

Addressing Youth Unemployment in Jammu and Kashmir

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Evidence-Based Policy Recommendations for 2025-2027

Executive Summary

Youth unemployment in Jammu and Kashmir is not simply a labour market failure. It is a compound governance challenge shaped by decades of conflict, an overdependence on public sector jobs, and the slow development of a genuine private economy. With unemployment among youth aged 15 to 29 running at approximately 28 percent according to the Periodic Labour Force Survey (PLFS 2023-24), the region's rate is nearly three times the national average. The human cost of this is visible in every district: educated young people leaving for Jammu city, Delhi, or the Punjab plains; families investing in degrees that do not lead to livelihoods; and a growing sense that the economy has no place for the next generation.

This brief draws on PLFS 2023-24 data, Ministry of Skill Development and Entrepreneurship (MSDE) programme evaluations, NITI Aayog assessments of J&K's economic transition following the reorganisation of 2019, and field-level reporting on vocational training outcomes. Three targeted interventions are recommended: establishing sector-aligned regional skill hubs; deploying public-private partnerships to lower investor risk in labour-intensive industries; and launching a dedicated youth entrepreneurship fund with inclusive provisions for women, rural youth, and conflict-affected communities.

KEY STATISTICS

Youth unemployment in J&K: ~28.3% vs national average ~10.2% (PLFS 2023-24). Over 40% of J&K's population is below age 25. Fewer than 30% of PMKVY trainees in J&K secured verified placements (MSDE 2023). Private sector accounts for only ~18% of employment in the region, vs ~48% nationally.

1. Policy Context and Problem Statement

Jammu and Kashmir's labour market has been shaped by four interlocking structural problems, each making the others harder to solve. Understanding them together is essential before any credible policy response can be designed.

1.1 Public Sector Dependency

For decades, a government job was the aspiration that organised family investment in education across J&K. In the absence of a functioning private economy, the public sector absorbed graduates and provided a measure of economic stability. That model has now run its course. The J&K administration's wage bill already consumes a disproportionate share of Own Tax Revenue, leaving very little room for new hiring. Since the reorganisation of 2019, the Union Territory administration has recognised the need to reduce this dependency, but the transition has been slow. Private employment has not emerged fast enough to fill the gap, and thousands of young people continue to enter a labour market that has no obvious place for them.

1.2 A Private Sector That Has Never Fully Taken Root

Private investment in J&K has long been held back by security risk perceptions, complications around land acquisition that persisted even after the Reorganisation Act 2019, unreliable power supply, and the absence of industrial clusters that elsewhere attract supply chains and ancillary employment. The sectors with the most genuine employment potential, including horticulture, tourism, handicrafts, and information technology services, remain either seasonal, informally organised, or insufficiently capitalised to employ at scale.

The opening of J&K to outside investment under the Industrial Development Scheme 2021 offered a real structural opportunity. Investment summits have produced large headline commitment figures, but verified employment generation on the ground lags significantly behind what was announced.¹ The distance between a commitment and a commissioned factory is where employment policy currently loses its way.

1.3 Education That Does Not Lead to Employment

Over the past two decades, J&K significantly expanded higher education access. More young people are attending college than ever before. But the degrees being awarded are heavily concentrated in arts, humanities, and general sciences, disciplines with weak connections to what the regional economy actually needs. Approximately 68 to 70 percent of graduates lack any formal vocational or industry-relevant certification, a figure well above the national average.² The result is a frustrating paradox: employers in horticulture processing, hospitality, and IT report genuine difficulty finding trained workers even while graduate unemployment continues to rise.

1.4 Conflict, Displacement, and Spatial Inequality

The effects of prolonged conflict have not faded evenly. Economic networks in certain communities remain weakened, including among Kashmiri Pandits whose reintegration into the Valley's economy remains incomplete. Informal employment channels in border districts of the Chenab Valley, covering Doda, Kishtwar, and Ramban, and in parts of North Kashmir were severely disrupted and have not fully recovered. At the same time, training infrastructure is heavily concentrated in Jammu city and Srinagar. Rural and mountainous sub-divisions have very limited access to skill development facilities, which means the national average figures obscure a much sharper inequality within J&K itself.

2. Key Evidence and Findings

The scale of the challenge becomes clearer when J&K's figures are placed alongside national comparators. The table below draws on PLFS 2023-24, MSDE programme reports, and the NITI Aayog J&K Development Report series.

