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The Crisis of the Credentialed: A Comparative Assessment of Unemployment in India

Dr. Bhagwana Ram Godara*

Assistant Professor (Geography), Govt. Dungar College, Bikaner, Rajasthan, India.

*Corresponding Author: br_godara@ymail.com

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ABSTRACT

The rapid expansion of higher education in India was expected to translate into improved employment outcomes and social mobility; however, recent trends reveal a growing crisis of educated unemployment. This study examines the extent, patterns, and structural dimensions of unemployment among highly educated individuals in India through a comparative and spatial analysis. Using secondary data from the World Bank and the Periodic Labour Force Survey (PLFS) 2022–23, the study compares India's educated unemployment with selected G20 countries and analyses State and Union Territory–wise variations across different educational levels. The findings show that India consistently records the highest unemployment rates among highly educated individuals within the G20 group, despite marginal improvement in recent years. At the sub-national level, unemployment is disproportionately concentrated among persons with secondary and higher education, while remaining negligible among the less educated, indicating an inverse relationship between education and employment outcomes. States and Union Territories with higher educational attainment often exhibit severe educated unemployment, reflecting skill mismatch, jobless growth, weak industry–academia linkages, and limited labour market absorption. The study concludes that educated unemployment in India is a structural developmental challenge that threatens to undermine the country's demographic dividend unless education systems and employment strategies are realigned.

***Keywords**: Educated Unemployment, Crisis of the Credentialed, Higher Education, Labour Market, G20 Comparison, India.*

Introduction

The promise of education as a guaranteed pathway to secure employment and social mobility is facing a profound crisis in India. While the nation benefits from a vast and growing young population, this "demographic dividend" is at risk of turning into a liability due to the alarming rise of educated unemployment. This phenomenon, where individuals with graduate and postgraduate degrees are unable to find gainful work commensurate with their qualifications, points not to a temporary market fluctuation but to deep, structural failures within the economy and the education system. Recent reports starkly illustrate this crisis, revealing scenarios where over 46,000 graduates and postgraduates applied for sanitation jobs in Haryana, and 12,000 professionals competed for just 18 peon posts in Rajasthan (IE, 2025). These are not isolated incidents but symptoms of a widespread "crisis of overqualification" that undermines individual aspirations and national productivity.

The scale of the problem is formidable. Official unemployment rates of 4–6% mask a more troubling reality: approximately 66% of India's unemployed population comprises graduates or postgraduates (IE, 2025). This indicates that joblessness is disproportionately concentrated among the most educated, highlighting a critical weakness in the economy's capacity to create high-skill, formal-

sector employment. The crisis has permeated even the hallowed halls of premier institutions, with reports indicating that two out of every five Indian Institute of Technology (IIT) graduates in 2024 went unplaced during campus recruitment, signaling a collapse in high-skill job absorption (IE, 2025). Concurrently, wage stagnation—with average graduate salaries remaining at ₹3–4 lakh per annum for nearly a decade—further erodes the value of higher education, even for those who find employment.

The roots of this crisis are multifaceted and interconnected. A primary cause is the severe skill mismatch, where 33% of graduates report that their education did not align with industry needs, leading to "unemployability" despite holding degrees (IE, 2025). This is exacerbated by an institutional disconnect between academia and the world of work, characterized by theoretical curricula and weak placement support. Furthermore, India's economic model has exhibited "jobless growth," where sectors like manufacturing have low employment elasticity, and the services sector, which contributes 54% to GDP, accounts for under 30% of jobs (IE, 2025). The issue is also marked by significant regional and gender disparities; educated unemployment in states like Bihar and Jharkhand exceeds 35%, while educated women face over 30% unemployment due to mobility, safety, and social constraints (IE, 2025).

The consequences extend far beyond individual hardship. They include a significant loss of national productivity and innovation capacity, increased fiscal strain on public welfare schemes, a debilitating "brain drain" as talent migrates abroad, and severe social discontent linked to mental health issues and protests. Therefore, educated unemployment in India is not merely a labor market issue but a comprehensive developmental challenge that threatens to squander the nation's youth potential.

