Gen Z Employment Crisis

Mains: *GS III – Economy & Social Issues*

Why in News?

Despite having the world's largest youth population, Gen Z faces delayed labour market entry, high unemployment, and insecure jobs — raising concerns of a looming employment crisis.

What is meant by Generation Z and Millennials (Gen Y)?

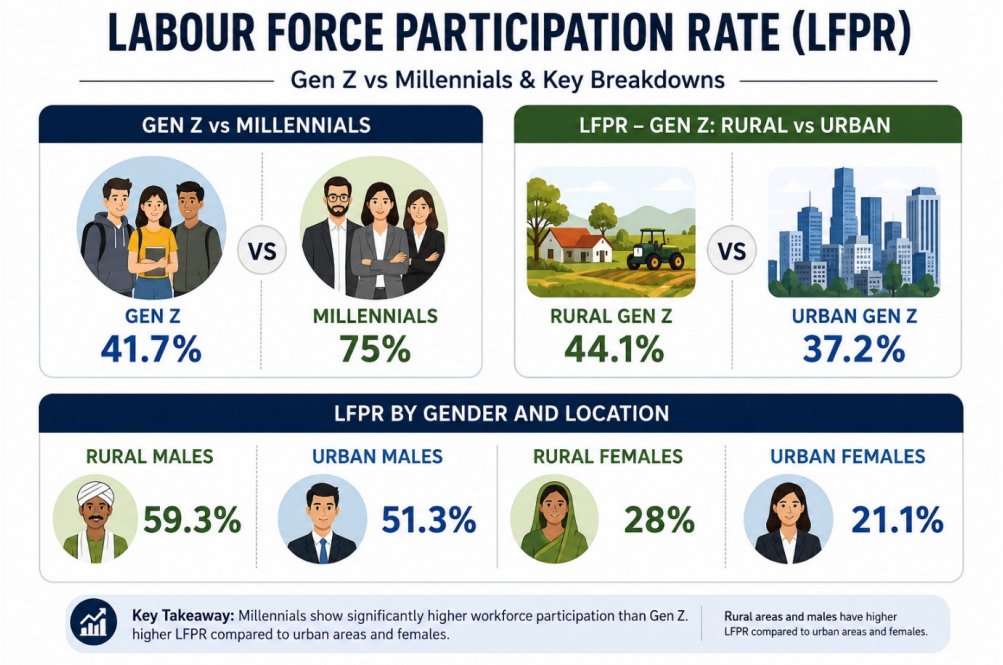
- **Gen Z –** Born between 1997 and 2012 and currently aged 15 to 26, represents the youngest working-age cohort.
- **Millennials (Gen Y) –** Born between 1981–1996, currently aged 27–42 years.
- **United Nations data, 2025 –** India has 371 million youth, this demographic dividend can only be realised if education leads to productive employment.

What are the employment patterns of Gen Z in India?

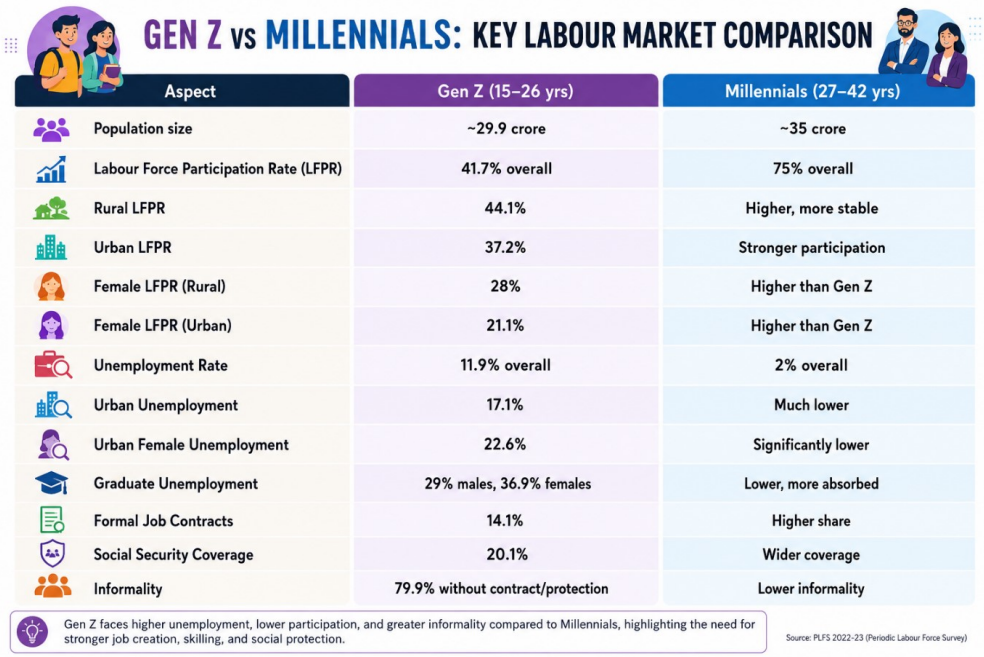
- **Generational Comparison –** According to the 2023-24 Periodic Labour Force Survey (PLFS), India has an estimated 29.94 crore working-age Gen Z individuals, compared with 35 crore Millennials.
- **Delayed Entry –** 41.7% of Gen Z males and 38.4% of females are still pursuing their studies.
- **Gender Divide –** 27.1% of females are engaged in domestic duties compared to only 0.32% of males.
- **Employment Patterns –** Among males, 15.8% work as unpaid family members, 12.3% hold casual jobs, and 14.8% receive regular wages.
- Among females, 35% perform domestic duties, 10.7% are unpaid family workers, and 4.7% earn regular wages.

