

India's Growth Paradox: Skewed Sectoral Development and Employment Challenges

Ms. Archana Jain

Assistant Professor, Economics, DN (PG) College Meerut

Abstract

Indian economy has witnessed the rapid GDP growth over the past 15 years but it has also observed a persistent paradox i.e. the country's striking growth has not been matched by an equally robust rise in employment opportunities. This phenomenon of jobless growth has raised deep concerns among economists, policymakers, and social scientists. Although the services sector has grown substantially and contributed significantly to national income, labour-intensive sectors such as manufacturing and agriculture have not achieved comparable growth, resulting in limited job creation. As a result, large segments of the population continue to face unemployment, underemployment, or engagement in low-paid informal work. Persistent gender disparities in employment further aggravate the challenge in both rural and urban areas. The present paper analyses India's unemployment trends from 2017 to 2024, identifies the key structural causes of rising unemployment, and evaluates major government initiatives aimed at addressing the unemployment problem. It also proposes pathways for fostering more inclusive and employment-intensive growth, including strengthening manufacturing capabilities, enhancing skilling ecosystems, promoting labour-intensive industries, modernizing agriculture, and bolstering MSMEs. The study also discusses various sectors that can contribute in generating more employment opportunities.

Keywords: GDP, labour intensive sectors, government initiatives, service-led growth

Introduction

Indian economy has witnessed remarkable economic growth over the past few decades, with a rising GDP. India has become the fourth largest economy in the world and has maintained high GDP growth rates, especially post-liberalization (1991 onwards). The growth rate has accelerated in the 2000s and in some years it exceeded 8 per cent. After 2008, the growth rate declined due to the global financial crisis and then after some recovery, it again fell down due to Covid 19 pandemic. India has transitioned from a predominantly agrarian society to a burgeoning service-oriented economy. This transformation has been characterized by impressive GDP growth rates and a burgeoning middle class. However, with the increasing economic growth, a paradoxical phenomenon has emerged: the growth pattern observed in India has not translated into a corresponding increase in employment opportunities for its vast population. This disjunction between economic growth and job creation raises critical questions regarding the sustainability of India's growth trajectory and the inclusivity of its economic policies. The benefits of this growth have not been evenly distributed across sectors as well as among the population. India has followed an idiosyncratic growth pattern. The structural transformation happens when labor moves from low productivity agriculture sector to more productive industrial sector and then to the service sector as suggested by W. Arthur Lewis. In India, manufacturing sector that absorbs both skilled and unskilled

labour force has not grown at the stipulated rate rather, it has been bypassed by the service sector. The service sector contributes the largest share to India's GDP but it has not been able to absorb the ever-increasing share of the labour force. This has led to 'service-led growth' and 'growth without industrialization', resulting in low employment absorption despite high GDP growth. This creates a **growth-employment paradox** where economic expansion does not generate adequate employment opportunities. Since, India is a labour abundant country, it is always desirable to absorb surplus labour force in the growth process.

Table 1: Share of Different Sectors in GDP and Employment (year 2023-24)

Sectors	Share in GDP (2023-24)	Share in Employment (2023-24)
Agriculture	17.7%	42.3%
Manufacturing	27.6%	28%
Service	54.7%	29.7%

Source: Economic Survey 2023-24

From the table 1, it is evident that agriculture sector has been the biggest employer of workforce whereas it is contributing the least in country's GDP. Agriculture is characterized by low productivity, underemployment, and seasonal employment. Moreover, dependence on monsoons and small landholdings further reduces efficiency.

Objective of the Study

The present paper aims to analyse the following objectives:

1. To find the trends of unemployment over a period from 2017 to 2024
2. To identify the causes of unemployment in India
3. To examine the steps taken by the government to reduce unemployment in recent years
4. To discuss new emerging areas of employment

The paper is designed in a way that it first discusses the definition of unemployment, then it reviews various literature on the problem of unemployment in India. Then it finds the trends of unemployment in India, causes of unemployment and efforts taken by the Government of India to reduce unemployment.