Existing literature highlights educated unemployment in India as a structural outcome of the widening gap between higher education expansion and labour market demand. Singh (2006) argues that rapid growth in higher education has led to degree devaluation, reducing employability of graduates, while Jeffrey (2009) demonstrates how educated unemployment has become a persistent social condition shaping youth aspirations and livelihoods. At the macro level, Varghese (2009) links the problem to globalization and weak national strategies that fail to integrate higher education with employment creation.

Studies on skills and labour markets emphasize institutional and policy failures, including weak industry–academia linkages and ineffective skill development systems (Aggarwal & Gasskov, 2013; Schmid, 2015). Socio-economic factors such as regional disparities and social background further intensify educated unemployment (Bairagya, 2015), while curriculum rigidity and lack of practical skills within higher education aggravate the problem (Basha, 2016). Recent studies stress the role of educational institutions and policy reforms in addressing this crisis through entrepreneurship promotion and labour market alignment (Dixit et al., 2024; George, 2024). International comparisons suggest that countries with strong education–employment linkages perform better in absorbing educated youth, underscoring the need for systemic reforms in India (Sanyal, 2024).Against the above background, this research study examines unemployment at various educational levels in India, comparing it with other countries and analyzing it on a state-by-state basis, as follows:

Objectives of the Study

The primary objective of this study is to examine the extent and nature of unemployment among highly educated individuals in India. Specifically, the study aims to analyse trends in educated unemployment at the national level, compare India’s performance with selected G20 countries, and assess inter-state and inter–Union Territory variations in unemployment across different levels of educational attainment.

Data Source & Research Methodology

The study is based entirely on secondary data. International-level data on unemployment among highly educated individuals have been sourced from the World Bank database, particularly the indicator related to unemployment with advanced education. State- and Union Territory–wise data on unemployment rates by educational level have been obtained from the Periodic Labour Force Survey (PLFS), 2022–23, published by the Government of India. Additional contextual information has been drawn from reports, policy documents, and published literature related to educated unemployment and labour market dynamics in India.

The study adopts a descriptive and comparative research methodology. Temporal analysis has been used to examine trends in unemployment among highly educated individuals in India from 2020 to 2024 and to compare these trends with other G20 countries. Spatial analysis has been applied to assess

variations in unemployment across Indian States and Union Territories by different levels of education. The collected data have been systematically tabulated and analysed using percentage distributions and comparative interpretation. The results are discussed in the context of existing literature to understand structural issues such as skill mismatch, jobless growth, and weak education–employment linkages underlying the crisis of educated unemployment in India.

Result & Findings

Table-1 presents a comparative picture of unemployment rates among highly educated individuals in G20 countries from 2020 to 2024 and reveals sharp cross-national contrasts as well as clear temporal trends. India consistently records the highest unemployment rate among the highly educated throughout the period, although a gradual decline is visible from 17.91% in 2020 to 13.47% in 2024, indicating persistent structural stress in absorbing educated labour despite marginal improvement. South Africa also exhibits very high levels of educated unemployment, peaking at 14.78% in 2021 and remaining above 12% in 2024, reflecting similar challenges faced by emerging economies. Turkey and Saudi Arabia show a steady and notable decline in unemployment among the highly educated, suggesting relatively improved labour market absorption over time.

