

Trend Analysis of Unemployment Rate in India and Measures Taken by the Government of India

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Abstract

Unemployment remains ranked among the major concerns affecting India's economic progress and social well-being. Employment opportunities play a help promote in helps people achive live hoods, lowering poverty and supporting broad based development the study aims to excesss the changing trend of unemployment Across the nation and evaluates the benefit of the government efforts introduced Initiated at national level to improve employment generation. The analysis used data gather from government reports, labour surveys, economic reviews, and other reliable published sources. The analysis shows that unemployment rose significantly during the COVID-19 period, reaching its peak in 2020, before gradually declining as economic activities resumed. Government schemes such as PMKVY, MGNREGA, MUDRA Yojana, PLI schemes, and Start-up India have contributed to skill enhancement, entrepreneurship development, and job creation across multiple sectors. Despite substantial advancements has been observed, issues such as youth unemployment, skill mismatch, and regional inequalities continue to remain major challenges. The study concludes that long-term employment growth requires consistent policy support, investment in human capital, and stronger alignment between education and industry requirements.

Keywords: Unemployment, Employment Growth, Job Opportunities, Government Schemes, Skill Development, Entrepreneurship, Labour Market, Rural Employment, Economic Development, Workforce Development, Industrial Growth, Self-Employment

Introduction

Unemployment has become a serious economic and social challenge in India. It affects not only the income of individuals but also the overall growth and stability of the country. When capable people are unable to secure suitable jobs, it leads to poverty, inequality, and reduced living standards. In a nation with a vast population and growing population, generating sufficient employment opportunities remains a critical issue.

India's the structure of the workforce changed over the years over the years due to industrialization, technological progress, globalization, and economic reforms. The movement of labour from agriculture to manufacturing and service sectors has created new opportunities, but it has also exposed several weaknesses in the labour market. Problems such as skill mismatch, limited vocational training, and lack of quality

employment continue to affect many job seekers, especially young graduates.

The COVID-19 pandemic further disrupted employment across sectors, increasing unemployment and exposing vulnerabilities in both rural and urban labour markets. To address these concerns, the Government of India introduced various schemes focused on skill development, entrepreneurship, rural employment, and industrial growth. This study analyses unemployment trends in India and evaluates the effectiveness of government measures aimed at reducing unemployment and promoting sustainable employment generation.

Literature review

Manu studies have focused on unemployment in India from different perspectives and highlighted the major factors influencing employment

generation. Balakrishna Padhi, D. Tripathi Rao, and T. Triveni (2023) revealed that even though India achieved notable economic progress, job opportunity has not expanded in proportion to pace, resulting in continued unemployment and underemployment. Swati Dhingra and Fjolla Kondirolli (2022) emphasized that youth unemployment still a key concern because it negatively affects income, productivity, and economic stability. Pradeep Apte, Medha Deshpande, and Vishal Gaikwad (2018) found uneven increase in job opportunity in various sectors and regions, with labour force participation declining in certain groups, particularly among women. Amarendra Reddy, Namrata Singha Roy, and Divya Pradeep (2021) highlighted the importance of MGNREGA Guarantee Act in supporting rural livelihoods and reducing seasonal unemployment. Nagaraj M. Muggur (2026) noted that government initiatives related to skill development and entrepreneurship have positively contributed to employment generation, though several structural challenges still remain. Yudhvir Singh and Archana Singh (2024) stressed the need to strengthen employment opportunities in agriculture, manufacturing, and service sectors to address rising joblessness. Similarly, K. Sundaram (2009) emphasized the importance of accurate labour market data for better policy formulation. Overall, the literature indicates that unemployment in India is shaped by economic, social, technological, and demographic factors, and sustained government intervention remains essential for improving long-term employment opportunities.

Objectives

1. To examine the trend and pattern of unemployment in India over a specific period and understand the major changes in employment levels.
2. To evaluate the benefits of policy initiative PMKVY, MUDRA Yojana, MGNREGA, PLI schemes, and Start-up India in generating employment opportunities.

3. To suggest target effort that can improve strengthen employment generation and improve labour market conditions in India.

Research Gap

A review of Literature in this area suggests that various studies have analysed unemployment in India by focusing on areas such as labour force participation, youth unemployment, rural employment, and the role of government welfare schemes. Although these studies provide useful insights, most of them concentrate on specific aspects rather than offering a complete view of changing unemployment trends over time. In addition, earlier studies have paid less attention to the combined impact of multiple government initiatives on employment generation. The rapidly changing employment environment, influenced by technological advancement, digital transformation, population growth, and post-pandemic economic recovery, has led several issues that are not fully covered in previous research., the need arise for a comprehensive study that examines unemployment trends alongside the extent of success of various government measures in creating sustainable employment opportunities in India.