Defining Unemployment: Unemployment is defined as a situation in which a person is capable of working both physically and mentally at the existing wage rate but does not get a job to work. Unemployment rate is calculated as the percentage of persons unemployed among the persons in the labour force. It is calculated by the following formula:

$$\text{Unemployment Rate} = \frac{\text{Number of unemployed persons}}{\text{Number of employed} + \text{Number of unemployed}} \times 100$$

NSSO (National Sample Survey Organization) developed three measures of estimating employment:

1. **Employment by Usual Status** - It is also known as open employment or chronic unemployment. It estimates the long-term unemployment in the economy. The person is considered unemployed who has no work for a major part of a year (365 days) preceding the day. According to NSSO definition, if a person is employed for at least 6 months (183 days) in a year, he is considered to be employed and a part of the labour force.

Principal activity status (ps)- It refers to the main economic activity in which a person primarily involves for the major part of the year i.e. the last 365 days before the survey. The person is considered to be engaged in usual principal status employment.

Subsidiary activity status (ss)- It implies that a person, apart from his main work, also undertakes some other economic work for **minimum of 30 days** for the reference period of **one year (365 days)** preceding the date of survey. This additional work is called his **subsidiary activity** and the person is considered to be engaged in subsidiary activity status employment.

Usual status (ps+ss) is determined considering both principal activity status (ps) and subsidiary economic activity status (ss) together.

- 2. Employment by Current Weekly Status** - A person is said to be unemployed if he is not able to work even for a day during the specific week preceding the survey date. International Labour Organisation (ILO) takes this definition to study unemployment across the world. The usual status approach considers a longer reference period whereas the weekly status approach captures the short-term variations in employment and unemployment.
- 3. Employment by Current/daily Status** - If a person works for four hours or more during a day he is considered as employed for the whole day. The daily status unemployment is considered to be a comprehensive measure of unemployment.

Review of literature:

The literature on unemployment in India presents a multifaceted view of the challenges posed by structural, frictional, and cyclical unemployment, particularly in the context of rapid technological change and economic fluctuations. Unemployment remains a significant challenge in India, with various factors contributing to the issue (Khamo, 2023; Singh et al., 2025). Technological advancements have led to a shift from labour-intensive to tech-savvy jobs, creating a need for new skills and job opportunities (Singh et al., 2025). The problem is exacerbated by factors such as dejobbing and skill mismatch (Verma & Verma, 2024; Alkatheri & Saad, 2019). While the Indian government has implemented measures like; skill development programs and promoting entrepreneurship, creating adequate employment for the growing population remains a challenge (Khamo, 2023). Significant skill mismatches exist between educational system outputs and labor market demands. The rapid expansion of higher education has not been matched by corresponding improvements in educational quality or alignment with industry requirements. Education system is not generating adequate skills required by the industries to absorb ever-increasing labour force (Karhad, 2024). Unemployment requires continuous efforts including regular policy updates to keep pace with technological changes (Singh et al., 2025). Investments in training and education are crucial for acquiring necessary skills, but the rapidly changing job market makes it difficult for individual to keep up (Alkatheri & Saad, 2019). A proactive approach to skill development is needed to effectively tackle unemployment in India.

Unemployment Estimates of NSSO

Prior to 2017, NSSO was the key government agency in India under the Ministry of Statistics and Programme Implementation (MoSPI) which studied employment, unemployment and unemployment rates through sample surveys both at national and state level. It used to conduct quinquennial (for 5 years) survey. NSSO published its last report in 2011-12 (68th round) and after that there was no report between 2012 and 2017. A new survey namely **Periodic Labour Force Survey (PLFS)** was introduced in April

2017 by NSO¹ in order to make labour force data available at more frequent time intervals. PLFS is the first annual household survey conducted by the Ministry of Statistics and Programme Implementation (MoSPI) since 2017-18, covering both rural and urban areas. Data are collected for the four quarters starting from July to September, October to December, January to March, April to June. Then annual data are obtained by combining the data collected during the four quarters of the calendar year. PLFS gives estimates of key employment and unemployment indicators such as Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR), Unemployment Rate (UR) etc.

Conceptual Framework of key Employment and Unemployment Indicators: Periodic Labour Force Survey (PLFS) provides data related to various indicators namely, Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and Unemployment Rate (UR) in usual status for persons more than 15 years of age.

- 1. Labour Force Participation Rate** refers to the percentage of persons in the labour force (15 to 65 years) in the population:

$$\frac{\text{No. of employed persons} + \text{No. of Unemployed persons}}{\text{Total Population}} \times 100$$

- 2. Worker Population Ratio** refers to the percentage of employed persons in the population:

$$\frac{\text{No. of employed persons}}{\text{Total Population}} \times 100$$

The LFPR shows the potential size of the workforce and the level of their engagement in the economic activities whereas the WPR shows the capability of the economy in converting the potential workforce into productive employment.

