Jobless Growth in India: Structural Challenges & Policy Pathways

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Abstract:

India's impressive economic growth over recent decades has not translated into proportional employment gains, raising widespread concerns about "jobless growth." This paper conducts a comprehensive review of the structural, institutional, and policy-driven causes behind the country's persistent employment challenges. Focusing on three core themes: capital-intensive growth, the stagnation of manufacturing job creation, and widespread skill mismatches. It critically assesses the mismatch between labour market expectations and outcomes. Drawing upon national survey data, international reports, and peer-reviewed academic literature, the paper examines the effectiveness of flagship policies such as Skill India, Make in India, and recent labour law reforms. It finds that despite ambitious efforts; India has struggled to foster labour-intensive industrialization or ensure the employability of its expanding youth population. The review concludes with a synthesis of policy recommendations aimed at fostering inclusive, job-rich growth, and argues for coordinated reforms across industrial policy, education, labour markets, and social protection systems.
Keywords: *Jobless Growth; India Labour Market; Labour Policy; Industrial Organisation*

1. Jobless Growth in India:

In economics, "jobless growth" refers to a phenomenon where a country's economy expands without a commensurate rise in employment, leading to stagnant or rising unemployment despite economic gains. India's experience in recent decades has raised concerns of this kind. On one hand, India has sustained high GDP growth (often exceeding 6–7%), but on the other hand a large young labour force has struggled to find quality jobs. With India's demographic dividend, over 270 million people in the 15–29 age group (about 27% of the population in 2021), the stakes are high (Fernandes 2024). The majority of unemployed in India are youth, and among them the share of educated youths has risen dramatically, indicating that many graduates find no suitable jobs (Fernandes 2024). This review examines the structural factors behind India's employment challenges and evaluates policies and prescriptions from the literature. We begin by tracing India's economic and labour-market history since the 1991 reforms, then assess evidence on whether India truly suffers jobless growth, and

explore its root causes. We then survey major government initiatives (Skill India, Make in India, labour reforms, etc.) and critically assess their outcomes. Finally, we synthesize policy recommendations from domestic and international research, aiming to identify pathways to more inclusive, job-rich growth.

2. Historical Context:

Since economic liberalization in 1991, India's growth trajectory has been uneven. GDP growth accelerated from roughly 5–6% in the 1990s to over 8–10% in the mid-2000s, briefly slowing after the global crisis but rebounding in the 2010s. However, this growth has been structurally skewed. Most growth has come from services and high-technology sectors, while the share of manufacturing has remained low. In 1950, India was dominantly agricultural (primary sector 59% of GDP), but by 2011 services accounted for 59% of GDP. As one analyst notes, India's economy seemingly skipped the secondary sector, manufacturing, in its growth path (Todi 2024). Economists argue that bypassing a robust manufacturing expansion limited job creation: manufacturing has a high employment multiplier that India failed to exploit (Todi 2024).

Employment statistics confirm this lagging structural transformation. Even as GDP expanded, employment remained concentrated in low-productivity activities. According to the International Labour Organisation (ILO), India's economy has been services-led, contrary to manufacturing-led growth most developed countries experienced during their development. The share of manufacturing in output has hovered around 16–17% for decades (Todi 2024), and only about 11% of workers are in manufacturing (Saleem 2024). Meanwhile, roughly 45–50% of workers remain in agriculture, a share far above many peers. India's labour market is also overwhelmingly informal: about 90% of workers lack formal contracts and social security. Thus, even within services and industry, most jobs are low-wage and precarious. (ILO 2024)

These structural patterns have had concrete labour-market consequences. The employment elasticity of growth (the percentage increase in employment per percentage increase in GDP) has fallen sharply. Professor Tejani finds that Kaldor–Verdoorn coefficients in India (which capture how much employment rises with output) "have dropped dramatically over time" – indicating growth with much lower job creation. "Suggesting that India has leapfrogged into a high-productivity regime without the broad-based expansion of labour-intensive production" typical of Asian miracles (Tejani 2015). Consistent with this, Indian data show a declining worker-population ratio. The ILO notes that India's open unemployment rate was extremely low (around 2–3%) for many years, mainly because a shrinking fraction of the population entered the labour force. Between 2000 and 2019 the labour force participation rate (LFPR) declined (from roughly 53% to around 51%) and the number of