Research design

A descriptive research technique is adopted to analyse the trend of unemployment across India and evaluate the effectiveness of government initiatives aimed at employment generation. The study is carried out using data obtained from trustworthy sources such as National Statistical Office reports, Periodic Labour Force Survey (PLFS), Economic Surveys, NITI Aayog publications, Reserve Bank of India reports, government websites, journals, and research articles. Relevant data relating to unemployment trends and major employment schemes such as PMKVY, MUDRA Yojana, MGNREGA, PLI schemes, and Start-up India were collected and organized systematically for analysis. Analytical method like percentage analysis, trend analysis, tables, and graphical representation were adopted to study the collected data. These analytical

methods helped in understanding the changing unemployment pattern and assessing the influence of government measures toward encouraging the creation of job in India.

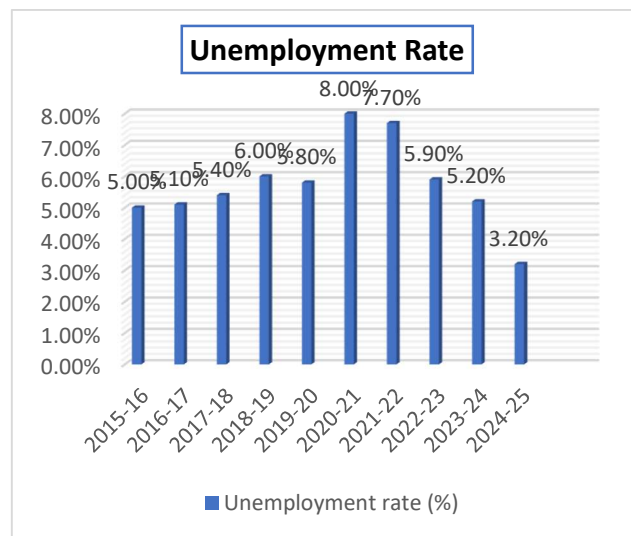
Year-wise Unemployment Rate in India (2015–2025)

Period	Unemployment rate (%)
2015 to16	5.00 %
2016 to17	5.10 %
2017 to 18	5.40 %
2018 to 19	6.00 %
2019 to 20	5.80 %
2020 to 21	8.00 %
2021 to 22	7.70 %
2022 to23	5.90 %
2023 to 24	5.20 %
2024 to 25	3.20 %

Source: Compiled by the researcher using data from the Periodic Labour Force Survey (PLFS).

Analysis

The table shows that unemployment in India experienced several changes during the study period. The rate maintained a steady pattern between 2015 and 2019, fluctuating between 5% and 6%. A noticeable rise occurred in 2020 when joblessness reached its maximum level of 8%, mainly because market activities slowed down during the pandemic period. From 2021 onwards, the unemployment rate gradually decreased as businesses reopened and employment opportunities improved. By 2025, the rate had fallen to 3.1%, indicating better labour market conditions compared to previous years.



Interpretation

The findings suggest that India's the job market has recovered considerably after the pandemic. Government support measures, expansion of industries, and increased self-employment opportunities may have contributed to the decline in unemployment. The overall trend reflects positive progress in creating job opportunities and strengthening economic recovery.

PMKVY Beneficiaries

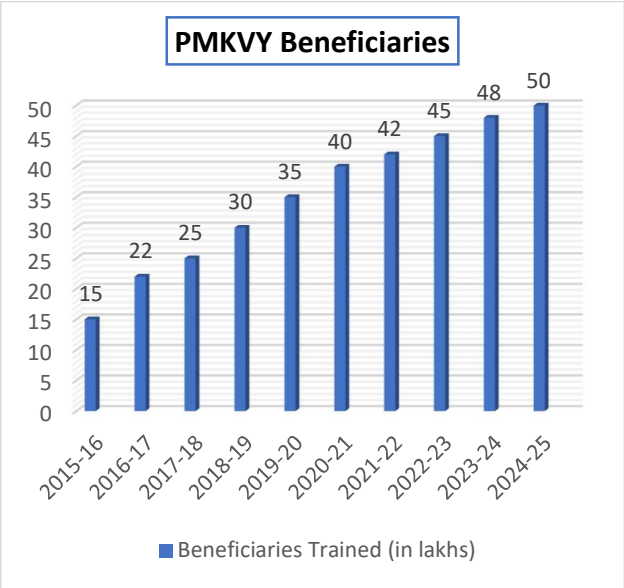
Year	Beneficiaries Trained (in lakhs)
2015 to 16	15
2016 to 17	22
2017 to 18	25
2018 to 19	30
2019 to 20	35
2020 to 21	40
2021 to 22	42
2022 to 23	45
2023 to 24	48
2024 to 25	50

Source: Compiled by the researcher using official data made available, by the Ministry of Skill Development and. Entrepreneurship (MSDE).