- 3. Unemployment Rate** in usual status for more than 15 years of age is defined as percentage of unemployed persons more than 15 years of age in the labour force:

$$\frac{\text{No. of unemployed persons} > 15 \text{ years}}{\text{No. of employed persons} + \text{No. of Unemployed persons}} \times 100$$

Table 2: Male and Female Employment status based on LFPR, WPR and UR (from 2017-18 to 2023-24)

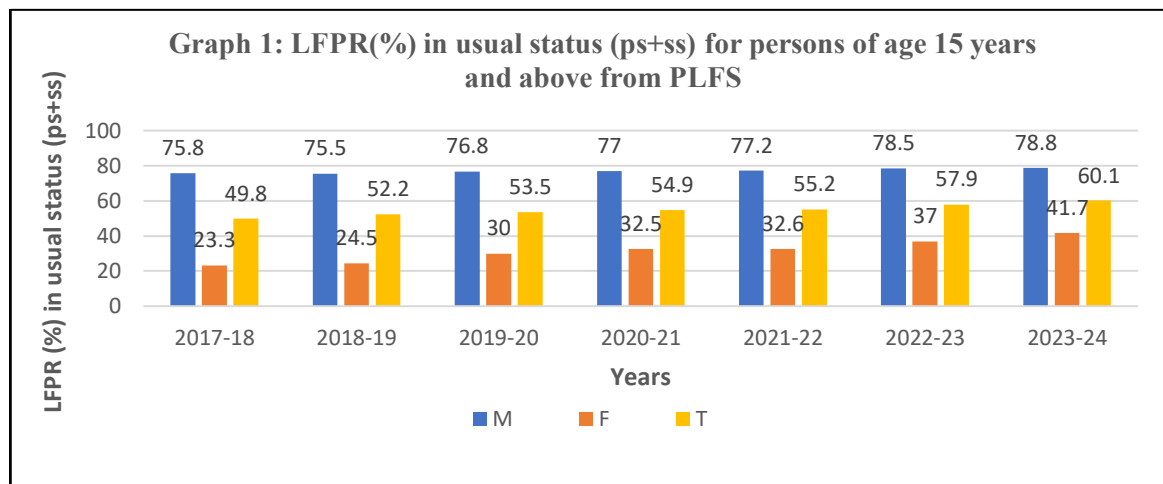
Years	LFPR			WPR			UR		
	M	F	T	M	F	T	M	F	T
2017-18	75.8	23.3	49.8	71.2	22.0	46.3	6.1	5.6	6.0
2018-19	75.5	24.5	52.2	71	23.3	47.3	6.0	5.1	5.8
2019-20	76.8	30.0	53.5	73	28.7	50.9	5.0	4.2	4.8
2020-21	77	32.5	54.9	73.5	31.4	52.6	4.5	3.5	4.2
2021-22	77.2	32.6	55.2	73.8	31.7	52.9	4.4	3.3	4.1
2022-23	78.5	37.0	57.9	76	35.9	56.0	3.3	2.9	3.2
2023-24	78.8	41.7	60.1	76.3	40.3	58.2	3.2	3.2	3.2