"discouraged workers" rose, reflecting that many gave up job search. Only in the late 2010s did unemployment begin to rise (to about 5.8% by 2019), as more people entered the workforce and job growth failed to keep up. (ILO 2024)

Women's workforce participation has remained notoriously low (around 25–30%), further depressing measured employment. Even among male workers, the quality of jobs has been a concern. Several state-level surveys and academic studies have documented that underemployment and low wages are widespread. In sum, post-1991 India has experienced rapid GDP growth without the structural transformation seen in East Asia. Agriculture still employs a far larger share of workers than its GDP share would suggest, and services now dominate output while many workers remain in traditional or informal occupations. This historical legacy sets the stage for the current debate on jobless growth in India.

3. Evidence of Jobless Growth

The question of whether India has experienced jobless growth is hotly debated. Data from different sources offer mixed pictures. Proponents of the jobless growth narrative point to official surveys showing rising unemployment and shrinking farm jobs. Critics argue that measurement issues and alternative indicators show a more benign outlook. Below we review the main evidence from national surveys and international data.

The Government of India's (GoI) official employment statistics come from the National Sample Survey Organization's (NSSO) quinquennial surveys (last conducted 2017–18) and the new Periodic Labour Force Survey (PLFS) started in 2017. The preliminary PLFS report for 2017–18 (cited from data leaks) reported an unemployment rate of about 6.1%, the highest in decades. This prompted widespread concern that urban youth unemployment had spiked. In contrast, the official PLFS results for 2018–19 showed a slight decline: the all-India urban and rural unemployment rate (usual status) fell to 5.8% (GoI 2020). Furthermore, the 2020–21 PLFS (covering July 2020–June 2021) recorded a further decline to 4.2%, suggesting some recovery of the labour market after COVID-19. (GoI 2023) These numbers show fluctuations but not clear trends of ever-increasing unemployment. Indeed, the ILO notes that India's open unemployment rate was extremely low (2–3%) around 2012, rose to 5.8% by 2019, and then fell to about 4% by 2022 (International Labour Organisation 2024). However, low unemployment rates in India have historically masked underemployment: many poor households rely on informal agricultural and casual labour, which wouldn't count as unemployment even if incomes are inadequate.

Private-sector data from the Centre for Monitoring Indian Economy (CMIE) offer a more granular view. CMIE's Consumer Pyramids Household Survey reported unemployment of roughly 7–8% in

mid-2019, rising sharply during the pandemic (peaking around 23% in mid-2020), and then falling back as the economy reopened. Such real-time data confirm that joblessness spiked during lockdowns but remained elevated (around 7–10%) into 2021–22. (CMIE 2023). Notably, CMIE's urban unemployment rates have been consistently higher than the national average in PLFS, reflecting that cities lost more jobs and regained them more slowly.

India's unemployment figures remain low by international standards (due to measurement differences), but the ILO report emphasizes the quality of employment. By ILO measures, a vast informal workforce (≈90%) and declining labour force participation mean much hidden distress. For example, many women and educated youth are neither working nor actively seeking work, so they do not count as unemployed but are economically inactive. If these discouraged workers are included, the unemployment picture is bleaker. In fact, an ILO analysis notes that although headline unemployment was only ~3% in 2012, the true lack of opportunities was reflected in falling labour force participation and wages (ILO 2024).

Those who argue that jobless growth exists point to the sheer number of jobs needed. With over 10 million youth entering the workforce each year, even a 6–7% growth rate requires employment growth of 8–10% just to maintain status quo in employment. Economists have noted that India's employment elasticity has been near zero in recent decades (Tejani 2015) (ILO 2024). DownToEarth (a policy magazine) reports that manufacturing employment actually declined from 51 million in 2017 back to 36 million in 2023 (Todi 2024), illustrating anaemic job creation in industry. Moreover, real wages for regular and self-employed workers have stagnated or fallen since 2019, indicating that many working Indians faced deteriorating job quality. (Fernandes 2024)

On the other hand, opponents of the jobless-growth narrative stress data caveats. Government officials have dismissed the PLFS 2017–18 leak as a draft result, and pointed to rising formal-sector enrolments. For instance, the prime minister cited a report that nearly 3.7 million (36.8 lakh) new members joined the Employees' Provident Fund (EPF) in late-2017, suggesting job growth in the formal sector (Soz 2019). However, Critics note that new EPF accounts often reflect informal workers formalizing, not net job creation. The finance ministry's Economic Survey (2022–23) highlights that unemployment fell from 5.8% in 2018–19 to 4.2% in 2020–21 (GoI 2023), arguing labour markets have "recovered beyond pre-Covid levels." In sum, the data are ambiguous: official PLFS suggests moderate improvement recently, while some private indices show persistently high joblessness.