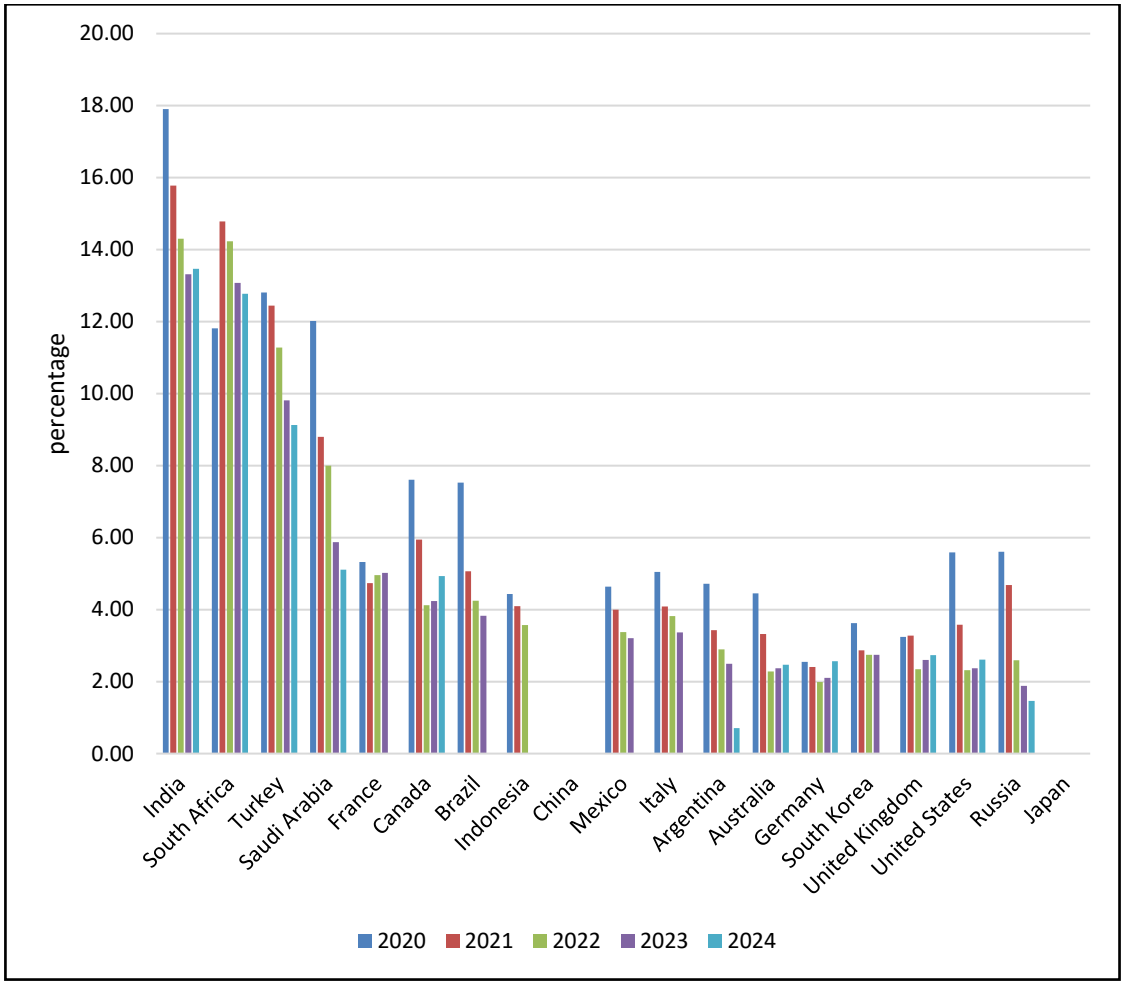
In contrast, developed G20 economies such as Germany, Australia, the United Kingdom, and the United States maintain comparatively low unemployment rates among highly educated individuals, mostly below 3% after 2022, indicating stronger education–employment linkages and more resilient labour markets. Countries like Canada, France, Italy, Brazil, and Mexico display moderate but declining unemployment rates, highlighting gradual post-pandemic recovery and improved demand for skilled labour. Argentina and Russia record a sharp reduction in educated unemployment, with Argentina reaching as low as 0.71% by 2024.