What are the comparisons between Generation Z and Millennials (Gen Y)?

- **Labour Force Participation Rate (LFPR) –** Gen Z: 41.7% vs Millennials: 75%.
  - **Rural Gen Z** – 44.1% vs **Urban** – 37.2%.
  - **Rural males** – 59.3%, **Urban males** – 51.3%;
  - **Rural females** – 28%, **Urban females** – 21.1%.



- **Unemployment**
  - **Gen Z** – 11.9% vs **Millennials** – 2%.
  - **Urban Gen Z** – 17.1% young men, urban young women – 22.6%.
- **Graduate Trap –** Gen Z graduates: Males 29% unemployed, Females 36.9%.
  - **Millennial graduates** – Males 5.2%, Females 13.8%.
  - Education does not guarantee employment, highlighting a mismatch between educational attainment and labour market requirements.



What are the structural factors contributing to the Gen Z employment crisis?

- **Skill and Sectoral Alignment –** Employment prospects improve when training is directly aligned with employer needs.
- **Technology Factor –** Automation and artificial intelligence are reshaping workforce

demand and reducing traditional job opportunities.

- **Weak School-to-Work Transition –** Educational programs are not aligned with job market requirements.
- **Barriers for Women –** Domestic responsibilities, insufficient childcare, and unsafe transportation limit women's participation in the workforce.
- **Informalisation –** The increase in insecure jobs and weak employment protections is a growing concern.
- The social consequences include heightened frustration among youth, increased protests such as the Noida unrest, erosion of public trust, and a greater risk of societal instability.

What are the impacts of the Gen Z employment crisis?

- **Economical –** The crisis results in a wasted demographic dividend and a deceleration of national growth.
- **Social –** The crisis leads to youth disillusionment, increased unrest, and diminished confidence within families.
- **Gender outlook –** Women are disproportionately excluded from formal employment opportunities.
- **Structural outlook –** The increasing informalisation of employment undermines both job quality and security.

What are the ethical dimensions?

- **Equity and justice –** It require equal opportunities for youth, regardless of gender or geographic location.
- **Integrity of education –** It mandates that higher education should result in employability; failure to do so undermines the investments made by families.
- **Social responsibility –** It requires the state to establish pathways that prevent youth frustration and societal instability.

What could be done?

- **Expand Labour-Intensive Sectors –** Manufacturing, services, green jobs.
- **Strengthen School-to-Work Pathways –** Vocational training, apprenticeships.
- **Support Women –** Childcare, safe transport, flexible work.
- **Formalisation Incentives –** Encourage contracts, social security coverage.
- Timely reforms are essential to align educational outcomes with employer demand, thereby preventing a potential demographic disaster.

What lies ahead?

- India's primary challenge lies not in the readiness of Gen Z, but in the preparedness of the economy.
- In the absence of structural reforms, the demographic dividend may transform into a demographic disaster.

Reference

The Hindu | Missing Jobs for India's Gen Z