



## Rising Unemployment in a Rising Economy!

While the Union government proudly touts India's position as the "world's third-largest economy," the latest employment data tells a more sobering story, which doesn't feature in celebratory speeches or glossy campaigns. According to official data released on June 16, the country's unemployment rate rose to 5.6% in May 2025, up from 5.1% in April. Far from a one-off fluctuation, the trend reflects growing cracks beneath the surface of India's economic 'success'.

The picture is even grimmer when you look closer. Among young people aged 15–29, unemployment rose sharply from 13.8% to 15% in just a month. Female joblessness was slightly higher than that of males, 5.8% versus 5.6%, with women in rural India disproportionately impacted. The government attributes these changes to "seasonal, academic and labour market-related factors," but the data suggests deeper structural problems.

In rural areas, unemployment jumped from 12.3% to 13.7%, while in urban centres, already struggling with high joblessness, it climbed to 17.9%. At the same time, labour force participation, the share of people who are either working or actively looking for work, declined. The LFPR dropped from 55.6% in April to 54.8% in May, meaning fewer people are even trying to find jobs.

For women, this drop is more worrying. The female labour force participation rate fell from 38.2% to 36.9%, while their employment ratio, the share of women working, fell to just 31.3%. The government says this is due to fewer women working as "casual labourers and unpaid helpers." But that only raises more questions: Why, despite all the talk of empowerment and economic growth, are women leaving the workforce in such large numbers?

The problems aren't limited to employment alone. India's goods exports shrank by 2.17% in May, even as imports rose sharply, especially from China, which remains India's largest source of imports. This growing trade imbalance doesn't reflect a healthy economy either. Meanwhile, domestic car sales, often seen as an indicator of middle-class purchasing power, declined by 0.8% compared to last year.

So, where is this booming economy we keep hearing about?

What's increasingly clear is this: economic growth on paper is not translating into jobs on the ground. The sectors absorbing rural workers—especially agriculture and casual labour—are shrinking, but there is no robust expansion in manufacturing or services to make up for the loss. Despite big claims around "Make in India" or the digital economy, the numbers show a shrinking job market.

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