Table 1: Unemployment rate among highly educated individuals in G20 countries

(in percentage)

Sl. No.	Country	2020	2021	2022	2023	2024
1.	**India**	**17.91**	**15.78**	**14.30**	**13.32**	**13.47**
2.	South Africa	11.81	14.78	14.23	13.08	12.77
3.	Turkey	12.81	12.45	11.28	9.81	9.13
4.	Saudi Arabia	12.01	8.80	8.00	5.87	5.11
5.	France	5.32	4.73	4.96	5.02	--
6.	Canada	7.61	5.94	4.12	4.24	4.93
7.	Brazil	7.52	5.06	4.25	3.83	--
8.	Indonesia	4.43	4.10	3.57	--	--
9.	China	--	--	--	--	--
10.	Mexico	4.64	4.00	3.38	3.21	--
11.	Italy	5.05	4.09	3.82	3.37	--
12.	Argentina	4.72	3.43	2.90	2.49	0.71
13.	Australia	4.45	3.32	2.28	2.37	2.47
14.	Germany	2.54	2.40	1.99	2.11	2.57
15.	South Korea	3.63	2.87	2.75	2.75	--
16.	United Kingdom	3.24	3.28	2.35	2.60	2.73
17.	United States	5.59	3.58	2.32	2.37	2.61
18.	Russia	5.61	4.69	2.60	1.88	1.47
19.	Japan	--	--	--	--	--

Source: World Bank. (2025, September 25).



Figuur 1: Unemployment Rate Among Highly Educated Individuals in G-20 Countries (in percentage)

Table-2 provides a detailed and compelling State&Union Territory wise assessment of unemployment by educational attainment in India for 2022–23 and offers strong empirical evidence of "The Crisis of the Credentialed." The most striking feature of the table is the inverse relationship between education and employment outcomes: unemployment rates remain negligible among the not-literate and primary-educated population but rise sharply with higher levels of education. At the all-India level, unemployment among persons with secondary and above education stands at 7.3%, which is more than three times the overall unemployment rate of 3.2% and over thirty times higher than the rate among the not-literate population (0.2%). This clearly indicates that unemployment in India is disproportionately concentrated among the educated workforce.

State-level patterns further reinforce the depth of this crisis. States with relatively high educational attainment record some of the highest unemployment rates among the educated. Goa (14.8%), Kerala (12.2%), Rajasthan (12.5%), Andhra Pradesh (11.4%), Odisha (11.1%), Punjab (10.4%), and Haryana (9.8%) exhibit extremely high unemployment among persons with secondary and above education, despite low unemployment among lower educational categories. For instance, Kerala reports only 0.5% unemployment at the primary level and 2.4% at the secondary level, but this rises sharply to 12.2% among the highly educated, reflecting a severe mismatch between educational expansion and job creation. A similar pattern is observed in Goa, where overall unemployment is already high (9.7%), but educated unemployment peaks at 14.8%, the highest among all States.

Union Territories reveal even more acute manifestations of the crisis. Andaman & Nicobar Islands (16.8%), Lakshadweep (15.4%), and Ladakh (12.5%) record exceptionally high unemployment among the educated, largely due to limited economic diversification, small labour markets, and dependence on public sector employment. These regions exhibit near-zero unemployment among the not-literate population, further highlighting that education, rather than lack of skills, is becoming a liability in constrained labour markets.

Even relatively industrialised and economically dynamic States are not immune to this phenomenon. Tamil Nadu (9.4%), Maharashtra (5.5%), Karnataka (4.9%), and Telangana (8.9%) show that educated unemployment persists despite stronger industrial bases. In contrast, States such as Gujarat (3.7%), Delhi (3.8%), Jharkhand (4.4%), and Madhya Pradesh (4.7%) report comparatively lower educated unemployment, suggesting relatively better labour absorption or migration-driven adjustment; however, even here, unemployment among the educated remains substantially higher than among less-educated groups.

Table 2: State/UT-wise Details of Unemployment Rate (UR) on Usual Status for Persons of Age 15 years and Above of Different Highest Level of Education Successfully Completed during 2022-23