Source: Periodic Labour Force Survey 2023-24

Note: The survey period of PLFS is 1st July to 30th June

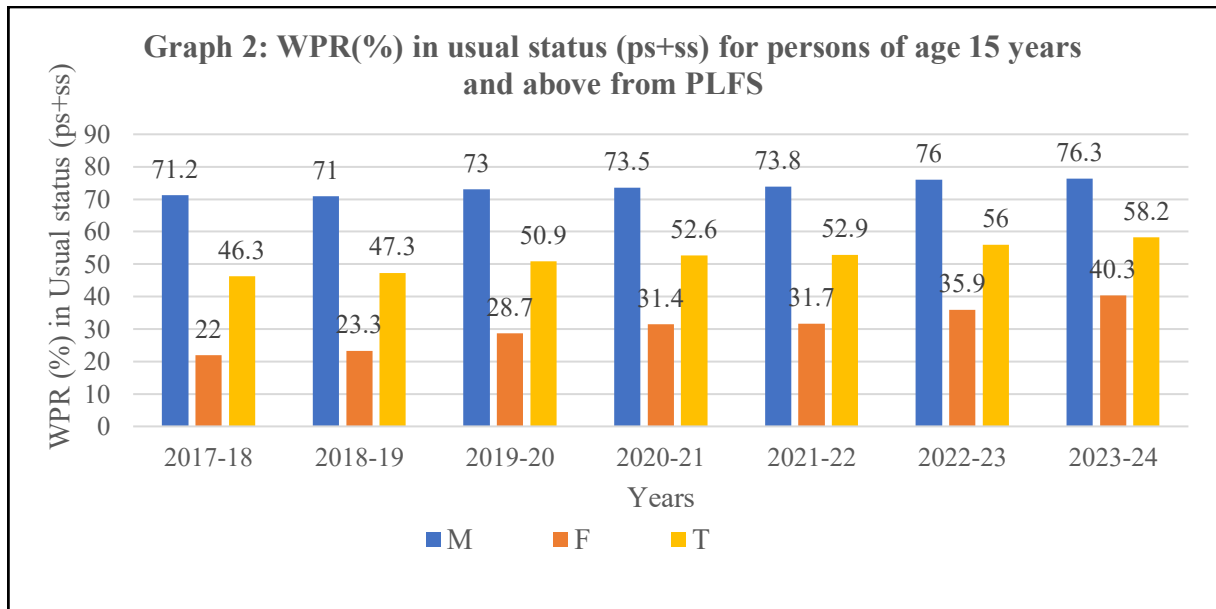
¹In 2019, two organisations Central Statistics Office and National Sample Survey Office (NSSO) have been merged to form National Statistical Office (NSO).

The table 2 depicts that LFPR for male in India increased from 75.8% in 2017-18 to 78.8% in 2023-24 and corresponding increase for female was from 23.3% to 41.7%. The increasing LFPR indicates that more male and female are entering the labour market. Again, the increasing female participation in the labour force is the indicator of greater gender equality. Increased female work force participation is due to the impact of Covid pandemic when life became very uncertain and females in the family decided to become the earning member of the family. WPR for male in India increased from 71.2% in 2017-18 to 76.3% in 2023-24 and corresponding increase for female was from 22.0% to 40.3%. India has witnessed a remarkable increase in female workforce participation rate. Working women percentage has almost doubled in the last 7 years period. This growth is supported by government initiatives for female education and skill development programmes for women. The women unemployment rate dropped from 5.6% in 2017-18 to 3.2% in 2023-24 indicating the increased employment opportunities for female workforce. In 2023–24, the female unemployment rate converged with the male rate, both standing at 3.2%, suggesting that in terms of job accessibility, the gender disparity in unemployment has been eliminated.



Source: Table 2

The graph shows the gender disparity in terms of labour force participation. The female participation in labour force is half of their male counterpart. Many women leave the workforce due to cultural barriers and caregiving responsibilities, particularly after marriage and child birth. However, from 2017 onwards, a gradual rise has been observed in the percentage of females in the labour force.



Source: Table 2

Graph 2 shows that percentage of male population in employment remains almost stable whereas percentage of female working population is almost doubled showing more involvement of females in economic activities. Another paradoxical observation is that women are still not sufficiently involved in economic activities as compared to men. This suggests that while progress towards gender parity is evident and rapid, a substantial employment gap remains, with the female employment rate still lagging significantly behind the male rate.

Table 3: Unemployment Rates (UR) in Rural and Urban area according to Usual Status (ps+ss) for persons of age 15 years and above (in per cent)

Status	PLFS(2020-21)			PLFS(2021-22)			PLFS (2022-23)			PLFS(2023-24)		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Usual Status (Rural Area)	3.8	2.1	3.3	3.8	2.1	3.2	2.7	1.8	2.4	2.7	2.1	2.5
Usual Status (Urban Area)	6.1	8.6	6.7	5.8	7.9	6.3	4.7	7.5	5.4	4.4	7.1	5.1
Usual Status (Rural+Urban)	4.5	3.5	4.2	4.4	3.3	4.0	3.3	2.9	3.2	3.2	3.2	3.2

Source: www.pib.gov.in Periodic Labour Force Survey, 2023-24

Note: The survey period of PLFS is 1st July to 30th June

Table 3 shows the problem of unemployment in rural and urban area. In rural areas, UR decreased from 3.3% in 2020-21 to 2.5% in 2023-24 while for urban areas it decreased from 6.7% to 5.1%. UR for male in India decreased from 4.5% in 2020-21 to 3.2% in 2023-24 and corresponding decrease for female was from 3.5% to 3.2%. Female unemployment in urban areas is the highest, though it showed a decline from

8.6% in 2020–21 to 7.1% in 2023–24. This indicates greater difficulty for urban women in finding jobs. Significant regional disparity has been observed in favour of rural employment. The unemployment rate in rural area has been lower than that in urban area both for male and female. One of the reasons of high unemployment in urban area is spread of Covid pandemic which caused the long-term closure of industrial units in urban area.

