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Root Causes: The Jobs Deficit Behind India's Youth Crisis

 **THE HINDU**

26 August 2026 ·

SOCIAL ISSUES**ECONOMY****GS2****GS3**

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Root Causes: The Jobs Deficit Behind India's Youth Crisis

 The Hindu

26 August 2026

GS2

GS3



INTERVIEW ANGLE

"Free coaching and exam-process reform address how young people compete for jobs. What would a policy that addressed how many jobs exist actually look like?"

✓ Every fact web-verified against primary sources

THE LIFT LINE

Reforming the examination changes who gets the job. It does not change how many jobs there are.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

Employment, the demographic dividend and youth unrest recur across GS2 and GS3 and in Essay. This editorial supplies the analytical move that distinguishes a strong answer: separating the trigger of an agitation from its cause.

GS Paper 2: Issues relating to development and management of human resources; government policies and interventions.

GS Paper 3: Growth, development and employment; effects of liberalisation; investment models.

CONCEPT	MEANING	WHY IT IS TESTABLE
Regular salaried employment	Work with a regular wage and continuing employer relationship, as against casual or self-employment	The measure showing the scarcity of formal jobs
Credential inflation	Rising qualification requirements for jobs whose content has not changed	Why graduate unemployment coexists with graduate employment in low-skill roles
Jobless growth	Output growth unaccompanied by proportionate employment growth	The macro frame for the editorial's argument

BACKGROUND AND CONTEXT

The Structural Pattern

Two features of Indian unemployment are well established:

- Unemployment is **concentrated among the young**, conventionally the **15 to 29** age group.
- Unemployment **rises with educational attainment** rather than falling with it, the inverse of the pattern in most industrialised economies.

The **ILO and Institute for Human Development India Employment Report 2024** found that youth accounted for roughly **83 per cent** of India's unemployed workforce.

The Adjacent Evidence

NITI Aayog's "Reimagining Skilling for Viksit Bharat@2047", released on **August 25, 2026**, reported **8.7 crore** Indians aged 15 to 29 as **NEET**, meaning **Not in Education, Employment or Training**, and only about **8.25 per cent** of graduates in qualification-aligned roles. It also recorded **over 7.67 crore** persons trained since 2014-15.

The juxtaposition is the argument: **7.67 crore trained** alongside **8.7 crore NEET** shows that training volume is not the binding constraint.

Measurement Note

Employment data comes from the **Periodic Labour Force Survey (PLFS)**, conducted by the **National Statistical Office** under **MoSPI**, launched **2017-18** and moved to monthly release from **January 2025**. Note the definitional distinction: the **Unemployment Rate** is a share of the **labour force**, while **LFPR** and **WPR** are shares of **population**.

THE ANALYSIS

1. Trigger and cause are different objects. Paper leaks, impersonation and delayed results are the visible occasion of an agitation. The underlying condition is that far more qualified candidates exist than posts. Policy that answers the trigger will be experienced as responsive and will not change the aggregate outcome, which is why such agitations recur.

2. Allocation reform is distributive, not generative. Free coaching and examination integrity change **who** obtains a fixed number of posts and at what private cost. That is a genuine gain in fairness. It is arithmetically incapable of being a gain in employment.

3. The 26-in-100 figure reframes graduate unemployment. If roughly a quarter of graduates aged 15 to 29 hold regular salaried work, then the modal outcome for an Indian graduate is **not** regular salaried employment. Policy **calibrated** to the assumption that a degree leads to a salaried job is calibrated to the

exception.

4. The causal claim points at investment, not education. Weak manufacturing growth and falling corporate investment are where labour-absorbing formal employment would be created. Private capital expenditure has lagged public capex through this cycle, and formal job creation tracks private investment more closely than it tracks public construction.

5. The counter-argument deserves more weight than the editorial gives it. Examination integrity is not merely symbolic. For a first-generation aspirant, a competitive examination is often the **only** mobility ladder available, and a corrupted recruitment system destroys precisely that. Coaching costs are a regressive private tax on aspiration. These reforms are necessary; the editorial's claim is that they are not sufficient, and that is the defensible version of its argument.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

Roughly 26 of every 100 graduates aged 15 to 29 are in regular salaried work, on an analysis of PLFS unit-level data; of those 26, only about four hold a contract with paid leave and social security. Of 100 graduates, about 50 are employed, 15 unemployed and 35 outside the labour force.

