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Labour Market Exclusion and Social Frustration among NEET Youth

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Abstract

Youth unemployment and disengagement from education, employment and training (NEET) represent important challenges affecting social and economic development. This study examines the relationship between labour market exclusion and social frustration among NEET youth, focusing on how blocked employment opportunities, skill mismatch, unemployment experiences and perceived inequality contribute to frustration. The study explores the psychosocial consequences of labour-market disengagement and highlights the need to understand youth exclusion beyond conventional unemployment indicators. A structured research framework is developed to analyse the factors influencing social frustration among NEET youth and provide insights for inclusive labour-market policies.

Keywords: NEET Youth; Labour Market Exclusion; Social Frustration; Youth Unemployment; Skill Mismatch; Employment Disengagement; Social Inequality

Introduction

Youth transition from education to employment has become increasingly complex due to unemployment, underemployment, skill mismatch and limited access to quality jobs. The NEET concept provides a broader understanding of labour-market disengagement because it includes young people who are not employed, studying or receiving training. In India, youth unemployment and labour-market exclusion remain important concerns, particularly among educated youth facing difficulties in finding suitable employment opportunities. PLFS data highlight variations in youth unemployment and labour participation patterns across different groups and regions. Labour-market exclusion is not limited to the absence of jobs; it also includes qualification mismatch, insecure employment, lack of career progression and dissatisfaction with available opportunities. These experiences may create feelings of blocked opportunities, dependency and social frustration among

young individuals. Therefore, understanding the connection between labour-market exclusion and social frustration among NEET youth is essential for developing effective strategies to improve youth inclusion and employment outcomes.

Objectives of the Study

1. To examine the relationship between labour-market exclusion and social frustration among NEET youth.
2. To analyse the influence of unemployment experiences, skill mismatch and employment barriers on youth disengagement.
3. To identify the socio-demographic factors affecting social frustration among NEET youth

II. The Global Landscape of Youth Unemployment

A comparative approach to the Indian situation will help to determine what is different in the Indian situation and what is a pattern. Periodic reports by the ILO that are based on labour-force survey data from member countries, generate comparative estimates of youth unemployment that are most widely used. As of the time of our research, the latest data suggest that the youth unemployment rate started to decrease in 2020 from its peak and hit a new trough in 2023. This trend is reflected in Table 1.1 and in Figure 1.1, for which the specific percentages are set out by the ILO.

Table 1.1. Global Youth Unemployment Rate, Select Years (ILO Estimates)

Year	Global Youth Unemployment Rate (%)	Number of Unemployed Youth (millions)	Remarks
2019 (pre-pandemic baseline)	13.8	Not separately reported in source	Baseline year
2020	Above 17.0 (pandemic peak)	Not separately reported in source	COVID-19 pandemic peak
2023	13.0	64.9	15-year low
2024 (projected at time of report)	12.8	Not separately reported in source	ILO projection
2025 (projected at time of report)	12.8	Not separately reported in source	ILO projection

Source: International Labour Organization, Global Employment Trends for Youth 2024: Decent Work, Brighter Futures (ILO, 2024).

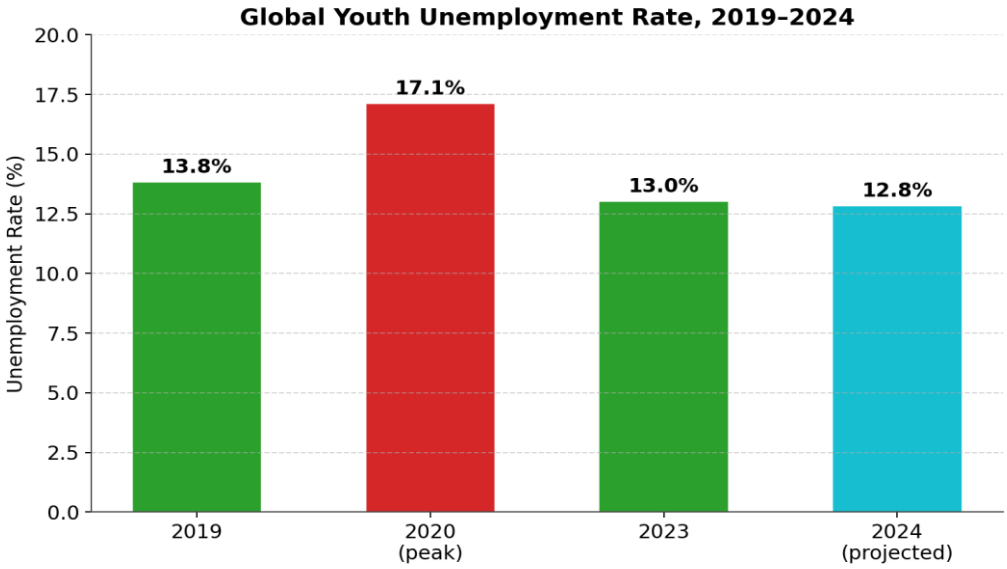


Figure 1.1. Global Youth Unemployment Rate, 2019–2024

Source: International Labour Organization, Global Employment Trends for Youth 2024 (ILO, 2024).