Causes of Unemployment in India

- **Population Growth:** Rapid and sustained population growth has consistently put pressure on job creation. Every year around 12 million people enter the labour force but job generation does not match this pace that leads the throat cut competition among workers to get job.
- **Impact of Automation:** Automation and technological progress especially the adoption of Artificial Intelligence (AI) and digital tools in all areas including agriculture, manufacturing and service sector have reduced low-skilled jobs and on the other side the demand for specialized workforce has increased rapidly. Scarcity of technically efficient and digitally literate workforce has resulted in the ‘technological unemployment’.
- **Informal Sector Dominance:** Majority of jobs in India are in the informal sector with little job security or benefits and stable income. Informal sector includes small shops, street vendors, daily wage labourers, domestic workers, construction workers, agricultural labourers and others who are not registered in the legal framework. This sector, however absorbs a large part of the workforce, it is often associated with a kind of “disguised” or “vulnerable” employment rather than true economic security. This sector rarely offers training or upskilling opportunities, workers often stay stuck in low-skill, low-income jobs.
- **Demographic Dividend Challenge:** India has a young and growing population that may be a potential demographic dividend. India could achieve faster economic growth if this young population becomes productive, skilled, and employable. But these young cohort are not trained in required skills therefore instead of contributing to economic growth, these unskilled youth population are becoming a demographic challenge, causing social unrest, frustration, and rising involvement in illegal activities. Due to this skill gap, millions of young people struggle to find suitable employment and remain unemployed.
- **Global Economic Shocks:** Indian economy has observed poor growth of exports due to factors like rising trade barriers including high tariff from USA, increasing geopolitical tensions. This caused a severe slowdown in domestic manufacturing performance (Goldar and Aggarwal, 2023). The low production causes low employment
- **Slow Industrial and Economic Growth:** India’s growth trajectory has bypassed the manufacturing and industrial sector. Service sector has emerged the biggest contributor in India’s GDP which mostly absorb skilled workforce and therefore not creating adequate employment for unskilled labour force.

Table 4: Trends in Sectoral Shares of Employment (in per cent)

Year	Agriculture	Industry	Service
2017-18	36.05	27.59	36.22
2018-19	36.25	25.88	37.7
2019-20	36.77	25.69	37.48

2020-21	39.71	23.34	36.92
2021-22	39.38	24.42	36.18
2022-23	36.4	26.97	36.6
2023-24	35.39	25.63	38.87

Source: CMIE-CPHS (Employment indicators for population above 15 years of age) by Bhattacharya (June, 2024)

From the table 4, it is evident that industrial sector has been employing least percentage of workforce. The data indicates that India’s workforce is gradually moving away from the primary sector towards services, marking the country’s transition towards a more urbanized and service-driven economy, while the industrial sector continues to play a moderate but stable role in employment generation.

Initiatives Taken by Government for Employment Generation

Government has taken various steps for generating employment in the country which have focused on self-employment, skill development, incentivizing employers to facilitate employment generation and promotion of export-oriented manufacturing. These programs have been designed to address both urban and rural unemployment and cater to different demographic segment. In recent years, Modi government has formulated various programmes to generate employment opportunities for the workforce:

Table 5: Government’s Flagship Schemes

Programme	Ministries	Starting date	Purpose
1. Skill India Mission	Ministry of Skill Development and Entrepreneurship	28 th August 2014	Skill Development in Youth to be ready for future
2. Make in India	DPIIT, Ministry of Commerce and Industry	25 th September 2014	Promoting manufacturing sector in India. It fosters innovation, encourage skill development, build quality infrastructure
3. PM MUDRA Yojana	Ministry of Finance	8 April 2015	Loan to small businessmen from 50 thousand to 10 lakh
4. Start-up India	DPIIT, Ministry of Commerce and Industry	16 January 2016	To promote new enterprises through innovations and design
5. Atmanirbhar Bharat Rojgar Yojana	Ministry of Labour and Employment	1 st October 2020	Encourage employers to hire new workers and provide them with social security
6. Pradhan Mantri Employment Generation Programme	Ministry of Micro, Small and Medium Enterprises	August 2008	Assist entrepreneurs to set up new units in non-farm sectors and provide employment opportunities to local artisans and youths.