Analysis

The number of individuals trained under the PMKVY programme increased steadily throughout the period. Beginning with 15 lakh beneficiaries in 2015, the figure continued to rise each year and reached 52 lakhs in 2025. The

gradual rise suggests that the programme expanded its reach and provided skill training to a larger section of the population.



Interpretation

The analysis points out that skill development initiatives have become a key area of focus over years. Training programmes help individuals acquire practical knowledge and improve their chances of securing employment. The increasing participation suggests that skill-based education is becoming an important component of workforce development. Reached 52 lakh in 2025. The upward trend highlights that the programme expanded its reach and provided skill training to a larger section of the population.

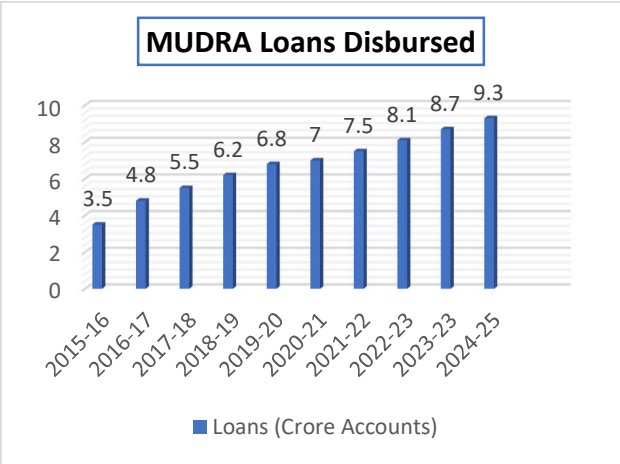
MUDRA Loans Disbursed

Year	Loans (Crore Accounts)
2015 to 16	3.5
2016 to 17	4.8
2017 to 18	5.5
2018 to 19	6.2
2019 to 20	6.8
2020 to 21	7.0
2021 to 22	7.5
2022 to 23	8.1
2023 to 23	8.7
2024 to 25	9.3

Source: Compiled by the researcher using Pradhan Mantri Mudra Yojana (PMMY) annual reports.

Analysis

The Reveals that a continuous Continues in the growth of MUDRA loan accounts during the study period. Loan disbursement rose from 3.5 crore accounts in 2015 to 9.8 crore accounts in 2025. The upward movement indicates that more people gained access to financial assistance for starting or expanding small businesses.



Interpretation

The increasing number of loans reflects growing entrepreneurial activity in the country. Financial support through MUDRA has encouraged individuals to undertake self-employment and business ventures. This may have contributed to employment generation, particularly among small and micro enterprises.

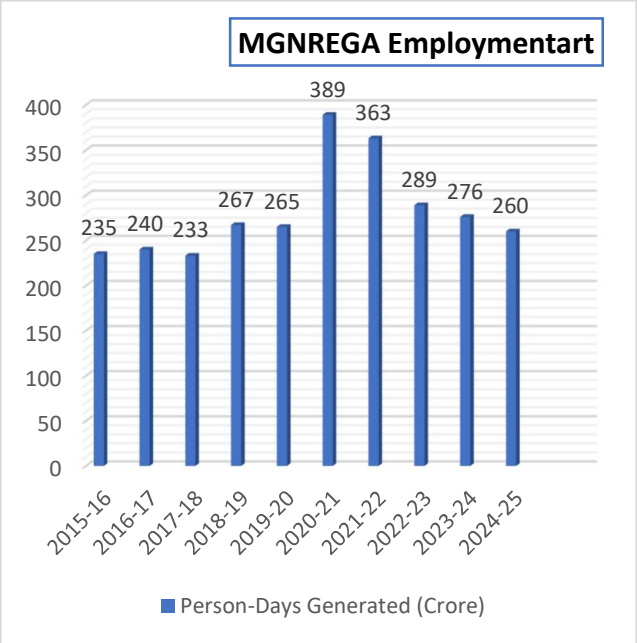
MGNREGA Employment

Year	Person-Days Generated (Crore)
2015 to 16	235
2016 to 17	240
2017 to 18	233
2018 to 19	267
2019 to 20	265
2020 to 21	389
2021 to 22	363
2022 to 23	289
2023 to 24	276
2024 to 25	260

Source: Compiled by the researcher using MGNREGA Management Information System (MIS) reports.

