

# THINK LABOR

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## State of Working India 2026

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### Introduction

State of Working India 2026 focuses on youth (15-29 years) transitions from education to employment in India. It examines how India's 367 million youth, a third of the working-age population, can turn the demographic dividend into economic growth amid challenges like high graduate unemployment and uneven job creation.

### Demographic Context

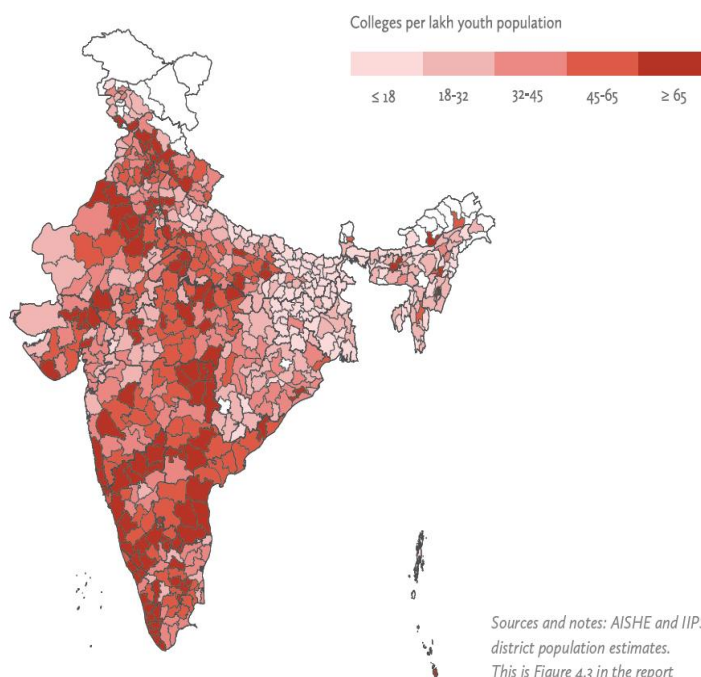
India nears its demographic dividend peak by 2030, with youth potentially adding 263 million to the workforce if not in education. Employment creation for this group is crucial as the working-age share begins declining post-2030.

### Education Trends

Higher education enrollment has risen sharply over 40 years, especially for women, reaching a 28% tertiary gross enrollment rate comparable to similar-income countries. Men's enrollment dropped from 38% in 2017 to 34% in 2024, with 72% citing household income support as the withdrawal reason by 2023.

Institutions expanded post-liberalization—69,534 higher education ones and 14,582 ITIs by 2025, mostly private—but quality declined, especially in newer private ITIs. Regional disparities persist, with northern states lagging in college density.

Regional disparities in the per capita availability of colleges



### Access Barriers

Financial hurdles limit poorer youth in professional fields like engineering (₹1.23 lakh/year) and medicine (₹97,400/year), often exceeding their household per capita spend. Poorer households' tertiary share rose from 8% to 15% (2007-2017), but inequalities in high-return courses remain.

## **Employment Challenges**

Graduate unemployment stays high at ~40% for 15-25-year-olds and 20% for 25-29-year-olds; only ~7% of unemployed graduates secure permanent salaried jobs within a year. Annual graduate supply (~5 million) outpaces employed graduates (~2.8 million), stalling earnings growth.

Youth exit agriculture faster than older cohorts, shifting to manufacturing/services; young women enter textiles/apparel/IT notably. Caste/gender occupational segregation weakens, with fewer youth in traditional roles.

## **Labor Market Shifts**

Post-COVID, employment rose to 572 million (2023-24), but 40 million of 83 million new jobs were agricultural, mostly women in self-employment. Graduate salaries double non-graduates' initially but stagnate recently; gender pay gaps narrow. Migration aids youth from poorer states (e.g., Bihar) to richer ones (e.g., Delhi).

## **Policy Pathways**

The report urges expanding salaried jobs for educated youth, integrating school/vocational training for employability, bolstering National Career Services to ease transitions, and extending social security to informal/migrant workers.

## **Key Implications**

India must urgently create quality salaried employment to harness its youth bulge before 2030, addressing education-job mismatches through targeted policies. Failure risks squandering the demographic advantage amid persistent graduate unemployment and structural slowdowns.

**Read More:** [State of Working India 2026](#)

**Author:** Kanishk Singh, PILOT at Pratham