NITI Aayog (August 25, 2026): 8.7 crore NEET youth aged 15 to 29, based on the NSS 78th Round of FY 2020-21; about 8.25 per cent of graduates in qualification-aligned roles; over 7.67 crore trained since 2014-15.

ILO-IHD India Employment Report 2024: youth were about 83 per cent of the unemployed workforce.

PLFS launched 2017-18, conducted by the NSO under MoSPI; monthly from January 2025.

Unemployment Rate is a share of the labour force; LFPR and WPR are shares of population.

NEET in labour statistics means Not in Education, Employment or Training, and is broader than the unemployment rate.

*A falling unemployment rate alongside a falling **Labour Force Participation Rate** can mean people have **stopped looking** rather than found work. This is the discouraged-worker effect, and it is why NEET is the more reliable indicator for youth.*

THE DEBATE

FOR (the jobs deficit is the real issue): Only about a quarter of young graduates hold regular salaried work. Training volume has risen without absorbing the NEET cohort. Allocation reform redistributes a fixed stock of posts. The causal lever is private investment and labour-intensive manufacturing.

AGAINST (process reform is not a distraction): Examination integrity protects the credibility of the principal mobility ladder for first-generation aspirants. Coaching costs are a regressive burden. A recruitment system perceived as riggable produces its own social harm, independent of how many posts exist.

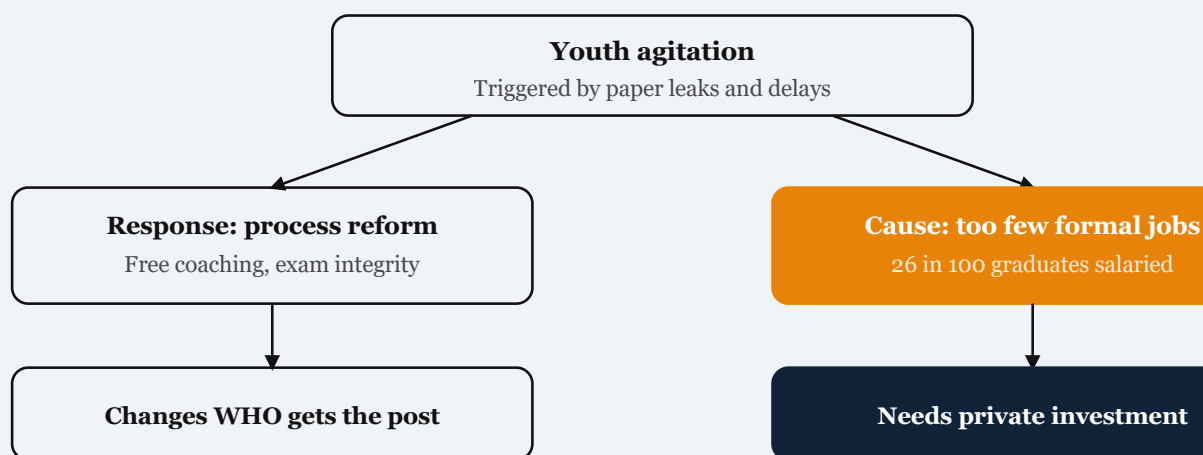
Balanced verdict: These operate at different levels and are not substitutes. Process reform is **immediate, achievable and protective**; employment generation is **slow, structural and generative**. The error to avoid is treating the first as an answer to the second. The practical test is the indicator: a government measuring itself on examinations conducted and candidates trained will keep producing both, while a government measuring itself on **net formal job creation** is forced to confront investment, manufacturing and labour demand.

HOW TO THINK ABOUT THIS

When a protest produces a policy response, ask whether the response operates on the **allocation** of a scarce good or on its **supply**. Allocation reforms are politically attractive because they are fast, visible and cheap; supply reforms are slow, **diffuse** and rarely creditable to the government that begins them.

That **asymmetry** systematically biases policy toward allocation. Recognising it explains a great deal beyond employment: hospital-bed allocation against hospital construction, seat reservation against institutional expansion, ration targeting against agricultural productivity. In each case the allocation question is real and the supply question is the binding one.

DIAGRAM-IN-WORDS



Both are necessary; only one is generative

The left branch is fast, visible and fair. The right branch is slow, diffuse and the only one that changes the total.

TAKEAWAY BOX

Reforming the examination changes who gets the job. It does not change how many jobs there are.