In this context, an objective assessment is that India's rapid growth has not delivered the proportionate employment gains needed. Whether one calls it jobless growth or underemployment or merely a statistical artefact depends on definitions. But most analysts agree that large gaps remain: far too

many youths, women, and rural workers are underemployed in low-productivity jobs. As the World Bank noted in 2024, India grew at 6.7–7.8% recently but still faces a challenge in job creation and more inclusive growth (Kumar 2024). We turn next to the underlying structural causes of this employment puzzle.

4. Root Causes

Several deep-rooted structural factors contribute to India's weak job growth relative to output. We highlight three major themes emphasized in the literature: (1) capital-intensive growth, (2) insufficient expansion of manufacturing jobs, and (3) a mismatch of worker skills and education.

4.1. Capital-Intensive Growth

India's growth has largely been capital- and technology-intensive rather than labour-intensive. In the past two decades, high-growth sectors like information technology, telecommunications, financial services, and pharmaceuticals have led output expansion. These sectors tend to have high output per worker (productivity), but they absorb relatively few low-skilled workers. The ILO observes that India's employment elasticity has fallen because "capital intensity over the years has been increasing, leading to lower employment intensity of the growth process" (ILO 2024). In other words, factories and projects use more machines and fewer workers per unit output than before.

This structural shift partly reflects India's entry into global value chains and technology adoption. Professor Tejani documents that India has "leapfrogged into a high-productivity regime without the broad-based expansion of labour-intensive production" seen in fast-growing East Asian economies. In a Kaldorian framework, the employment–output elasticity (Verdoorn coefficient) for India's economy has "dropped dramatically" for both formal and total employment (Tejani 2015). Put differently, each percentage point of GDP growth now generates far fewer jobs than it did in earlier decades. Analysts attribute this to a growing share of output in capital-intensive industries (e.g. telecom, oil & gas, high-tech manufacturing) and services, which do not scale up labour in proportion to production.

The ILO report further notes that India's structural transformation has been "stunted" by this pattern. Unlike export-driven models that first industrialize with low-tech manufacturing, India's demand structure moved rapidly into high-value services and complex industry. The result is that despite reasonably high GDP growth, there has not been commensurate expansion of *productive* employment (ILO 2024). Moreover, globalization and automation have amplified these trends: some analysts suggest that international competition has pressured firms to adopt even more capital-intensive

techniques (Tejani 2015). In sum, India's economic structure favours output growth (often measured by GDP) over labour absorption, yielding output gains without proportionate job creation.

4.2. Lack of Manufacturing Job Growth

A closely related issue is that India's manufacturing sector has failed to absorb a rising share of labour, in stark contrast to other Asian economies. Many developing countries followed a "flying-geese" pattern: rural workers moved into factories producing textiles, garments, and electronics, lifting incomes and living standards. India largely skipped this stage. Throughout the 1990s and 2000s, manufacturing's share of GDP remained roughly in the mid-teens, barely higher than in the pre-reform era. At 16–17% of GDP in the 1990s, it was still only about 17.7% by 2023 (Todi 2024). Equally striking, only about 11% of India's workforce is in manufacturing. This figure is low compared to most emerging economies (for example, Vietnam and China have 20–30% of workers in industry). Moreover, this share has "not much budged for years" despite ambitious schemes like Make in India (Saleem 2024). In fact, some estimates show manufacturing employment has stagnated or even fallen recently: one analysis finds that manufacturing jobs rose from 30.3 million (2013–14) to 51.3 million (2017) but then declined to 35.7 million by 2023. Even government sources dispute the trend: the Centre claims 62.4 million manufacturing jobs in 2019, but independent analyses question that figure (Todi 2024).

