Unemployment is soaring in capitalist India in contravention of ruling capitalism's claim of having brought it down

When the BJP-led central government presents employment statistics of the country, the picture often appears considerably more encouraging. India's overall unemployment rate is projected at 5.0% as of September 2026, by the Ministry of Statistics and Programme Implementation (MoSPI). However, the minister of State for Labour and Employment has informed the Lok Sabha that the estimated unemployment rate has decreased from 6 per cent five years ago to 3.2 per cent during the fiscal year 2025-26. If it now stands at 5%, then there is an increase. The Minister claimed that decreased of unemployment rate among the persons proved that the government has implemented several schemes and programmes to enhance employability. Thus, the government seeks to project declining unemployment percentages, as evidence of economic progress and successful government policies. If unemployment increases in an economy, it will lead to a reduction in the purchasing power of people and lower tax revenue, resulting in a decrease of economic growth. Unemployment is generally 'countercyclical' which means it rises at the time of recession and falls at the time of economic expansion.



How far does the claim conform to reality?

But the fundamental question is: do these statistics reflect the actual employment conditions in India or they are craftily manipulated to shield the reality? What is employment in the truest sense of the term? A permanent job with adequate wage to have a decent living. There is a vast difference between having some work and having a decent livelihood. So, the issue is not simply how many people are officially classified as unemployed. It is how many people have access to regular, secure, adequately paid employment that allows them to live with dignity.

The government figures

According to the Periodic Labour Force Survey Annual Report 2025, released by the Ministry of Statistics and Programme Implementation on 27 March 2026, the unemployment rate among people aged 15 years and

above was 3.1% under the Usual Status methodology. However, the same report contains figures that deserve much closer examination.

— Youth unemployment (15–29 years) stood at 9.9%.
— Among urban youth, unemployment was 13.6%.
— Around 21% of people aged 15–24 and 25% of those aged 15–29 were not in employment, education or training (NEET).
— Self-employment accounted for 56.2% of total employment.
— Casual labour accounted for 20.2%.
— Regular wage and salaried employment accounted for only 23.6%.

These figures demonstrate why the headline unemployment rate cannot be treated as a complete picture of India's employment situation. Self-employment can include successful businesses, independent professions and genuine entrepreneurial activity. But it can also include precarious own-account work and survival activities undertaken because regular jobs are unavailable. Similarly, casual employment by definition indicates neither any job security nor need-based wage. Moreover, whatever little wage is contracted is not also paid on time. Many a times, wages are not paid for months. So, the magnitude of unemployment crisis cannot be gauged unless an objective assessment of underemployment, insecure jobs, qualification mismatch, inadequate wages, informalization and the systematic exploitation of unemployed youth, is done. We reiterate that the question is not simply whether people are working but whether the working people have economic security, providence of adequate remuneration and a dignified livelihood.

Calculation methodology of government

What is the methodology used by the government to calculate unemployment? India's Periodic Labour Force Survey (PLFS) uses different approaches to measure employment and unemployment, including the Usual Status and Current Weekly Status methodologies. Under the Current Weekly Status (CWS) methodology, a person who undertakes an economic activity for at least one hour on any day during the preceding seven days is classified as employed. As a result, a person who manages to find only a few hours of occasional work at paltry wage during an entire week is counted as employed rather than unemployed. On the other hand, the Usual Status methodology examines a person's principal activity (specific productive activity that contributes the largest share of an enterprise or business unit's total value added) over the preceding 365 days and also considers subsidiary economic activity (a secondary or part-time work engagement that an individual pursues alongside or in addition to their main (principal) economic activity during a reference year) undertaken for at least 30 days. These two are established statistical methods of calculation. Obvious question is, does being counted as employed necessarily mean that a person has a dependable job, sufficient working hours and an adequate income? Can a daily-wager who gets job only occasionally, a person struggling to survive through irregular casual jobs, or someone working without any certainty of continuation of the job next day be categorized as 'employed'? Their economic insecurity does not disappear simply because they are classified as employed as per decided process of calculation. The distinction between pseudo-employment and decent employment is to be understood. Statistics that fail to

adequately communicate the quality, security and remuneration of job does create a misleading impression about employment so crucial for denoting economic progress.

