



UPSC & STATE PCS CURRENT AFFAIRS · UJJARI.COM

EDITORIAL ANALYSIS

State of Working India 2026 – The Jobless Growth Paradox

 **INDIAN EXPRESS**

23 March 2026

SUBJECTS COVERED**ECONOMY****SOCIAL ISSUES****GS PAPERS****GS3****ESSAY****CURATED & WRITTEN BY****Bharat Choudhary**

UPSC Educator & Content Creator •

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

Free UPSC & State PCS Resources

ujjari.com

State of Working India 2026 — The Jobless Growth Paradox

The Indian Express 23 March 2026

GS3

ESSAY

IE

The Indian Express

MAINS RELEVANCE:

GS Paper 3

Essay Paper



INTERVIEW ANGLE

"India is the fastest-growing major economy yet suffers from jobless growth. How would you resolve this paradox, and what structural reforms do you consider most urgent?"

WHY IN NEWS

The Indian Express published an editorial analysing the State of Working India 2026 report, which highlights that despite being the world's fastest-growing major economy, India faces a critical employment crisis with fewer than 7% of male graduates securing permanent salaried roles within one year of graduation.

The Core Paradox

India presents a unique economic paradox — high GDP growth (6.5-7%) coexisting with persistent unemployment and underemployment, especially among the educated youth:

METRIC	DATA
GDP growth rate	~6.5-7% (2025-26)
Male graduates in permanent salaried jobs (within 1 year)	Fewer than 7%
Annual graduate influx into workforce	~5 million
Graduates unemployed/underemployed	Over 50%
Youth population (15-29 years)	367 million
Youth outside formal education	263 million

Why India's Growth Is "Jobless"

The editorial identifies several structural reasons:

1. Manufacturing Stagnation

India’s manufacturing sector has stagnated at **15-17% of GDP** for over a decade, well below the 25% target. The economy has effectively “skipped” the labour-intensive manufacturing phase that created mass employment in East Asian economies, moving directly to capital-intensive services.

2. Capital-Intensive Growth

India’s growth is driven by sectors that generate high output but low employment:

- IT/ITES services: High value, limited jobs relative to output
- Financial services: Technology-driven, fewer back-office roles
- Infrastructure: Capital-heavy, temporary construction jobs

3. AI and Automation

Artificial intelligence and automation are eliminating white-collar entry-level positions — precisely the jobs that educated graduates aspire to. This represents a structural shift, not a cyclical downturn.

4. Skills Mismatch

India’s education system produces graduates with theoretical knowledge but limited industry-relevant skills. The “aspiration mismatch” — where graduates reject manual/vocational work due to social stigma — compounds the problem.

The Demographic Dividend Window

The editorial’s most urgent warning: India’s demographic dividend is **perishable**. The working-age population peaks by 2030, after which the dependency ratio begins to rise. If India cannot create adequate employment within this decade, it risks becoming “an aging society before it becomes a wealthy one” — trapped in middle-income equilibrium.

DEMOGRAPHIC PARAMETER	DATA
Working-age population peak	By 2030
Median age (2025)	~28 years
Median age (2050, projected)	~38 years
Annual workforce entrants	~12 million
Formal sector jobs created annually	~5-6 million

Policy Recommendations

The report recommends a multi-pronged approach:

- 1 **NEP 2020 Implementation** — Integrate vocational education from school level; partner universities with industries for curriculum alignment

- ② **Skill India Mission Reform** — Move beyond “certificate distribution” to genuine employer-linked training
- ③ **Sectoral Incentives** — Tax breaks for labour-intensive sectors: textiles, leather, food processing, construction, tourism
- ④ **MSME Support** — Ease regulatory burden; improve credit accessibility through MUDRA and CGTMSE
- ⑤ **National Employment Policy** — India lacks a unified employment policy. The report calls for synchronising industrial, trade, education, and labour policies
- ⑥ **Internship Scaling** — Expand PM’s Internship Scheme to cover 5 million graduates annually (current coverage is far lower)

International Comparisons

COUNTRY	MANUFACTURING SHARE OF GDP	YOUTH UNEMPLOYMENT
China	~27%	~15%
Vietnam	~25%	~7%
India	~15-17%	~23% (educated youth)
Bangladesh	~22%	~12%

Bangladesh and Vietnam have successfully leveraged labour-intensive manufacturing (garments, electronics assembly) to absorb their youth bulge. India’s failure to replicate this model at scale is the heart of the jobless growth problem.

UPSC RELEVANCE

Demographic dividend definition, Skill India Mission, PM Internship Scheme, NEP 2020, MUDRA scheme.

MAINS GS-3:

Indian economy — jobless growth analysis; manufacturing sector challenges; demographic dividend window; employment policy.

ESSAY:

“Can India convert its demographic dividend into economic prosperity, or will it become a demographic disaster?”

★ FACTS CORNER — KNOWLEDGEPEDIA

STATE OF WORKING INDIA 2026 — KEY FINDINGS:

Fewer than 7% of male graduates get permanent salaried jobs within 1 year

5 million graduates enter workforce annually; 50%+ unemployed

Youth (15-29): 367 million; 263 million outside formal education

Working-age population peaks by 2030

EMPLOYMENT SCHEMES:

Skill India Mission: launched 2015, aims to train 40 crore youth

PM Internship Scheme: announced in Union Budget 2024-25

MGNREGA: provides 100 days guaranteed rural employment

PLI (Production Linked Incentive): incentivises manufacturing in 14 sectors

INDIA'S LABOUR MARKET:

LFPR (Labour Force Participation Rate): ~57.9% (PLFS 2023-24)

Female LFPR: ~37% (rising but still low by global standards)

Manufacturing share of GDP: ~15-17%

Services share of GDP: ~55%

Agriculture employment share: ~42%

DEMOGRAPHIC DIVIDEND:

Definition: Economic growth potential from a large working-age population relative to dependents

India's window: ~2020-2040 (peak by 2030)

Median age: ~28 years (vs China 39, Japan 49)

OTHER RELEVANT FACTS:

PLFS: Periodic Labour Force Survey (conducted by NSSO/MoSPI)

EPFO: Employment data proxy (~1.5 crore new members annually)

NEP 2020: National Education Policy — multidisciplinary education, vocational integration

MUDRA: Micro Units Development and Refinance Agency (loans up to Rs 10 lakh)

Sources: [Indian Express](#), [Insights on India](#)

CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

 [linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

 [Read Full Article on Ujyari](#) →

<https://ujyari.com/editorials/2026/03/state-of-working-india-2026-jobless-growth/>

Free UPSC & State PCS Current Affairs · ujyari.com