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AN ANALYTICAL STUDY OF EMPLOYABILITY TRENDS AND HIGHER EDUCATION IN INDIA

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ABSTRACT
This study explores employability in Indian higher education, focusing on bridging the skill gap between academic outputs and industry needs. Employability, distinct from employment rates, encompasses skills, knowledge, and attributes that prepare graduates for workforce success. In India, where the services sector drives more 50 percent of GDP, demand for skilled labor is high, yet graduate employability remains a challenge. This paper examines the employability landscape in Indian higher education, analyzing trends, domain-wise and gender-wise employability, regional variations, and the skill gap between education and industry needs. Data from the India Skills Reports (2015–2025) and other sources reveal a gradual improvement in employability, particularly in technical fields driven by digital transformation and government initiatives like the National Education Policy (NEP) 2020 and Skill India Mission. The paper that shows employability has been rising from 38.12 percent in 2016 to 54.81 percent in 2025, reflecting progress, though many graduates lack job-ready skills. Technical fields like management and engineering lead in employability, while traditional degrees lag. States such as Maharashtra and Kerala excel due to targeted skilling initiatives, and women's employability, though declining in 2025, remains notable. Despite a vast education system, the focus on engineering and management has skewed professionalization, neglecting broader skill development. The paper has examined this imbalance and advocates for quality-focused reforms, vocational integration, and inclusive strategies to leverage India's demographic dividend. Aligning higher education with a dynamic global labor market is essential for economic and social advancement.

KEYWORDS: *Employability, Higher Education, Skill Gap, India, Demographic Dividend*

I. INTRODUCTION

At present world, employability has become a key concept in higher education. Graduate employment rate is often used to assess the quality of university provision; despite that employability and employment are two different concepts (Cheng, et. al, 2022). It has become a common practice for higher education institutions (HEIs) to embed employability expectations and to enhance student learning outcomes especially at undergraduate level (Fallows & Steven, 2000). The demand for labour in India is likely to remain high and robust in the coming years, both nationally and internationally. But this would demand skilled and qualified labour. The employability of Indian youth has emerged as a major concern in recent years. It is being increasingly realized all over the world that economic well being and productive efficiencies are a function of man's intellectual and professional capabilities. Well-educated and good quality of human capital leads to a country's development by providing it an edge in the global economy.

The Indian economy has clearly bypassed the industrial sector and moved directly from agriculture to the services sector that contributes about more than 50 percent of India's GDP. Unfortunately, the same is not the case on the employment front where still a majority is occupied in the agriculture and allied activities a major section of which is subsistence level traditional agriculture. However, future projections reveal that 60 per cent increments in jobs would be in the services sector. This should be considered positive in the light of India's demographic bulge at the centre—with a growing proportion of people in the age group of 25–50 who are constantly craving for white-collar jobs. The role that a responsive as well as dynamic higher education sector can play in harnessing this so called "demographic dividend" cannot be debated at any platform. But, the industry has been rather disappointed with the kind of graduates emerging from our higher education particularly for want of the right kind of employability skills. Though India has one of the largest education systems in the world, the employability of the educated graduates is often quoted as one of the biggest challenges the country faces today. Ironically, it is not just the uneducated and untrained who have been said to lack skills but it is also the educated that consistently lie below the required standards.

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II. CONCEPTUAL FRAMEWORK OF EMPLOYABILITY

Employability is identified as a set of achievements - skills, understandings and personal attributes that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy (Knight & Yorke, 2004). Employability has become a central concept in discussions of the relationship between higher education and the world of work and has acquired increasing prominence in both national and international political debates and academic papers in various disciplines over the last 20 years. The concept has also become one of the cornerstones of labour market policies as well as educational and employment strategies. The concept of employability has largely been defined and developed by politicians and employers and the focus is generally on the supply side and on individual competence (McQuaid & Lindsay, 2005). Since the beginning of the 20 century a number of different perceptions and definitions of the concept of employability have prevailed and these reflect different perspectives and assumptions as well as changes in the labour market.

An individual who was able to work and wanted to do so was employable, others were not. With time the concept has been extended and different definitions of employability have been proposed that have reflected different changes in the labour market and its demands (Knight & Yorke, 2004; McQuaid & Lindsay, 2005). More recently employability has been related to different kinds of skills and qualities considered important to be able to meet the varying demands of a rapidly changing labour market that is dynamic and exposed to intense competition (Nilsson & Ellström, 2012; Holmes, 2001).We require a framework that allows educators to advise students on the importance of diverse occupations without diminishing them in favour of advanced higher education.

