



PRESS RELEASE

State of Working India 2026: India's Young Workforce is Growing and Getting More Educated

Report highlights growing access to higher education and the challenges young people face moving from education to employment.

New Delhi, March 17th, 2026: India has made substantial progress in expanding access to higher education for its young (15- to 29-year-olds) population, ensuring a movement out of agriculture into industry and services, and reduced gender and caste-based disparities, according to the 'State of Working India 2026' report. However, challenges remain and the extent to which the large, increasingly educated, and aspirational cohort is absorbed into the labour market will determine whether India's demographic dividend translates into an economic dividend.

"More young people today are educated, informed, and ambitious than ever before. These are real achievements of which we can be proud," noted **Indu Prasad, President, Azim Premji Universities.**

The report draws on 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.

Rosa Abraham, lead author of the report and Associate Professor of Economics at Azim Premji University said, "The report traces the journey of a young worker - from education to job search and employment, and how this transition has evolved over the last forty years. We hope the report will lay out some of the foundational work that will contribute to a better understanding of the challenges in this transition and enable coordinated policymaking."

Key Findings

- **Demographic dividend nearing peak:** India's working-age population share will begin declining after 2030. The pace of job creation in the coming decades is critical to ensure that the demographic dividend translates into an economic one.
- **Rising educational attainment:** Youth education levels have increased significantly over four decades, especially among women. India's tertiary enrolment rate (28%) is comparable to countries with similar per capita incomes.
- **Drop in male tertiary enrolment:** 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.
- **Expansion of higher education institutions:** College availability increased from 29 per lakh youth (2010) to 45 (2021), mainly driven by private institutions. However, regional disparities remain large.
- **Teacher shortages:** Faculty growth has not matched rising student numbers. Against AICTE norms of 15–20 students per teacher, private colleges average 28 and public colleges 47. Hiring and filling up vacancies remain crucial to ensure that learning outcomes are not compromised due to resource constraints.
- **Rapid expansion of vocational institutes:** The number of Industrial Training Institutes (ITIs) has grown by nearly 300% since the 2010s, largely due to private providers. But, institutional quality, especially among private ITIs, has fallen.
- **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 in accessing professional courses:** Students from richer households are far more likely to pursue engineering and medicine, as the cost of these degrees often exceeds the annual per capita expenditure of poorer households.
- **Difficult education-to-employment transition:** 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.
- **Strong graduate wage premium:** Graduates earn roughly twice as much as non-graduates at entry, and the earnings gap widens over their careers.
- **Stagnating male graduate earnings:** Entry-level salaries for young male graduates have slowed in growth since 2011, while gender gaps in graduate earnings have narrowed.

- **Shift away from agriculture:** Young workers are leaving agriculture faster than older cohorts and moving into manufacturing and services. Young women are increasingly employed in IT, automobile manufacturing, and business services.
- **Declining caste and gender occupational segregation:** Younger cohorts are less concentrated in occupations traditionally linked to their caste or gender.
- **Migration as a labour market response:** Youth migration helps balance regional disparities - poorer states and those with a younger population remain major labour sources, while richer states with a predominantly older population rely increasingly on migrant youth.

For media queries contact:

Rosa Abraham

Email: rosa.abraham@apu.edu.in

Ph: +91-9901957009

Sony Shetty

Email: sony.shetty@azimpremjifoundation.org

Ph: +919820900036

Sumit Jain

Email: sumit.jain@k2communications.in

Ph: +91 9886021715

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