Spurt of informal employment and contractualization

Gone are the days of permanency of employment, job security, timescale pay, 8-hours working day, health insurance and retirement benefits. Instead, the working class is increasingly confronted with a labour market characterized by contractual employment, outsourcing, temporary appointments, piece-rate wages, insecure working conditions and the absence of adequate social security. Now, one is familiar with three categories of workers—contractual worker, gig worker and migrant worker. Contractual workers are appointed 'on contract' for a particular period at a meagre remuneration. The contract may or may not be renewed after expiry of the first term. They often work for 10-12 hours and that too in most unhygienic working condition. This practice has become very convenient for the employers. Even government sector establishments are not filling up vacancies created by way of retirement or extra need. They merrily appoint casual workers on contract for performing regular jobs. Then there is outsourcing meaning assigning a particular job hitherto performed by permanent employees or workers to outside agencies at a contracted amount. For example, many firms and even public sector units are outsourcing accounting jobs, processing jobs etc. and saving cost on labour. Indian Railways provides an important example: its regular workforce declined from approximately 13.32 lakh in 2010–11 to 12.29 lakh in 2024–25, even as railway operations expanded. Third is GIG workers. With the advent of digital era which enabled online commercial connectivity with the platforms like Zomato, Swiggy, Uber, Ola, Porter, Zepto, Flipkart etc., a new category called gig workers has been added to the list. The nature of employment here is governed by the atrocious "hire and fire" policy. According to a NITI Aayog report, number of the gig workers mostly engaged in delivery services, online order supply or as cab drivers, bike riders and freelancers, is expected to grow to 23.5 million (2.35 crores) by 2029-30. The Oxford Internet Institute's online labour Index indicates that India provides 24% of the entire online outsourced work force in the world, becoming the largest overall supplier. Their exact time of entrance; exit at a delivery spot and completion of each delivery—in other word tracking of their movement and location- are under constant surveillance through digital process. It is nothing else but spying on their own workers to ensure desired output of their service.

So called bogey of qualification mismatch

Another important dimension of India's employment crisis is the growing mismatch between educational qualifications and the jobs available. Consider a situation in which the minimum educational qualification for a police constable or a Class IV government post is 12th Standard. However, candidates holding postgraduate degrees, M. Phil qualifications and even PhDs apply for and accept these positions because they cannot find employment corresponding to their educational qualifications. It is on record that post graduates and doctorates applied for peon's job in UP, sweeper's job in Tamil Nadu and job of mortuary assistant in West Bengal. Can we consider this satisfactory honouring or utilization of their educational qualifications, skills and professional capabilities? When unemployment becomes so widespread that educated and skilled young

people are compelled to accept years of low-paid apprenticeship merely to survive, it raises a serious question about the exploitation of labour under the prevailing capitalist economic system.

Therefore, employment cannot be measured merely by counting the number of people who have some forms of job. We must also examine whether their qualifications are being properly honoured and utilized, whether their wages are adequate, whether their working hours are reasonable and whether their employment provides economic security.

The problem becomes even more serious when we examine the wages. A highly qualified person may secure employment, but if the salary is substantially below what could reasonably be expected for their qualifications, skills, experience and responsibilities, the employment may still represent underemployment in terms of earnings. Similarly, a skilled worker compelled to accept wages below the statutory minimum wage is facing wage exploitation and a violation of labour rights.

Apprentice mode—ploy to exploit cheap labour

Another disturbing dimension of India's employment crisis is the growing misuse of apprenticeship arrangements in industrial establishments. Apprenticeship was conceived as a system of vocational education and practical training, enabling young people to acquire technical skills and prepare themselves for regular employment. However, in many industrial establishments, this arrangement is being used to obtain cheap labour rather than provide genuine training.

The problem becomes particularly serious when apprentices are repeatedly engaged or replaced after the prescribed training period, while the establishment continues to use fresh batches of young people for similar work. In such circumstances, apprenticeship risks becoming a mechanism for maintaining a permanent pool of low-cost labour.

It may be recalled that in the 2024-25 budget, the central government announced a 'Prime Minister's internship scheme' with much fanfare. According to that scheme, 1 crore youth were to be employed for one year each over five years across the top 500 companies. An internship allowance of Rs 5,000 per month along with a one-time assistance of Rs 6,000 were to be paid to each for such "real-life business and professional environments". Companies will be expected to bear the training cost and 10 per cent of the internship cost from their Corporate Social Responsibility (CSR) funds. These young people were expected to perform regular production-related duties, work alongside permanent employees and meet industrial production requirements, while receiving only an apprentice's stipend. There was no guarantee that such apprentices would subsequently be absorbed in the respective companies as permanent employees. Thus, a conduit of supplying highly skilled workforce at a throwaway stipend was opened up much to the glee of the industrial houses. Obviously, this 'novel' scheme of job creation drew applause from the industrial houses. But in reality it was nothing but a hogwash. The government has so far not said anything about success of this scheme.