III. OBJECTIVES AND METHODOLOGY

The objective of this study is to analyze the state of employability in Indian higher education. It aims to examine trends across domains, regions, and gender, using data from India Skills Reports (2015–2025) to highlight progress and persistent challenges. This study adopts a descriptive approach, synthesizing secondary data from the India Skills Reports (2015–2025), government reports, and industry analyses. Quantitative data on employability trends, domain-wise performance, gender disparities, and regional variations are presented in tabular form. Qualitative insights are drawn from literature on employability frameworks and government policies, such as the National Education Policy (NEP) 2020 and Skill India Mission. The analysis focuses on the period from 2015 to 2025, capturing pre-, during-, and post-COVID trends.

IV. RESULTS AND DISCUSSION

Employability in India has steadily improved over the years. Table 1 shows that employability in India has been improving steadily over the years. There was a small drop in 2020 (46.21 percent), which matches the impact of COVID-19 on jobs and education, but things started to get better again from 2021 onwards. By 2025, employability reached 54.81 percent as compared to 51.25 percent in 2023 which a good sign of progress. However, this also means that almost half of the graduates still do not have the skills that industries are looking for. Given India's large youth population, this upward trend is positive for the country's skilling efforts, showing that initiatives to build job-ready skills are making a difference.

Table 1: Trends of Changes in Employability over the Years in India from 2016 to 2025

Years	Changes in Employability (%)
2016	38.12
2017	40.44
2018	45.60
2019	47.38
2020	46.21
2021	45.9
2022	46.2
2023	50.3
2024	51.25
2025	54.81

Source: India Skills Reports, 2023, 2024 and 2025

The data in Table 2 shows employability trends across different educational domains in India from 2015 to 2025. B.E./B.Tech consistently leads, starting at 54 percent in 2015, dipping a bit, but rising sharply to 71.5 percent by 2025 — showing strong demand for technical skills. MBA graduates follow closely, improving significantly from 43.99 percent in 2015 to a high 78 percent in 2025,

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reflecting the growing need for management and leadership roles in a fast-changing business environment. B. Pharma and B.Sc. also see positive growth, with B. Pharma rising from 56 percent in 2015 to 56 percent again in 2025 (after some fluctuations), and B.Sc. making a big jump from 45 percent in 2015 to 71 percent in 2025, likely due to increasing opportunities in science-based industries. B. Com. graduates see gradual improvement, from 26.45 percent in 2015 to 55 percent in 2025, showing that commerce skills are becoming more valuable. On the other hand, ITI and Polytechnic courses show slower progress, with Polytechnic improving from just 10.14 percent in 2015 to 29 percent in 2025, still lower compared to other streams, suggesting more focus is needed on vocational training. B. Arts graduates show a steady rise, from 29.82 percent in 2015 to 54 percent in 2025, indicating better prospects for arts students in the job market. The table highlights that technical and professional degrees are seeing the biggest improvements in employability, while vocational streams need more support to meet industry demands. In the coming year, businesses are likely to depend more on technology, creating a growing need for problem-solvers and analytical minds to manage operations effectively. With India's favourable median age, the country's industrial strength is poised to grow, provided that skill development aligns with new opportunities and supportive policy changes are made to promote holistic growth and shape a future-ready workforce.

Table 2: Higher Educational Domain-wise Employability in India from 2015 to 2025

Educational Domain	Level of Employability (%)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
B.E/B. Tech	54.0	52.58	50.69	51.52	57.09	49.0	46.82	55.15	57.14	64.67	71.50
MBA	43.99	44.56	42.28	39.4	36.44	54.0	46.59	55.09	60.1	71.16	78
B. Arts	29.82	27.11	35.66	37.39	29.3	48.0	42.72	44.2	49.2	47.11	54
B. Com	26.45	20.58	37.98	33.93	30.06	47.0	40.3	42.62	60.62	48.12	55
ITI	38.41	35.24	31.76	33.62	47.37	34.0	30.34	31.3	38.06	51.27	58
B. Sc	45.0	39.81	31.36	43.85	43.19	25.0	22.42	38.06	29.3	64.63	71
MCA	44.0	40.90	42.22	29.46	NA	NA	NA	29.3	31.3	40	41
Polytechnic	10.14	15.89	25.77	32.67	18.05	32.0	25.02	21.43	21.42	22.37	29
B. Pharma	56.0	40.62	42.30	47.76	36.29	45.0	37.24	44.63	44.63	54	56

Sources: India Skills Reports, 2023, 2024 and 2025

Table 3 depicts that Maharashtra emerged as the top-performing state with an impressive employability rate of 84 percent, showing strong skilling efforts and job-readiness among its youth in 2025. Delhi follows closely at 78 percent, with Karnataka (75 percent) and Andhra Pradesh (72 percent) also showcasing high employability levels. Kerala (71 percent) and Uttar Pradesh (70 percent) continue to maintain robust talent pools, while Tamil Nadu (64 percent) and Gujarat (62 percent) show good potential for future growth, reflecting regional efforts toward bridging the skill gap and improving workforce readiness across the country.