About 26 of 100 graduates aged 15-29 in regular salaried work on PLFS unit-level analysis, of whom only about four have contract, paid leave and social security; NITI Aayog's 8.7 crore NEET figure and 8.25 per cent qualification-aligned graduate employment; ILO-IHD 2024 putting youth at about 83 per cent of the unemployed; PLFS by NSO under MoSPI, monthly from January 2025; UR is a share of the labour force, LFPR and WPR of population.

Is it honest for a government to respond to an employment protest with an examination reform it knows will not create jobs?

Connects to past UPSC Mains questions on jobless growth, the demographic dividend, and skill development versus employment generation.

*"India's youth agitations are triggered by examination grievances and caused by employment scarcity."
Critically examine the policy implications of this distinction.*

Source: Root Causes: The Jobs Deficit Behind India's Youth Crisis — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

• KEY ARGUMENTS AT A GLANCE

The Hindu's editorial argues that free coaching and examination-process reform respond to the visible trigger of the youth agitation while leaving untouched the structural jobs deficit that produced it, with only about 26 of every 100 graduates aged 15 to 29 in regular salaried work on an analysis of PLFS unit-level data, and traces the crisis to weak manufacturing and falling corporate investment rather than to paper leaks alone.



SUPPORTING

- The proportion of graduates in regular salaried employment, at roughly a quarter of those aged 15 to 29, indicates that the problem is the number of formal positions available rather than the fairness of the process by which they are allocated.
- Examination-integrity measures and free coaching improve the fairness and cost of competition for a fixed number of posts, which redistributes opportunity among aspirants without increasing the total, so the aggregate outcome is unchanged.
- The editorial locates the origin in weak manufacturing growth and declining corporate investment, which is where formal salaried employment would otherwise be generated at scale, making the jobs deficit an investment problem rather than an education problem.



COUNTER

The counter-view is that examination integrity is not a distraction but a precondition, because a recruitment system corrupted by paper leaks and impersonation destroys the credibility of the only ladder available to first-generation aspirants, and that free coaching addresses a real and regressive private cost borne disproportionately by poorer candidates. On this reading, process reform is necessary even though it is not sufficient, and dismissing it as symptomatic understates what it protects.



WAY FORWARD

The two responses operate at different levels and should be pursued together: continue examination-integrity and coaching-cost reforms as immediate and legitimate measures, while shifting the substantive policy weight toward reviving private capital formation, labour-

intensive manufacturing and apprenticeship-linked hiring, and toward measuring policy success by net formal job creation rather than by training or examination throughput.



MAINS ANSWER FRAMEWORK

QUESTION

Youth agitations in India are frequently triggered by examination grievances but rooted in employment scarcity. Examine this distinction and its implications for policy design. (250 words)

INTRODUCTION

Youth agitations in India are typically triggered by a specific grievance about recruitment examinations, and are typically answered by measures addressing that grievance. The Hindu argues that this pattern mistakes the trigger for the cause, since the underlying condition is a shortage of formal salaried employment that no examination reform can remedy.

BODY

The editorial's central datum is that only about 26 of every 100 graduates aged 15 to 29 are in regular salaried work. That figure reframes the problem: if three-quarters of young graduates are outside regular salaried employment, the binding constraint is the supply of formal positions rather than the fairness of the contest for them.

This aligns with the finding in NITI Aayog's "Reimagining Skilling for Viksit Bharat@2047", released the previous day, that 8.7 crore Indians aged 15 to 29 are not in education, employment or training, and that only about 8.25 per cent of graduates work in roles aligned with their qualifications. Two decades of tertiary expansion produced degree supply faster than degree-appropriate demand, generating credential inflation in which a graduate takes work requiring no degree and is recorded as employed.

Against this, examination-integrity measures and free coaching operate on the allocation of a fixed stock of posts. They make the competition fairer and cheaper, which matters greatly to individual aspirants and especially to first-generation candidates for whom private coaching is a regressive cost, but they do not alter the number of posts.

The editorial locates causation in weak manufacturing growth and falling corporate investment, which is where labour-absorbing formal employment is generated at scale, and which has lagged public capital expenditure through the present cycle.

CONCLUSION

A balanced answer should resist treating process reform as a diversion. Examination integrity protects the credibility of the only mobility ladder many aspirants have, and is therefore necessary in its own right. The editorial's contribution is to insist that it is not sufficient, and that the policy indicator should shift from training and examination throughput to net formal job creation.

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