7. National Career Service	Ministry of Labour and Employment	July 2015	This is a digital platform that bridge the gap between job-seekers and employers
8. Employment Linked Incentive	Central Government	July 2025	To create employment particularly in manufacturing sector

Source: www.dge.gov.in

1. Skill India Mission: This campaign was launched with the objective to train over 40 crores people in India in different skills by 2022. The scheme has been extended to 2026. It aims to provide employment for the youth by enabling them to undertake viable economic activities in the areas of textile, horticulture, fishing, and so on. Under Skill India Mission, Ministry of Skill Development and Entrepreneurship is implementing a flagship scheme known as **Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2016-20** with an objective to provide skilling to one crore people under Short Term Training (STT), Recognition of Prior Learning (RPL) and Special Project (SP) with an outlay of Rs.12000 crore. Between 2015-2022, three versions of the scheme have been implemented and more than 1.37 cores youths have been trained in various skills. Some other programmes under Skill India Mission are:

Jan Shikshan Sansthan: It aims to develop skills to illiterate, neo-literate or the persons with basic education.

Apprenticeship training: The programmes provides post-qualification job training to graduates/diploma holders in engineering.

Online skilling: The 'E-Skill' India portal provides facility to upgrade skill through on-line content.

2. The Make in India Initiative: It was launched in 2014 with the objective of job creation and skill enhancement in 27 sectors of the economy. The initiative aims to promote domestic manufacturing, promote foreign investment, streamline business regulations, foster innovation and build world class infrastructure in the country. The main focus was on to transform India in to a global design and manufacturing hub. The scheme focuses on the following 27 sectors of the economy: Automobiles (General Motors, Kia Motors and so on), Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence Manufacturing, Defence Exports, Electronic Systems, Electrical Machinery, Food Processing, Agriculture Export, Information Technology, Leather Industry, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways (e.g. Train 18), Renewable Energy, Roads and Highways, Space and Astronomy (Chandrayaan2 by ISRO, Gaganyaan), Thermal Power, Textiles and Garments, Tourism and Hospitality, Wellness and Healthcare (e.g. Patanjali group). The total employment generated in the Make in India sectors was 39.66 million in 2004-05 which increased by 164% to 104.89 million in 2011-12, mainly due to the big jump in the construction sector. The employment created in the Make in India sectors as a proportion of total employment was 8.6% in 2004-05 and 22% in 2011-12. As per Economic Survey 2021-22, the total employment has increased from 57 million in 2017-18 to 62.4 million in year 2019-20. This programme aims to eliminate unnecessary regulations, shorten bureaucratic processes, upgrade infrastructure and open up new sectors to FDI.

