

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?

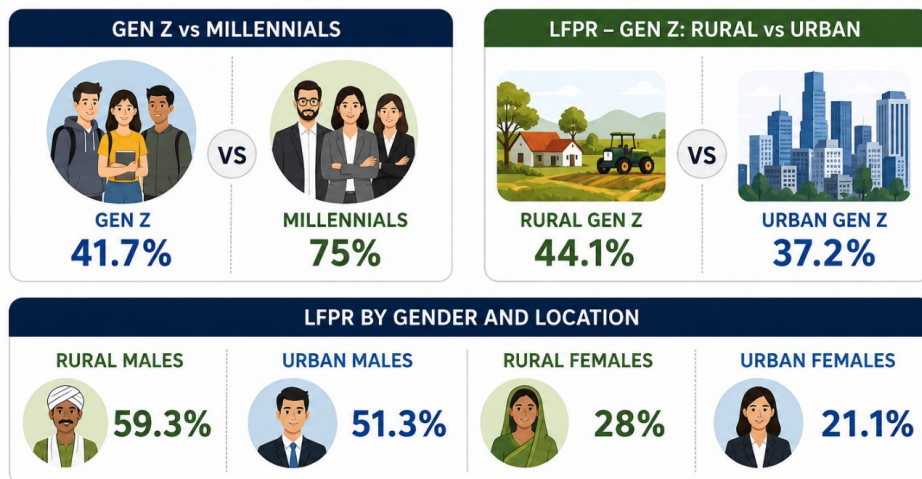
- **Generational Comparison** - According to the 2023-24 Periodic Labour Force Survey (PLFS), India has an estimated 29.94 crore working-age Gen Z individuals, compared with 35 crore Millennials.
- **Delayed Entry** - 41.7% of Gen Z males and 38.4% of females are still pursuing their studies.
- **Gender 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%.

LABOUR FORCE PARTICIPATION RATE (LFPR)

Gen Z vs Millennials & Key Breakdowns



Key Takeaway: Millennials show significantly higher workforce participation than Gen Z. higher LFPR compared to urban areas and females.

Rural areas and males have higher LFPR compared to urban areas and females.

• 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.

GEN Z vs MILLENNIALS: KEY LABOUR MARKET COMPARISON		
Aspect	Gen Z (15–26 yrs)	Millennials (27–42 yrs)
Population size	~29.9 crore	~35 crore
Labour Force Participation Rate (LFPR)	41.7% overall	75% overall
Rural LFPR	44.1%	Higher, more stable
Urban LFPR	37.2%	Stronger participation
Female LFPR (Rural)	28%	Higher than Gen Z
Female LFPR (Urban)	21.1%	Higher than Gen Z
Unemployment Rate	11.9% overall	2% overall
Urban Unemployment	17.1%	Much lower
Urban Female Unemployment	22.6%	Significantly lower
Graduate Unemployment	29% males, 36.9% females	Lower, more absorbed
Formal Job Contracts	14.1%	Higher share
Social Security Coverage	20.1%	Wider coverage
Informality	79.9% without contract/protection	Lower informality

Gen Z faces higher unemployment, lower participation, and greater informality compared to Millennials, highlighting the need for stronger job creation, skilling, and social protection.

Source: PLFS 2022-23 (Periodic Labour Force Survey)

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 requires 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](#)