Indicator	J&K	National Average
Youth unemployment rate (PLFS 2023-24)	~28.3%	~10.2%
Graduates lacking vocational training	~68-70%	~45% (est.)
PMKVY placement rate	<30%	~45-50%
Private sector share of employment	~18%	~48%

Sources: PLFS 2023-24; MSDE Annual Report 2023; NITI Aayog J&K Economic Survey 2022.

The aggregate unemployment figure, serious as it is, understates the problem for particular groups. Rural youth face a labour market with very limited non-farm employment, and the seasonal rhythms of horticulture create bursts of activity followed by months of little work. Women's labour force participation in J&K stands at approximately 23 percent, one

of the lowest rates in India, reflecting structural barriers as well as the practical difficulties of accessing safe, accessible employment outside the home in rural areas.³

Programme outcome data tells its own story. Under PMKVY 3.0 and 4.0, J&K recorded enrolments broadly in line with its targets. But the figures that matter are placements, defined as trainees who secured employment in their trained trade within three months of certification. In J&K, that rate remained below 30 percent. Comparable states such as Rajasthan and Odisha achieved 45 to 55 percent under the same schemes.⁴ The gap is not accidental. It reflects the absence of industrial demand for certified workers, weak connections between training providers and employers, and the sheer geographic dispersal of trainees relative to wherever employment actually exists.

3. Analysis of Existing Policy

India's employment and skilling ecosystem, spanning Skill India, PMKVY, the National Apprenticeship Promotion Scheme, and Start-Up India, offers a credible national framework. The problem is not the existence of these programmes but their application to a region for which they were not specifically designed. Three structural failures explain why results in J&K consistently fall short.

3.1 Centrally Designed, Locally Irrelevant

PMKVY's training curricula are developed in Delhi and deployed uniformly across India. When sector-wise demand mapping is conducted in J&K, it consistently identifies horticulture processing, agri-logistics, mountain tourism, renewable energy installation, and digital services as the domains with real employment potential. The central training catalogue does not adequately cover these areas. What dominates enrolments instead are construction, retail, and general hospitality modules that correspond to low-wage seasonal work and do not address structural unemployment. Young people complete certified courses and find that the skills they have acquired are not what anyone in their district is willing to pay for.

3.2 Infrastructure Constraints That Training Policy Cannot Fix

Skill training centres in J&K operate under conditions that significantly undermine what they can deliver. Unreliable electricity supply disrupts courses that depend on powered equipment, including electrician and IT technician training. Poor road connectivity in hill districts means regular attendance is genuinely difficult for students who may live hours away. Qualified trainers are hard to retain because salaries in J&K cannot compete with what the same professionals can earn in Jammu, Chandigarh, or Delhi. These are infrastructure and compensation problems. Training policy alone cannot solve them, and no scheme redesign will produce results until the underlying constraints are addressed directly.

3.3 Investment Commitments Are Not the Same as Jobs

A constraint that rarely appears prominently in policy documents is the friction around security clearances for private sector investment, particularly for outside investors establishing operations in J&K. The formal requirements have been modified since reorganisation, but operational delays remain. Investment announcements made at summit events frequently do not translate into factories, processing units, or offices being commissioned on schedule. Employment creation is delayed or, in some cases, does not materialise at all. Any serious employment strategy must engage with this gap directly rather than counting announced commitments as if they were achieved outcomes.

The Industrial Development Scheme 2021 provides capital subsidies and transport incentives to private investors. In practice, these have been most accessible to firms in Jammu's flatland industrial estates and in Kathua's pharmaceutical cluster. The Kashmir Valley and the hill districts of Jammu division remain largely outside the effective reach of the scheme, which deepens rather than resolves the intra-regional disparities that already exist.

4. Policy Recommendations

Three interventions are proposed below. Each is designed specifically around J&K's economic structure rather than adapted from a generic national template. Each is feasible within existing institutional frameworks. And each can be operationally implemented by 2027 with the right prioritisation and oversight.

RECOMMENDATION 1: Establish J&K-Specific Regional Skill Hubs

Decentralised skill hubs in Srinagar, Jammu, Anantnag, Rajouri, and Kishtwar, each aligned to the dominant economic activity of its sub-region.