Why has manufacturing not boomed? Several factors are cited. A core problem is that India has tended to industrialise in capital-intensive branches. Large investments (e.g. auto plants, smartphone assembly, electronics factories) do create some jobs, but far fewer than labour-intensive sectors would. The World Bank notes that India "lost ground" in traditional sectors like textiles, leather, and apparel, areas where it could have competed for labour-intensive exports. India's share of world apparel exports even fell from 4% in 2018 to 3% in 2022, while neighbours like Bangladesh and Vietnam captured the low-skill garment boom (Kumar 2024).

Institutional factors also played a role. India's labour regulations have historically discouraged large-scale hiring. Stringent requirements for firms with more than 100–300 employees make manufacturers cautious about expanding headcount. Infrastructure gaps (power shortages, poor roads) and complex land-acquisition rules have further raised the fixed costs of factories. Recent reforms have aimed to improve the business climate, but many manufacturers still cite red tape and regulatory uncertainty (for example, inconsistent implementation of new labour codes) as hindrances. (Saleem 2024)

In contrast, the global market has rewarded countries that did focus on labour-intensive goods. As Reuters reports, "with rising costs and declining productivity, India's share in global apparel exports

has declined" while Bangladesh and Vietnam have grown (Kumar 2024). Similarly, small investments by multinational firms in India often create only a few thousand jobs: for instance, a Rs.3,000 crore investment by Coca-Cola in 2023 was expected to generate only 1,400 jobs (Todi 2024). In short, even successful manufacturing investments have had limited job impact.

The combination of these forces means that India's industrial expansion has not been labour-expanding. Instead of generating millions of factory jobs, growth has relied on capital-intensive projects and on services (IT, finance, telecom) that employ a relatively limited segment of the workforce (and mostly those with higher skills). This pattern has left millions of workers – especially in rural areas and secondary cities – trapped in low-productivity employment.

4.3. Skills Mismatch

A third root cause of India's employment woes is the widening gap between the skills that workers possess and the skills that jobs require. Over the past two decades, India has vastly expanded access to schooling and higher education, raising the pool of graduates. Yet many employers report that applicants lack the practical abilities needed in the workplace. The phenomenon of "skill mismatch" in India has several dimensions.

First, the quality of education is a concern. While enrolment in secondary and tertiary education has surged, learning outcomes remain weak. Reports indicate that a large share of school and college graduates have literacy and numeracy gaps. As the Mint article on the ILO report notes, dropout rates after secondary school are high in poorer states, and even among graduates "significant learning deficits" are observed (Fernandes 2024). Consequently, a graduate's diploma may not translate to on-the-job competence.

Second, the distribution of skills among the unemployed has shifted. The ILO/IHD report finds that more than half of unemployed youth now have at least secondary education – up from a third in 2000 (Fernandes 2024). In other words, unemployment is increasingly concentrated among the educated, suggesting that graduates are struggling to find suitable jobs. This creates a dual challenge: employers bemoan a "crisis of employability," while many trained youths languish jobless or accept poor-quality work.

Third, formal vocational and skill-training programs have largely underdelivered. India's flagship Skill India initiative aimed to train 400 million people by 2022 in market-relevant skills, through schemes like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), apprenticeship programs, and NGOs. Yet critics point out persistent problems. Recent analyses highlight that most of the training has been in very short courses (often less than a month, sometimes just a day or a week) rather than intensive apprenticeships. Placement rates from these programs have been disappointingly low; for

example, PMKVY's formal placement figures (publicized at 54%) have been challenged as inflated, with some data showing actual placements closer to 10–20%. Apprenticeship targets have similarly been missed (the goal of 5 million apprentices by 2020 achieved less than half). (Sharma and Mehrotra 2025)

The upshot is that India churns out certificates at a high rate, but many recipients lack the competencies employers seek. A striking statistic encapsulates this: unemployment among those with formal vocational training is around 17%, versus only 4% among those with informal training (Sharma and Mehrotra 2025). This implies that the formal training system itself is not enhancing job prospects. Employers frequently survey that graduates lack "soft skills" or specific technical know-how, and they end up having to retrain new hires on the job.

