources and notes: NSS EUS 1983-84 and PLFS 2023-24. This is Figure 3.9 in the report.

11. While young graduates earn more than double that of non-graduates, this premium is narrowing over time.

- a. The gap between graduate and non-graduate earnings for youth increased substantially, especially between 2004 and 2011. However, since 2017, there has been a slowdown in earnings growth for young men.
- b. The gender gap in earnings of young graduates has gradually converged, and by 2023, young graduate women are making as much as young graduate men.

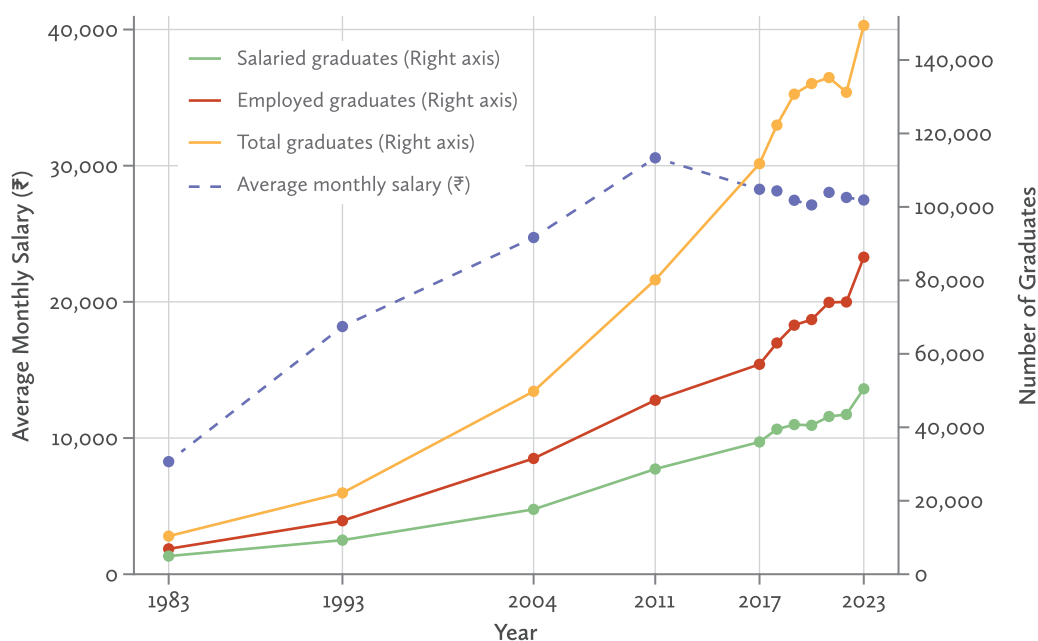
Graduate earnings have risen followed by stagnation



Sources and notes: NSS EUS, PLFS various rounds. Data pertains to young (20-29) men and women. Earnings are deflated using CPI-R and CPI-U with base year 2020. This is Figure 3.15 in the report.

c. Between 2004 and 2023, approximately 5 million graduates were added every year. During the same period, the number of employed graduates rose by only around 2.8 million graduates. Graduate employment, therefore, has not kept pace with graduate supply. And, if we are to consider salaried employment, only about 1.7 million graduates become salaried workers every year. The failure to create adequate jobs for the burgeoning population of graduates has resulted in a situation of too many graduates and too few jobs. This has also contributed to the slowdown in graduate earnings.

**Graduate employment has not kept pace with the supply of graduates**



Sources and notes: NSS EUS, PLFS various rounds. This is Figure 4.18 in the report.

**12. Migration is an important mechanism through which youth respond to uneven regional development and labour market opportunities**

a. Youth constitute about 40 percent of informal migrant workers. Younger states like Bihar and Uttar Pradesh are net senders, and states like Delhi, Haryana and Punjab are large net receivers.

**Characterising the eShram worker**

Age Groups	Share of population (%)		
	PLFS	eShram	eShram (Migrants)
Less than 25	11.64	19.2	20.26
25-29	11.35	15.56	20.95
30-34	13.44	15.49	19.24
35-39	15.46	14.25	15.2
40+	48.12	35.5	24.35

Sources and notes: PLFS 2023-24, e-Shram database (accessed via Datagov). The PLFS sample includes only the pool who would be eligible for e-Shram registration. This is Table 2.1 in the report

b. Given the different stages of demographic transition and economic growth that regions across the country are in, migration has emerged as an important flow of workers - from poorer, younger states to richer, aging states.

## E. Policy: pathways from learning to earning

We began by underscoring the imperative of creating adequate salaried employment opportunities for India's large, highly educated, and aspirational youth cohort, central to realizing the country's demographic dividend. Below, we outline policy priorities to address this challenge:

- Expanding adequate salaried employment opportunities to meet the aspirations and capabilities of a highly educated workforce. The exact number of salaried jobs to be created will depend on different assumptions made on the structure of the labour market. For example, if we prioritise absorbing a larger share of graduate women into the workforce, that would entail creating a greater number of jobs than are currently available at the status quo.
- Integrating school and vocational curricula to bridge education and skills gaps and enhance employability. This, in turn, will take care of concerns around lower social prestige of vocational education itself, and position vocational education as a path of upward social mobility instead of reducing it merely to a fallback option.
- Strengthening the school-to-work transition by systematic strengthening of National Career Services (NCS) which offers the potential to reduce labour market frictions by improving linkages between prospective employers and jobseekers.
- In the face of scarce salaried jobs, young workers increasingly rely on informal work and migration. Social security systems need to be expanded to support young workers navigating the school-to-work transition, including migrant youth workers. Further, policy priorities should not only focus on strengthening the school to work transition, but also enable a worker to move from unorganised to organised sector jobs.
- For youth that cannot migrate for various constraints, local labour markets, whether urban or rural, will need to absorb a higher share of youth in dignified employment arrangements. This can be done by strengthening social security systems and providing employment scaffolding in local labour markets, especially in urban areas.

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