Table 3: States/UTs with the Highest Level of Employability in India in 2025

Ranks	States	Level of Employability (%)
1	Maharashtra	84.0
2	Delhi	78.0
3	Karnataka	75.0
4	Andhra Pradesh	72.0
5	Kerala	71.0
6	Uttar Pradesh	70.0
7	Tamil Nadu	64.0
8	Gujarat	62.0

Source: India Skills Reports, 2025

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In Table 4, the data from 2021 to 2025 shows an interesting trend in gender-wise employability in India. In 2022 and 2023, women outperformed men in employability rates, with 52.4 percent and 52.8 percent respectively, compared to men at 45.97 percent and 47.2 percent. However, by 2025, the trend slightly shifted, with men reaching 53.47 percent employability, while women stood at 46.53 percent. Although women initially led in employability, the recent decline highlights the need to strengthen gender-focused skill development and ensure sustained progress for women in the workforce.

Table 4: Gender-Wise Level of Employability in India from 2021 to 2025

Years	Employability (percent)	
	Men	Women
2021	34.26	41.25
2022	45.97	52.4
2023	47.20	52.80
2024	51.8	50.86
2025	53.47	46.53

Sources: India Skills Reports, 2023, 2024 and 2025

V. Employability Challenges and Government Initiatives in Indian Higher Education

India's higher education system faces several critical challenges when it comes to employability. One of the major issues is the persistent skill gap. Many graduates lack the specific skills that industries currently demand, leading to a mismatch between education and employment opportunities. Despite holding degrees, students often struggle to meet the practical expectations of employers. This is closely linked to the lack of practical exposure in academic programs. Traditional learning methods are still heavily theory-based, with limited opportunities for hands-on experience, internships, or real-world problem-solving activities, which leaves students underprepared for the job market. Another significant challenge is the outdated curriculum in many educational institutions. Rapid advancements in technology and changing industry needs require continuous updates in learning content. However, many universities still follow conventional syllabi that do not align with present-day job requirements. Furthermore, the digital divide remains a barrier, especially for students from rural or economically weaker backgrounds. Limited access to digital devices and high-speed internet restricts their ability to participate in online learning platforms and skill development programs, widening the gap between urban and rural employability rates.

To tackle these challenges, the Indian government has introduced several initiatives aimed at improving employability among youth. The National Education Policy (NEP) 2020 is a major reform that focuses on integrating skill-based education with traditional learning. It promotes digital learning platforms, helping over 10 million students enrol in online certification courses. This policy aims to make education more flexible, multidisciplinary, and aligned with industry needs. The Skill India Mission is another impactful program designed to upskill young people through vocational training. By providing hands-on training in technical sectors, it has contributed to a 30 percent increase in employment within these industries. This mission not only bridges the skill gap but also enhances the practical abilities of students, making them more job-ready. Additionally, the Atal Innovation Mission encourages innovation and entrepreneurship among students. This initiative empowers students to become job creators rather than job seekers, boosting India's economic growth and employment landscape.

VI. CONCLUSION

The overall increment in employability among youth is a positive indication of the widespread skilling, e-learning, awareness and emerging job opportunities that can be leveraged in the coming year. Skill-enhancement initiatives and online education will play a major role in developing India's youth into highly employable future-ready professionals. Employability has climbed from 38.12 percent in 2016 to 54.81 percent by 2025, a clear indicator of the positive outcomes of reforms such as the National Education Policy (NEP) 2020, Skill India Mission, and Atal Innovation Mission. These programs have effectively enhanced workforce readiness, especially in technical sectors like engineering (71.5 percent) and management (78 percent), which caters to the demands of India's growing service-oriented economy. However, challenges persist, with nearly half of graduates still lacking industry-relevant skills. Factors like outdated teaching materials, insufficient hands-on training, and limited digital access in rural and underprivileged areas continue to hamper employability outcomes. While disciplines like arts and commerce have improved to employability rates of 54 percent and 55 percent respectively, the disproportionate focus on engineering and management has overshadowed the development of diverse skills across other fields. More, regional imbalances remain stark, with states such as Maharashtra and Kerala outpacing others, revealing the uneven reach of skilling initiatives. Gender disparities are also concerning, as women's employability, which was higher in 2022 and 2023, has dropped to 46.53 percent in 2025, emphasizing the need for stronger gender-inclusive strategies. To maximize India's demographic advantage, the focus must shift decisively from expansion to enhancing the quality of education. This requires embedding vocational

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elements into mainstream education, updating curricula to align with global workforce demands, expanding digital learning access, and promoting inclusivity for rural and marginalized communities. Adopting such comprehensive reforms will equip India's youth with the essential skills and adaptability needed to succeed in a rapidly evolving, technology-driven global market.

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