Thus, a skills mismatch pervades the labour market. On the demand side, many businesses (especially in manufacturing and services) report shortages of suitably skilled labour, curbing their expansion. On the supply side, young workers aspire to any "white-collar" or formal job, leading to intense competition for a limited number of formal sector vacancies. The imbalance fuels unrest (long queues for government jobs, urban underemployment) and wastes human capital. Overall, inadequate quality of training and education, misalignment with industry needs, and a surplus of ill-matched graduates have deepened India's job market problems. (Sharma and Mehrotra 2025)

5. Policy Landscape

Recognizing these challenges, successive Indian governments have launched a range of policies to spur employment and upgrade skills. Here we survey major initiatives and assess their successes and shortcomings.

5.1. Skill India and Vocational Training

Launched in 2015 under Prime Minister Modi, the Skill India mission aimed to impart market-driven skills to millions of youth. It consolidated programs like PMKVY, the National Skill Development Mission, and expanded apprenticeships. Billions have been spent on such schemes. The intention – to bridge the education-to-employment gap is sound. However, evaluations point to mixed results. As noted above, studies criticize Skill India for its reliance on very short courses and for weak industry linkage. Certificates are awarded en masse, but placement remains low. The IDR study finds that the proportion of students taking multi-year vocational courses has plummeted (from 29% in 2017–18 to 14% in 2023–24) while short-term training has surged. This "quantity-driven" approach means many trainees do not emerge with substantive skills. Several independent reports have echoed these concerns: without strong assessment mechanisms and employer partnerships, many government-funded trainees remain unemployable. On the positive side, recent reforms have started to focus on

quality (accreditation of training providers) and digital skill platforms, but tangible improvements in employability are still awaited. (Sharma and Mehrotra 2025)

5.2. Make in India & Industrial Policy

In 2014, "Make in India" was launched to transform India into a global manufacturing hub. It set bold targets (e.g. raising manufacturing's share of GDP to 25%, and creating 100 million manufacturing jobs). The policy toolkit included ease-of-doing-business reforms, infrastructure development (industrial corridors, ports, roads), and incentives for specific sectors via Production-Linked Incentive (PLI) schemes. It did attract investment: foreign firms in electronics, automobiles, pharmaceuticals, and defence have set up new plants. Infrastructure projects (e.g. the Delhi-Mumbai Industrial Corridor) were initiated to knit together supply chains. On indicators, India's rank in the World Bank's Ease of Doing Business improved markedly (from 142nd to 63rd by 2019) under this agenda. (KPMG 2024)

However, the outcomes have fallen short of the rhetoric. Manufacturing jobs and output grew, but nowhere near the ten-crore (100 million) jobs envisaged. By 2023, manufacturing's contribution remained around 16–17% of GDP. DownToEarth reports that manufacturing employment scarcely budged in ten years (Todi 2024). KPMG notes that although *some* manufacturing sectors expanded, they tend to be capital-intensive (like electronics), yielding relatively few jobs (KPMG 2024). It points out that many of the global firms that India sought after create only hundreds or thousands of jobs (e.g. a new auto plant may employ 1,000–2,000, far less than labour-intensive industries). The loss of manufacturing share to cheaper producers (Bangladesh in apparel, Vietnam in footwear) suggests India has not captured the lower-end market segments with highest employment elasticity (Kumar 2024). Critics also note that targets remain unmet: the ambitious goals for 2025 (25% GDP, 100 million jobs) have already been revised or scaled back in light of these realities.

Make in India succeeded in improving business climate and attracting some high-tech investment, but it did not revolutionize manufacturing-led employment. Challenges such as land acquisition, regional inequality, and rigid labour markets limited the policy's impact. The PLI incentives show promise in sectors like electronics, but so far, they reward capital investment more than labour hiring.

5.3. Labour Law Reforms

In 2019–20 India undertook a major overhaul of labour regulations, consolidating 29 central labour laws into four unified codes (on wages, industrial relations, social security, and occupational safety). The stated aim was to simplify compliance, encourage formal hiring, and balance worker protection with business flexibility. For example, the Industrial Relations Code raised the threshold for mandatory government approval before layoffs or retrenchment (from 100 to 300 workers) (Aich

2025). It also introduced fixed-term contracts with parity of benefits. In the Code on Wages, a national minimum wage and uniform definition of "wages" were established, along with new allowances like overtime pay. Proponents argue these changes will ease hiring for firms and eventually generate jobs. It is too early to gauge the full impact of these codes, as many rules await state-level notifications. Early commentary suggests mixed effects. On one hand, the new laws extend some formal protections (e.g. social security to gig/platform workers) and reduce multiplicity of rules. On the other hand, critics say businesses still face complexity, and many feared provisions (like social security contributions) could discourage hiring. The raise in thresholds for large enterprises has likely helped small firms employ contract workers more easily, but definitive studies on job creation are pending. In practice, implementation lags and legal ambiguities may blunt the reforms' promise. Nevertheless, the move marks a recognition that rigid labour rules were a deterrent to job growth; whether this translates into significant new employment remains to be seen.