We'd like to call attention to two particular facets of this worldwide movement for the purposes of designing this analysis.This is an ongoing global trend with two aspects relevant to this analysis' design. First, a drop in the headline unemployment rate has been followed by a more subdued drop in the proportion of young people who are also not in employment, education or training (NEET); the NEET rate is a wider margin of labour-market disengagement and may be more socially significant than just unemployment. Second, the recovery has been particularly uneven across regions, as well as by gender, with some regions (on some estimates, parts of South Asia and East Asia) having youth unemployment rates above their pre-pandemic 2019 levels in 2023. This regional and gender differential is another contributor to the analysis being multi-dimensional and not based solely on the unemployment rate, for example on unemployment status, length of unemployment, underemployment and perceived mismatch..

Table 1.2. Global Youth NEET Rate and Gender Composition, 2023 (ILO Estimates)

Indicator	Value
Global youth NEET rate, 2023	20.4%
Share of global NEET youth who are female	Approximately 2 in 3 (about 66%)
Youth unemployment rate, young men, 2023	13.0%
Youth unemployment rate, young women, 2023	12.9%
Share of economically active youth unemployed, Arab States and North Africa, 2023	Approximately 1 in 3 (about 33%)
Youth workers in developing economies whose qualifications do not match their job	Approximately 2 in 3 (about 66%)

Source: International Labour Organization, Global Employment Trends for Youth 2024: In Figures (ILO, 2024).

It is interesting to note in the present analysis with respect to the design of instruments. The ILO is specifically mindful of the difference between NEET and being out of the labour force, and recognises that NEETs include young people who are out of the labour force due to a variety of factors, such as a lack of interest or some other factor that makes the prospect of work unappealing, or a lack of interest in employment or a lack of interest in education and employment. There was a conceptual difference in the type of exclusion and different potential social implications for each of these, and hence the separation between each was made by asking the respondent separately about their current employment or job search status, about whether they were enrolled in education or training and about the stated reason for not seeking work (if applicable) in the questionnaire.

III. Youth Unemployment in the Indian Labour Market

The Periodic Labour Force Survey (PLFS) is the official source for employment and unemployment statistics in India since 2017–18 which is conducted by the National Statistical Office of the Ministry of Statistics and Programme Implementation (MoSPI). The youth (15-29 years) is part of the population of 15 years and above in PLFS which offers labour-market indicators for that age group. Table 1.3 and Figure 1.2 show the trend in the youth (15-29 years) unemployment rate on usual status (principal and subsidiary status) since the first round of the PLFS was conducted till the latest estimate was published.

Table 1.3. Youth (15–29 years) Unemployment Rate in India, Usual Status (PS+SS), Select Years

Year / Survey Round	Youth Unemployment Rate (%)
2017-18 (PLFS first round)	17.8
2020-21	12.9
2021-22	12.4
2022-23	10.0
2023-24	10.2
2024 (calendar year estimate)	10.3
2025 (calendar year estimate)	9.9

Source: Periodic Labour Force Survey (PLFS) Annual Reports, Ministry of Statistics and Programme Implementation (MoSPI), Government of India, various years (2018–2026).