Sl. No.	State/UT	Not Literate	Literate & up to Primary	Middle	Secondary	Secondary & above	All
1	Andhra Pradesh	0	0	0.1	0.8	11.4	4.1
2	Arunachal Pradesh	0.1	0.1	2.7	5.5	13.3	4.8
3	Assam	0.1	0.2	2.4	2.1	6.5	1.7
4	Bihar	0.3	1.8	4.2	4.9	8.7	3.9
5	Chhattisgarh	0	0.2	1.2	2.8	7	2.4
6	Delhi	0	0	0.4	2.1	3.8	1.9
7	Goa	0	2.4	3.5	12.5	14.8	9.7
8	Gujarat	0.2	0.6	1	2.3	3.7	1.7
9	Haryana	1.7	0.9	3.7	4.2	9.8	6.1
10	Himachal Pradesh	0.4	0.8	0.3	1.2	7.1	4.3
11	Jharkhand	0	0.2	0.9	0.8	4.4	1.7
12	Karnataka	0.1	0	1.2	1.3	4.9	2.4
13	Kerala	0	0.5	0.6	2.4	12.2	7
14	Madhya Pradesh	0	0.2	1.2	2	4.7	1.6
15	Maharashtra	0	0.2	1.8	2.3	5.5	3.1
16	Manipur	0.1	1.4	3.7	2.9	7	4.7
17	Meghalaya	0	2.7	5.7	6.1	12.4	6
18	Mizoram	0	0	0.2	0.3	5.1	2.2
19	Nagaland	0	0.2	1.2	2.4	8.9	4.3
20	Odisha	0.2	0.6	2	4.3	11.1	3.9
21	Punjab	0.8	1.1	2.8	3.4	10.4	6.1
22	Rajasthan	0.2	0.8	2.3	2.3	12.5	4.4
23	Sikkim	0	0	0.1	0.3	6.9	2.2
24	Tamil Nadu	0.1	0.3	1.8	1.3	9.4	4.3
25	Telangana	0	0.2	1.7	0.9	8.9	4.4
26	Tripura	0	0.1	0.3	1.2	5.8	1.4
27	Uttarakhand	0.4	0.9	3.4	1.6	6.7	4.5
28	Uttar Pradesh	0.2	0.9	1.4	1.6	5.4	2.4
29	West Bengal	0.3	0.7	1.8	1.8	5.1	2.2
30	A& N Island	0	2.2	3	7.6	16.8	9.7
31	Chandigarh	3.8	0.7	3.4	2.6	4.5	4
32	DNH&DD	0.1	0.9	0.5	0	4.7	2.5
33	Jammu &Kashmir	0	1.2	2	1.9	9.7	4.4
34	Ladakh	0	0	3.2	8.8	12.5	6.1
35	Lakshadweep	0	0	3.8	0	15.4	11.1
36	Puducherry	0	0.6	0.6	0.5	9.7	5.6
	All India	0.2	0.5	1.7	2.2	7.3	3.2

Source: Rajya Sabha. (2024, August 1).