5.4. Other Initiatives

Beyond these flagship schemes, the government has pursued several related policies. For rural workers, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides a 100-day employment safety net. While not a growth program per se, MGNREGA has buffered rural unemployment by offering guaranteed work during lean seasons, thus indirectly alleviating some jobless pressure. On entrepreneurship, programs like Startup India and enhanced credit guarantee funds aim to spur small business creation (which historically is labour-intensive). In education, initiatives such as the New Education Policy 2020 envisage greater vocational training integration. However, systemic issues – underfunded public education, poor school quality, and limited higher-education seats – remain barriers to addressing the skills gap. In sum, the policy landscape is crowded with well-intentioned schemes, but implementation and coordination issues have often limited their effectiveness in practice.

6. Solutions From the Literature

Scholars and policy analysts propose a wide range of remedies to India's job challenge. Several themes recur: boosting labour-intensive growth, enhancing skills, and strengthening social safety nets. Below we synthesize best practices and recommendations that emerge from domestic and international studies.

Analysts stress the need to accelerate labour-intensive manufacturing and exports. For example, the World Bank's September 2024 update advises India to "conquer less advanced markets" (in Africa and Latin America) for goods like textiles and footwear, sectors that employ many workers. Enhancing the Production-Linked Incentive (PLI) schemes to focus on sectors with high employment

potential (textiles, leather, agro-processing) could leverage India's wage advantage. Reducing trade barriers is also recommended: the World Bank suggests slashing tariffs and integrating Indian firms into global value chains to expand exports. Simply put, India should pursue the example of countries like Vietnam and Bangladesh by targeting exports of labour-intensive goods. Special Economic Zones (SEZs) or industrial corridors dedicated to textiles and apparel might create clusters of job creation. (Kumar 2024)

Labor-intensive industries require reliable infrastructure. Expanding power supply, roads, ports, and logistics networks can lower costs for manufacturers. As KPMG notes, projects like the Delhi–Mumbai Industrial Corridor and improved freight corridors have laid physical foundations. Continued investment in rural roads and connectivity can link hinterlands to markets, encouraging local enterprises. Digital infrastructure also plays a role: improving internet and telecom access can support new service industries (call centres, back-office operations) that provide jobs in smaller cities. (KPMG 2024)

Small and medium enterprises (SMEs) traditionally hire more per unit of output than large firms. India's policies could therefore emphasize credit, technology, and market access for SMEs. For instance, simplifying tax and registration processes further, and expanding the reach of credit guarantee schemes (CGTMSE), could allow small enterprises to grow and hire. Cluster development programs (e.g. for textile towns, handicrafts hubs, auto-component parks) can provide shared facilities and skills training. Some studies argue that decentralizing industrial policy, giving state governments incentives and flexibility to promote local industries, can also spur employment in underdeveloped regions. (ILO 2024)

Closing the skills gap is critical. Recommendations include overhauling curricula to align with industry needs, partnering with companies for apprenticeship programs, and focusing on vocational education in high schools. The ILO and other experts stress "market linkage" in training – involving employers in designing and delivering courses. Germany's dual vocational system or Korea's polytechnic approach are often cited: they combine classroom learning with on-the-job training. India's new National Education Policy acknowledges this by promoting vocational tracks, but implementation must ensure actual quality. At the same time, foundational education (primary and secondary schooling) must be strengthened so that youths acquire basic literacy and numeracy. Several reports recommend substantial increases in public funding for teacher training and school infrastructure in lagging states. (ILO 2024)

Many proposals call for balancing labour market flexibility with safety nets. The labour codes are one step in this direction, but some suggest additional measures such as portability of social security

benefits across jobs, or incentivizing formalization (e.g. easing PF/ESI thresholds gradually). Others argue for expanding old-age pensions and health coverage, so that workers feel more secure switching jobs or accepting new training. Upgrading digital labour platforms (like skill registries and job portals) can also improve job matching and reduce hiring frictions.