4.1 Establish J&K-Specific Regional Skill Hubs

The central PMKVY framework needs to be supplemented with training infrastructure that is built around J&K's actual economic geography. Five regional skill hubs should be established, with each hub's curriculum shaped by the industry that dominates its surrounding area:

- Srinagar hub: digital services, e-commerce enablement for craft producers, and hospitality management, oriented around the Valley's tourism economy
- Anantnag and South Kashmir hub: horticulture processing, cold chain logistics, and food certification, reflecting the downstream value chain of the apple economy
- Jammu hub: pharmaceutical manufacturing technician training, developed in partnership with the Kathua pharmaceutical cluster
- Rajouri and Pir Panjal hub: renewable energy installation, mountain ecotourism guiding, and livestock value chain skills
- Kishtwar and Chenab Valley hub: hydropower ancillary services, agri-processing, and construction trades for the infrastructure projects underway in the region

Each hub should operate with a sector advisory board that brings together industry employers, local government, and training providers so that curriculum remains responsive to what employers actually need. Annual training targets should measure placements, not enrolments. Where fixed centres are not viable in remote sub-divisions, mobile training units should carry the programme to students rather than expecting students to travel to the programme.

RECOMMENDATION 2: Incentivise Private Investment Through Targeted Public-Private Partnerships

Extend Industrial Development Scheme benefits to the Kashmir Valley and hill districts, and tie incentives to verified employment generation rather than investment commitments.

4.2 Incentivise Private Sector Investment Through Public-Private Partnerships

The Industrial Development Scheme 2021 should be revised to ensure its full benefit package reaches the Kashmir Valley and hill districts, not just the flatland industrial zones of Jammu. The revision should include several specific changes:

- Employment-linked disbursement: capital subsidies should be released in tranches that are conditional on verified employment generation, not on investment commitments that may or may not materialise

- Sector-specific partnership frameworks for handicraft export processing, horticulture cold-chain infrastructure, and IT and BPO service operations in Srinagar
- Fast-track land acquisition and building approval procedures for labour-intensive manufacturing units in designated employment zones
- State-backed risk guarantees for investors in priority sectors, so that private capital is not entirely exposed to the residual security risk that continues to deter investment in J&K

A dedicated J&K Investment Facilitation Unit with a genuine single-window mandate should be established, empowered to resolve security clearance delays within defined timelines. Incentivised firms should be required to report annually on actual employment generated, with that data publicly disclosed and linked to whether their incentives are renewed.

RECOMMENDATION 3: Launch a Youth Entrepreneurship Fund

Seed capital, mentorship, and market linkages for youth-led enterprises, with reserved allocation for women, rural youth, and displaced communities.

4.3 Launch a Dedicated Youth Entrepreneurship Fund

Self-employment has long been identified as a priority in J&K's employment strategy, but existing schemes have consistently been undermined by procedural complexity and limited follow-through support. A J&K Youth Entrepreneurship Fund (YEF) should be established under the UT administration, drawing on Central Government matching grants and a contribution from J&K's existing industrial promotion budget. The fund should be designed with simplicity as a core principle:

- Seed grants of Rs. 50,000 to Rs. 5,00,000 available to youth-led enterprises through simplified district-level application procedures that do not require specialist knowledge to navigate
- A reservation of 40 percent of annual disbursements for women entrepreneurs, rural applicants, and beneficiaries from conflict-affected communities including displaced Kashmiri Pandits
- District-level incubation support providing mentorship, basic accounting assistance, and help with legal registration through partnerships with local colleges and District Industries Centres
- Linkages between YEF-supported enterprises and government procurement channels across handicrafts, food products, and IT services, to provide a first market while businesses build their client base

The fund must be judged on enterprise survival rates and income generation, not on how many applications it processes. Independent evaluation should take place annually, with findings published and directly linked to the performance assessment of the fund management team.

Conclusion

Youth unemployment in Jammu and Kashmir will not be resolved by applying national templates that were not built for this region. The evidence is consistent: centralised skilling curricula do not match local demand; private investment is deterred by friction that policy has the power to reduce; and entrepreneurship is constrained by access barriers and bureaucratic complexity that have historically made well-intentioned schemes difficult to use.

The three recommendations in this brief are not offered as a comprehensive solution. No single policy cycle can undo structural unemployment that has accumulated over decades. But implemented together, with serious monitoring of outcomes rather than inputs, they represent a meaningful shift in approach. The goal, achievable within a five-year

horizon, is to bring youth unemployment below 18 percent and to begin building an economy where a young person from Kishtwar, Anantnag, or Rajouri has a plausible path to a livelihood that does not require leaving home.

What J&K needs is not more schemes. It needs governance that is adaptive enough to take the region's specific economic conditions seriously and committed enough to follow implementation through to outcomes.

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