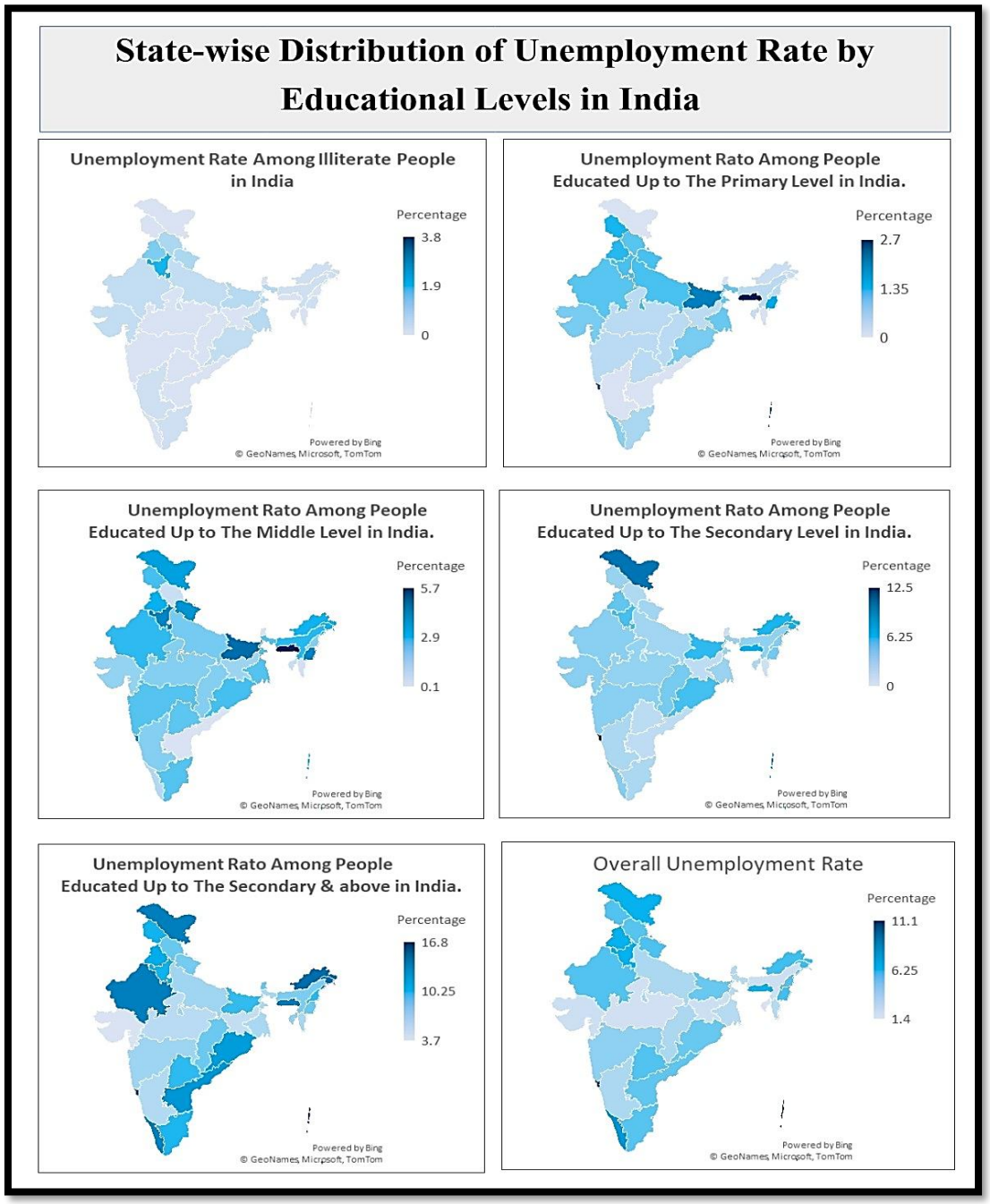


Figure 2: State-wise Distribution of Unemployment Rate by Educational Levels in India

Discussion

The findings confirm that educated unemployment in India is a structural and systemic crisis rather than a temporary labour-market fluctuation. Comparative analysis with G20 countries shows that India consistently records the highest unemployment rates among the highly educated, despite a modest decline between 2020 and 2024, indicating weak capacity to generate high-skill and formal employment. In contrast, advanced economies maintain low educated unemployment due to stronger education–

employment linkages, while India's figures remain significantly higher even compared to other emerging economies. State and Union Territory–level analysis further reveals an inverse relationship between education and employment, with unemployment remaining minimal among the less educated but rising sharply among those with secondary and higher education. At the national level, unemployment among the educated is more than three times the overall rate, clearly showing concentration of joblessness among graduates and postgraduates. High educated unemployment in states with greater educational attainment reflects a severe mismatch between educational expansion and job creation. Overall, widespread overqualification, weak labour absorption, stagnant wages, and regional and gender disparities highlight deep structural constraints, reinforcing the notion of a growing crisis of the credentialed in India.

Conclusion

The study concludes that educated unemployment in India represents a deep structural crisis rather than a temporary labour-market imbalance. Despite economic growth, India continues to record the highest unemployment rates among highly educated individuals, both in comparison with G20 countries and across its own States and Union Territories. The clear inverse relationship between education and employment outcomes highlights a serious mismatch between educational expansion and job creation. Persistent overqualification, weak industry–academia linkages, and jobless growth have reduced the employment value of formal credentials. Unless education systems are better aligned with labour-market needs and employment generation in skilled sectors is strengthened, India risks turning its demographic dividend into a long-term developmental challenge.

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