Increasing women's labour force participation could substantially enlarge the working population. Solutions include better childcare facilities, flexible work options, and targeted training programs for women in non-traditional sectors. Similarly, creating more pathways for rural youth is essential. Some experts propose an urban employment guarantee analogous to MGNREGA (a long-debated idea) to provide a safety net for unorganized urban workers and to give experience. Notably, evidence from ILO suggests broadening the scope of "work" measurement to include informal activities often done by women, so as to capture true participation. Policies that reduce the opportunity cost of formal employment for women – such as safe commuting and maternal leave – also feature in solutions literature. (ILO 2024)

On the demand side, some economists advise counter-cyclical public spending (in infrastructure, rural development, education) to generate jobs when private demand is weak. India's record with MGNREGA shows that well-funded public works can employ millions in rural areas during downturns. Extending such schemes (or creating new ones in urban slums) could provide a floor for employment and sustain consumption. Additionally, strengthening income support (e.g. through direct benefit transfers or unemployment allowances) may reduce distress while jobs are scarce, though these have fiscal costs.

Technology adoption need not be at odds with employment goals. Some literature discusses "appropriate technology" – promoting labour-augmenting technologies rather than pure automation. For example, using micro-irrigation and farm equipment can raise farm productivity and free rural labour for industry. Similarly, incentivizing labour-saving but skill-augmenting tech (like simpler ERP systems for SMEs) could raise wages without displacing workers.

The solutions emphasize a multi-pronged approach. Stimulate labour-intensive industries, upgrade skills and education, improve infrastructure, and provide social safety nets. International experience underscores that no single silver bullet exists. Rather, India needs coordinated industrial policy (export promotion, MSME support), flexible yet secure labour laws, and a reoriented education system. Successful examples from China (migrants-to-factories), Germany (dual training), and Bangladesh (export incentives) offer lessons, but India must adapt them to its federal structure and diverse workforce. Importantly, monitoring and evaluation are often underlined: policy programs should track placement outcomes and adjust strategies based on what yields real jobs and incomes.

7. Conclusions:

"Jobless growth" is not just a statistical curiosity; it embodies India's deeper structural challenges. Rapid GDP expansion has not been matched by adequate employment generation, especially for the young and low-skilled. Overcoming this mismatch is crucial to realize India's potential: as the ILO report notes, India stands at a crucial juncture in harnessing its demographic advantage. Failure to create jobs could lead to social unrest, wasted human potential, and slower long-term growth.

Our review highlights that the causes of India's employment shortfall are manifold. A shift to capital-intensive and service-led growth; a stunted manufacturing sector unable to absorb surplus labour; and education/training systems that have not kept pace with evolving job requirements. Government initiatives have addressed pieces of the problem. Skill India and Make in India have made partial inroads, and labour reforms have sought to unshackle hiring, but outcomes have been underwhelming so far.

Looking ahead, policy must aim for inclusive growth. Reforms that not only increase output, but also spread its benefits through new jobs. Promising directions include energizing labour-intensive exports and MSMEs, strengthening vocational training with industry participation, extending public employment guarantees as needed, and broadening social protection. In particular, facilitating mobility – of labour, capital, and knowledge – within India and across borders could enable more dynamic job creation. For example, easing regulations on interstate labour movement, or lowering trade barriers, can help match workers to opportunities more efficiently.

In conclusion, resolving India's structural unemployment will require persistence and innovation. The literature suggests no one-size-fits-all fix; rather, India needs a sustained national effort to tackle bottlenecks in industry, education, and the labour market simultaneously. By learning from both successful models abroad and domestic pilot projects, and by continuously evaluating policy impacts, India can chart a path toward a future where its high growth is meaningfully jobful and inclusive.

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9. Declaration:

I, the undersigned Mr. Geetansh Saxena here by, declare that the work embodied in this project work titled "Jobless Growth in India: Structural Challenges & Policy Pathways", forms my own contribution to the project work carried out under the guidance of Dr. P Smrithi V. Nair. I have received no outside funding for the conduction of this project. I can attest that there is no conflict of interest with my association with any parties involved. Help of Large Language Models (LLMs) has been taken at places to help refine and finetune grammar and structure. All work presented is my own original work.

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