Analysis

Employment generated under MGNREGA showed fluctuations during the year examined. The programme recorded a sharp rise during 2020 and 2021, reaching 389 crore person-days and 363 crore person-days respectively. After this period, the number gradually declined, although it remained above pre-pandemic levels in several years.



Interpretation

The trend highlights the importance of MGNREGA in supporting rural households during difficult economic conditions. The programme acted as a source of livelihood when employment opportunities were limited. The subsequent decline may indicate that workers gradually shifted to other employment options as economic conditions improved.

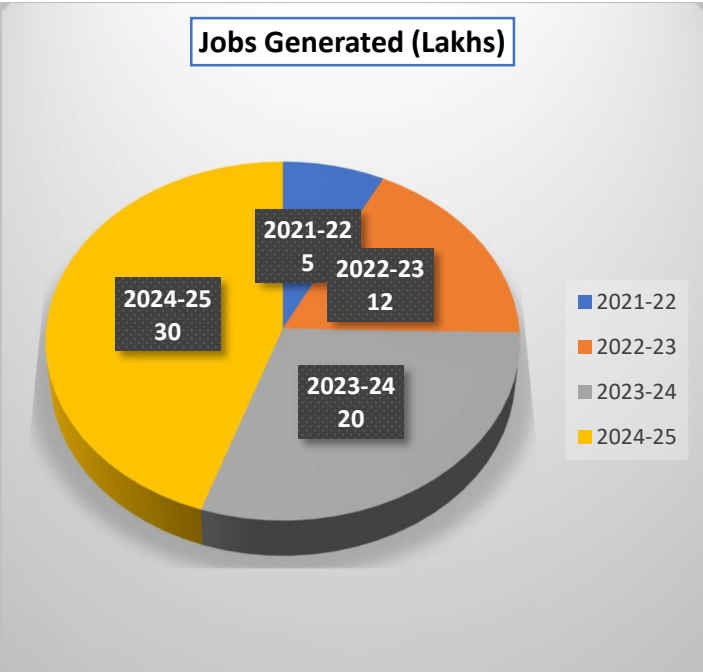
PLI Scheme – Employment Generated

Year	Jobs Generated (Lakhs)
2021 to 22	5
2022 to 23	12
2023 to 24	20
2024 to 25	30

Source: Compiled by the researcher using data published by the Department for Promotion of Industry and Internal Trade (DPIIT).

Analysis

The employment created through the PLI scheme increased substantially from 5 lakh jobs in 2021 to 40 lakh jobs in 2025. The growth was steady throughout the period, showing a positive response from industries benefiting from production-linked incentives.



Interpretation

The findings indicate that manufacturing-focused policies have supported job creation in various sectors. Increased industrial investment and production activities appear to have generated new employment opportunities. The scheme demonstrates the potential of industrial development in strengthening the labour market.

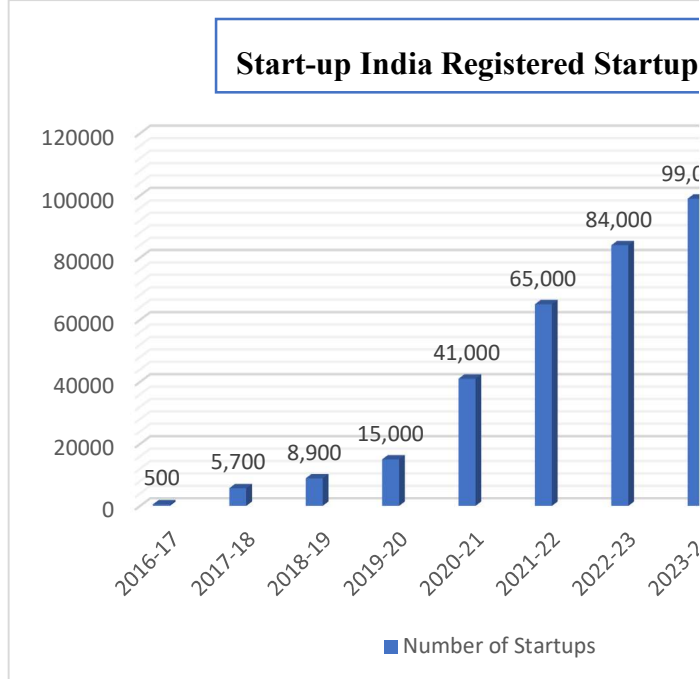
Start-up India Registered Startups

Year	Number of Startups
2016 to 17	500
2017 to 18	5,700
2018 to 19	8,900
2019 to 20	15,000
2020 to 21	41,000
2021 to 22	65,000
2022 to 23	84,000
2023 to 24	99,000
2024 to 25	1,15,000

