

Executive Summary: Graduate Unemployment in India (2011–2023)

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Background

Despite strong GDP growth and one of the fastest expansions of higher education systems globally, India's graduate unemployment rate has nearly doubled in the last decade, rising from 12% in 2011 to 23.5% in 2023. The paradox of 'jobless growth' highlights a widening disconnect between education and labor markets, with social, economic, and political implications.

Key Findings

- **Skills Mismatch:** Rising Gross Enrolment Ratio (20.8% → 29.4%) has not translated into job readiness.
- **Labor Informality:** Over 80% of the workforce is informal, reducing opportunities for secure graduate jobs.
- **Sectoral Imbalance:** IT/services growth has been concentrated in low-skill roles, while manufacturing is underutilized.
- **Manufacturing Absorption:** Industrial employment shows significant potential to reduce graduate unemployment.

Implications

- **Policymakers:** Misaligned spending on higher education creates inefficiencies and risks the demographic dividend.
- **Businesses:** Rising training and reskilling costs reflect weak academia-industry linkages.
- **Investors:** Sectoral trends indicate that manufacturing and formal industries offer better long-term returns.

Recommendations

- Align education with labor demand through stronger industry-academia partnerships.
- Promote industrial and manufacturing growth to create formal, graduate-level jobs.
- Formalize the labor market through regulatory support, tax incentives, and expanded social protections.

Conclusion

India's graduate unemployment crisis reflects structural inefficiencies rather than lack of education access. **Without reforms, unemployment is projected to remain in the 20–22% range through 2025–2030, but effective policies could reduce it to 15–17% by 2030.** Timely reforms can transform jobless growth into inclusive growth, turning risk into opportunity.