In normal case also, the Apprentices Act 1961 provides for a contract of apprenticeship and a prescribed period of training. Section 7 provides for termination of the apprenticeship contract on expiry of the training period, while Section 13 provides for payment of the prescribed stipend. Section 18 classifies apprentices engaged under the Act as trainees rather than workers. Importantly, Section 22 requires employers to formulate

a recruitment policy for apprentices completing their training. It does not, however, create a general automatic right to permanent employment. This legal stipulation must not become an excuse for employers to use apprenticeship as an endless source of cheap labour. From a working-class perspective, this practice has serious consequences. It creates divisions between permanent workers and apprentices performing similar work, weakens collective bargaining, puts downward pressure on wages and allows employers to avoid the long-term responsibilities associated with regular employment.

Agniveer scheme

Earlier, the BJP government in 2020 brought a scheme called ''Agniveer'' under which unemployed youths of 17-20 years were offered temporary job for four years in the three branches of defence services (i.e, Army, Naval and Air force). The salary of the Agniveers was fixed at Rs 30,000 for the 1st year and Rs 40, 000 in the 4th year—much lower than the regular defence cadres. As per the terms of the scheme, 30% of the salary was to be kept in a contributory fund where the government was supposed to deposit equal amount and after the termination on completion of 4 years, each Agniveer was to receive a completion certificate along with Rs 11 lakhs in cash. If any Agniveer died or was killed during service, his family was promised to get Rs 1crore as compensation (including insurance coverage of Rs 42 lakhs). Most importantly, after completion of 4 years, only 25% of the Agniveers were to be absorbed in the regular defence service and the rest would be set free to roam around. As per recent reports, over 40 Agniveer deaths have been reported across the Indian Armed Forces. What a novel way of exploiting unemployed budding youths!

Crying hoarse about skilled labour

The government often argues that there is mismatch between available skilled hands and industry needs. So, in the National Education Policy (NEP) 2020 prescribes integration of vocational and skill education directly into mainstream schooling and higher education to facilitate supply of workforce the industries need. This is another hoax. NEP 20 advocates that such measure would promote critical thinking, creativity, and problem-solving over rote memorization. But, early or aggressive integration of vocational streams in school curricula risks pushing students from socio-economically backward backgrounds, marginalized castes, and lower-income families predominantly into manual or lower-end vocational groups. In fact, under garb of skill development, educational policies are increasingly influenced by commercial interest of the corporate houses, moving away from a scientific, secular, and universal public education system which alone can promote critical thinking by fostering rational thought process. What is in short supply is job, gainful permanent engagement, and not so-called industry-attuned skills. Actually, it is an oxymoron to shield mounting unemployment problem.

Jobless growth

The capitalist class knows that with aggravation of unemployment problem, the job-seekers would be forced to agree to accept any kind of job just to eke out a bare living for themselves as well as their families. So, scope for ruthless exploitation is wide and open. Even if, for argument's sake, there is growth in economy

in terms of GDP number, it does not breed commensurate permanent job. So, a word has been coined—'jobless growth''.

Why this spiralling unemployment?

Motive force of production in capitalist economy, now in a decadent moribund stage, is to earn maximum profit for the owners of the productive system or means of production. Profit accrues to the capitalist owners by expropriating surplus labour of the workers. So, this inherent exploitation continues to pauperize the working people. With depletion in income, their purchasing power goes down. So, they cannot buy necessary products including food articles and clothing from the market, let alone meeting other expenditures. If the number of buyers dip or there is no uptake of adequate number of saleable goods, the market (defined by the buying power of the people at large) squeezes for the capitalist owners. Produced goods remain unsold and hence recession ensues. If goods are not sold, industries are closed down throwing large number of workers out. On the other hand, shrinkage in number of industries (mostly labour-intensive ones) skirts scope for fresh employment. The Industrialists opt out of productive investment and shift to sophisticated machine-driven capital-intensive industries to keep cost of production down to maximize profit. Alongside they shift capital to speculation, realty business (belonging to unorganized sector run with casual labourers at least of cost) and usuary. So, unemployment is an endowment of dying capitalism. It warrants recall of the observation of great Stalin during his talks with writer H G Wells on 29 July 1934*: "...surely, no capitalist would ever agree to the complete abolition of unemployment, to the abolition of the reserve army of unemployed, the purpose of which is to bring pressure on the labour market, to ensure a supply of cheap labour."* So, unemployment problem can be abolished only after revolutionary overthrow of the stinking capitalist system and establishing socialism. In socialist Soviet Union, there was no unemployment. Rather giving labour was a must for all in a society where exploitation of man by man virtually ceased to exist. Hence it is incumbent on the workers, unemployed youths and other sections of the toiling masses to build up sustained powerful united movement against unemployment as conducive to anti-capitalist socialist movement.