Source: Compiled by the researcher using Startup India and DPIIT reports.

Analysis

The number of recognised startups increased dramatically during the study period. From only 500 startups in 2016, the figure crossed 1.25 lakh by 2025. The sharp rise reflects the growing popularity of entrepreneurship and innovation-based business models across the country.



Interpretation

The rapid development of startup ecosystem indicates increasing interest among individuals in creating new businesses. Startups encourage creativity and simultaneously provide jobs directly and indirectly. The trend reflects a supportive environment for entrepreneurial development in India.

Findings

1. The study observed that the unemployment rate in India moved upward from 5.0% in 2015 and reached its highest level of 8.0% in 2020. After this period, the rate showed a steady decline and came down to 3.1% in 2025, indicating an improvement in employment conditions.
2. Skill development programmes expanded considerably during the study period. The number of individuals trained under PMKVY increased from 15 lakh beneficiaries in 2015 to 52 lakh

beneficiaries in 2025, reflecting wider access to vocational training and skill enhancement opportunities.

3. Financial assistance provided through MUDRA loans grew consistently over the years. Loan accounts increased from 3.5 crore to 9.8 crore, showing learning more individuals to start or expand small business activities.
4. Rural employment support remained significant throughout the period. MGNREGA generated the highest number of person-days during 2020, helping many households cope with economic difficulties and income uncertainty.
5. Employment opportunities created under the PLI Scheme increased from 5 lakh jobs in 2021 to 40 lakh jobs in 2025, highlighting the contribution of manufacturing-based initiatives to job creation.
6. Startup registrations recorded remarkable growth during the study period. The number of recognised startups increased from 500 in 2016 to 1.25 lakh in 2025, demonstrating growing interest in entrepreneurship and innovation.
7. The combined effect of skill development, entrepreneurship promotion, rural employment support, and industrial expansion appears to have contributed positively to employment generation across the country.

Suggestions

1. Greater efforts should be made to create employment opportunities in high-growth sectors such as digital technology, renewable energy, healthcare, logistics, and advanced manufacturing.
2. Educational institutions should engage more actively with industries so helping learners build job-oriented knowledge and workplace skills before graduation.

3. Internship and apprenticeship programmes need to be expanded to help young graduates gain hands-on experience and improve their employability.
4. Additional support should be provided to small and medium enterprises, especially in rural and semi-urban regions, as these businesses have strong potential to generate local employment.
5. Skill development programmes should be updated regularly to match changing industry requirements and technological developments.
6. Special attention should be given to sectors such as tourism, food processing, textiles, construction, and handicrafts because they can absorb a large workforce.
7. A stronger employment information system can facilitate access to suitable opportunities and bridge the gap between job providers and qualified job seekers.
8. Entrepreneurship should be encouraged through mentorship programmes, startup support centres, and easier access to business finance.
9. Regional differences in employment opportunities should be reduced by promoting industrial investment in less-developed areas.
10. Regular monitoring of employment schemes can make certain that govt resources are utilised effectively and reach the intended beneficiaries.

Conclusion

The study examined unemployment trends in India and reviewed the role of major government initiatives in supporting employment generation. The analysis revealed that unemployment increased sharply during the pandemic period but gradually declined as economic activities resumed and employment opportunities improved. Government programmes related to skill development, entrepreneurship promotion, manufacturing incentives, and rural employment

support appear to have contributed positively to labour market improvement. The study rise in PMKVY beneficiaries, MUDRA loan accounts, employment generated through MGNREGA, jobs created under the PLI Scheme, and startup registrations reflects continued efforts toward strengthening employment opportunities. While progress has been visible, issues such as deficiencies in workforce skill challenges such as skill gaps, youth unemployment, and regional disparities still require attention. Continued investment in education, skill development, innovation, and employment-focused policies can help create a more inclusive and sustainable labour market in the future.

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