3. **MUDRA (Micro Unit Development and Refinance Agency):** Pradhan Mantri Mudra Yojana (PMMY) has been initiated by Government of India for facilitating self-employment. Under this scheme loans are provided in three categories- up to 50,000 is given under sub-scheme ‘**Shishu**’, between Rs.50,00 and 5 lakhs under the sub-scheme ‘**Kishore**’, and between 5 lakhs and Rs 10 lakhs under sub-scheme ‘**Tarun**’. Under the scheme, collateral free loans upto Rs. 10 lakhs are extended to small/micro business enterprises and to individuals to enable them to setup or expand their business activities (www.dge.gov.in). The entrepreneurs who have availed and successfully repaid previous loans under the ‘**Tarun**’ category are eligible to get loans up to 20 lakhs. These loans are given by commercial banks, RRBs, Small Finance Banks, MFIs and NBFCs. Till 25th January, 2019, total 15.59 crore loans have been sanctioned under the scheme. According to an RTI (received on 8th July 2018), a majority of such loans, around 93 percent, fell in the lowest category of Rs.50,000 i.e. ‘**Shishu**’ category. According to the economist, Ajit Ranade, “Such micro loans are only useful for small businesses like single cattle dairy farmers or some “**TheLawala**”, but it will not be sufficient to create substantial employment” (Joshi, August 13, 2018).
4. **Start-up Initiatives:** These initiatives have been taken with the dream to encourage the firms which are already in business, but due to scarcity of funds and facilities are not able to expand their business. A ‘Start-up is defined as an entity that is located in India, which was opened less than 10 years ago and has an annual turnover less than Rs.100 crore. Besides, an entity shall be considered a startup if it is working towards innovation, development or improvement of products, or if it has a business model with high potential of employment generation. Under the startup initiative, eligible companies can get recognized as startups by **Department for Promotion of Industry and Internal Trade (DPIIT)**, in order to access host of tax benefits, easier compliance, IPR (Intellectual Property Rights, Patent) fast tracking and more. The Start-up initiative was aimed to attract entrepreneurs to expand their business, increase their foreign exchange earnings in the long run and create more jobs. Startups are given income tax exemption for 3 years. Start-ups are given legal support in patent filing, they get 80% rebate in the expense of filing of patents. According to report, till January 2019, 6398 startup applications have been received, out of them 4127 start ups have been recognized. 1900 start ups have been eligible for tax exemption.
- In fact, this start up initiative has given boost to young entrepreneurs to materialize their dream projects into action. According to **Nasscom** report, “Startups are expected to create 250,000 jobs in India by 2020, up from 80,000 in 2017”.
5. **Pradhan Mantri Employment Generation Programme (PMEGP):** It is a credit-linked subsidy programme that aims to assist entrepreneurs in setting up of new units in non-farm sectors. Ministry of Micro, Small and Medium Enterprise (MSME) through Khadi and Village Industries Commission (KVIC) is implementing Prime Minister’s Employment Generation Programme. The PMEGP was formed by merging two schemes, namely, Prime Minister’s Rojgar Yojana and Rural Employment Generation Programme. The main objective is to provide employment opportunities to the local artisans and unemployed youth. At the district level, it is implemented by District Industries Centres (DICs) and banks. Under this scheme, loans up to Rs. 50 lakhs are disbursed to manufacturing units and Rs. 20 lakh loans are disbursed to business/service sectors. An outlay of Rs. 13554.42 crore has been approved for the five-year period i.e. 2021-22 to 2025-26 to set up about 400000 projects with the creation of 3000000 employment @8 persons per unit (www.myscheme.gov.in).

Amit Basole, the director of the Centre for Sustainable Employment at Azim Premji University in Bangalore states that Self-employment is not the solution to India's current employment crisis (Nileema, 9 January, 2019).

6. **The Atmanirbhar Bharat Rojgar Yojana:** The scheme was launched on 1st October 2020 with the objective to incentivise employers in the formal sector to create new employment and restore employment of those workers who lost their jobs during Covid 19 pandemic. The scheme provides subsidies to employers to hire workers. Under this scheme, government contributed Employees' Provident Fund (12% each the employee's and employer's share in an establishment registered under EPFO with upto 1000 employees earning less than 15000 and in the establishment with more than 1000, central government contributed 12% employee's share only). The employers and employees can register till 31st March 2022 and the benefits shall be available for the two years from the date of registration of new employee. Ministry of Labour and Employment is responsible to implement the scheme.
7. **National Career Service:** Government of India, has launched a **National Career Service Portal** on July 20, 2015 under the Ministry of Labour and Employment. It is a digital platform that provides a one stop solution for career related services including jobs in private and government sectors, information regarding online and offline job fairs, information related skill development programmes etc. This service helps in creating a comprehensive ecosystem for employability.
8. **Employment Linked Incentives:** Government of India has launched the scheme in July 2025 which targets the creation of over 3.5 crore jobs in two years. The scheme focuses on both first time employees and additional employment, especially in the manufacturing sector. It offers a one-time payment of up to Rs. 15000 to first time employees and monthly incentives of up to Rs. 3000 per employee to employer who creates new jobs. Incentives for employees will be paid via Direct Benefit Transfers while employer incentives will be paid directly into their PAN linked bank account.

Evaluation of Unemployment pattern in India: There has been jobless growth as revealed by report of 68th round of NSSO. The data showed that just 2.7 million jobs were created in five-year period between 2004-05 and 2009-10, despite 8% growth in GDP. Some economist accepted the weak linkage between job creation and growth. The reason behind is that growth is based on capital intensive technology, which is substituting capital for labour. Moreover, the growing population is not being absorbed in the productive activities.

Unemployment rate is much higher among young age people, particularly of highly educated people. With rise in education, the profile of new job seekers is varying. Besides, being highly educated, their aspirations about the nature of work and remuneration are also high. In the absence of sufficient incentives, they are reluctant to be a part of labour force.

The unemployment rate for women had historically tended to be higher than the unemployment rate for men, perhaps reflecting the historical pattern that women were seen as secondary.

The education system in India is not such as creating skills in the youth to be suited for the employers' aspirations. India is spending 2.7% of its GDP on education, but there is a lack of academic-industry linkage. Government should reorient the education system to be more employable` and adopt vocational training programmes. Better university-academic interaction or collaboration can make education more relevant. Government's initiatives such as Skill India, Start-ups etc. are the steps to generate self-

employment opportunities. Enhancing digital literacy and strongly supporting the IT sector can help in job creation.

New Thrust Areas for Employment Generation

In the last five years, government has initiated many employment generating schemes mentioned above. However, factors such as declining growth of private of private consumption, slow increase in fixed investment and muted exports have contributed in the employment slowdown. Creation of new job opportunities is in the priority of government. In this line, India needs its manufacturing engine to fire. The World Bank's South Asia Economic Focus Spring 2018 Report states that between 2015-25, India's working age population (those above the age of 15 years) is expanding by 1.3 million a month, India needs to create millions of jobs in a year. Below are some thrust areas which can be relied upon for employment generation:

Micro, Small and Medium Enterprises (MSME): SMEs can be the biggest employer in India. A fund can be set up for micro entrepreneurs in rural areas and thereby it can be monitored on how many micro enterprises are being set up. These SMEs can employ both skilled, semi-skilled, unskilled workforce.

In the same line, farm sector revival is of utter importance. Use of technology to boost up production, Co-operative farming, food processing industries and logistic industry are the new thrust areas in less skilled areas. There is a need for facilitating farmers with personalized knowledge by village level agri-business entrepreneurs. Farmers must be trained in new innovation skills related to crop production.

Healthcare: Healthcare comprises hospitals, medical devices, clinical trials, telemedicine, medical tourism, health insurance. Healthcare has emerged as one of the India's largest sectors- both in terms of revenue and employment. With supportive government policies, one lakh jobs are expected to be created from Ayushman Bharat, the National Health Protection Scheme. Increased incidence such as heart disease, obesity and diabetes are resulting in an increase in hospitalization, hence there is an increase in hospital jobs and demand for medical practitioners. In future, the government's push to improve affordable healthcare, establish new institutes and medical education will definitely play a pivotal role in growth of industry, as well as employment in this sector.

E-Commerce: It is also a new thrust area with large employment opportunities. E-commerce companies like Flipkart, Amazon, Snapdeal, Myntra and many more are creating new avenues for skilled and semi-skilled workforce. These companies generate employment opportunities in areas like logistics, customer services, digital marketing, warehousing etc. A substantial number of employment offers are being given for supply chain management to handle the large volume of digital marketing. E-commerce has fostered the growth of gig² workers by providing them flexible work opportunities.

Information Technology (IT) and Tourism: Papola (2013) mentions that software services, Business Process Outsourcing (BPO) etc. are creating employment opportunities. Indian software professionals are high in demand in foreign nations also. Similarly, tourism sector is also an emerging area of employment.

Conclusion: India's economic growth shows a clear imbalance. The country's GDP has grown rapidly, but enough jobs have not been created. Most of the growth has come from the service sector, which offers limited employment opportunities. On the other hand, agriculture still employs a large chunk of the population but generates very low income, and the manufacturing sector has been bypassed in the growth process that is capable to generate more employment opportunities. This uneven growth has created a

² Gig workers are those who are engaged in short-term contractual project-based work.

serious challenge — strong economic growth but weak job creation. To solve this, India needs policies that promote **job-oriented growth**. The government must focus on improving manufacturing, supporting agriculture-based industries, and providing skill training to the youth. If India wants to make full use of its large working-age population (15-60 years) and become a truly developed economy, growth must be **inclusive and employment-driven**. Only then can economic progress benefit everyone in society. India's growth paradox is rooted in its sectoral imbalances and historical policy choices. Tackling unemployment requires a multi-pronged approach: strategically nurturing labor-intensive manufacturing, upgrading skills in tune with market needs, making the education system employment oriented and fostering inclusive policies that bridge rural-urban and gender divides. Only through deliberate and sustained interventions India can hope to transform growth into inclusive, meaningful employment.

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