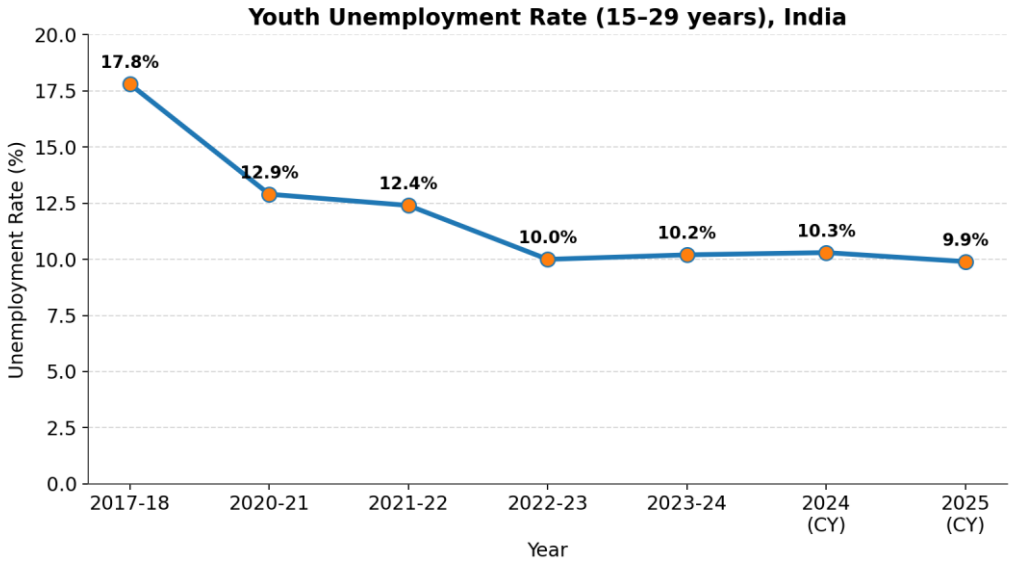


Figure 1.2. Youth (15–29 years) Unemployment Rate in India, Select Years

Source: Periodic Labour Force Survey (PLFS) Annual Reports, MoSPI, Government of India.

The headline youth unemployment rate shows has dropped significantly since the 2017-18 round, as shown in Figure 1.2, but since then has hovered around ten per cent. Two aspects of these underlying data, however, are not captured in this headline figure and are important in the construction of the employment-status variables used in the current analysis.However, there are two aspects of these underlying data that are not apparent in this headline figure and that are directly relevant to the

construction of the variables on employment status that are used in the current analysis. The first is the positive correlation between level of education and the unemployment rate, which has been rising sharply: employment of graduates (15 years and above) has always been significantly higher than the average level for all education by a substantial margin and a secondary analysis of the PLFS unit-level data reveals that the unemployment rate among 25-year-old graduates is now running at almost 4 per cent. Table 1.4 compares the unemployment rates among the various educational groups for the two latest PLFS rounds for which comparable published data is available and Figure 1.3 shows the same in chart form for graduates.

Table 1.4. Unemployment Rate among Graduates (15 years and above), India, Usual Status (PS+SS)

Year / Survey Round	Graduate Unemployment Rate (%)	Lowest State-level Rate	Highest State/UT-level Rate
2021-22	14.9	Not specified in source	Not specified in source
2022-23	13.4	Chandigarh: 5.6%	Andaman & Nicobar Islands: 33.0%
2023 (graduates aged 25, secondary analysis)	Approx. 40.0 (age-25 graduate cohort)	Not applicable	Not applicable

Source: Periodic Labour Force Survey (PLFS), Ministry of Statistics and Programme Implementation, Government of India, as reported in Press Trust of India (2023) and State of Working India 2026, Azim Premji University, as cited in secondary press analysis (2026).

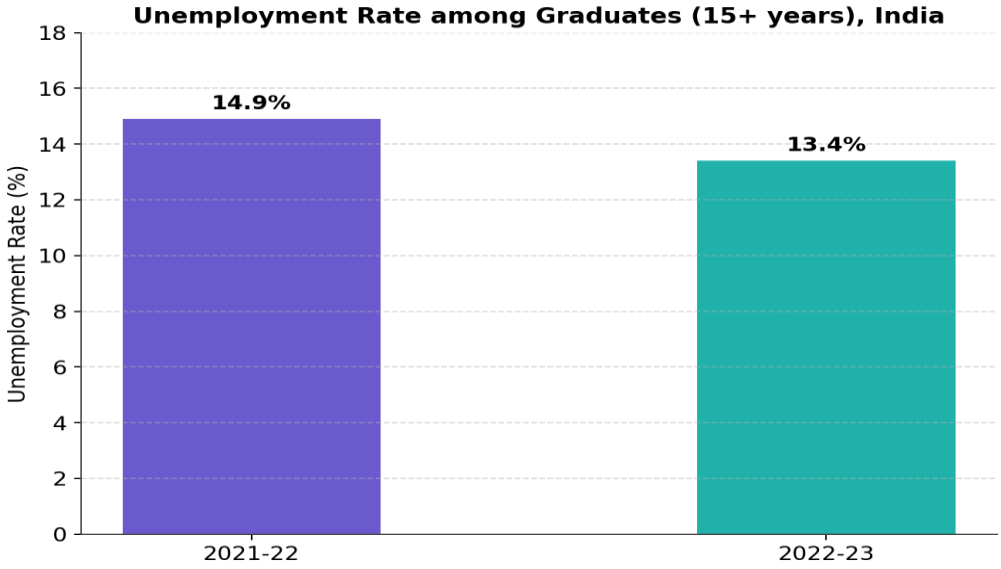


Figure 1.3. Unemployment Rate among Graduates (15 years and above), India

Source: Periodic Labour Force Survey (PLFS), MoSPI, Government of India, as reported in Press Trust of India (2023).

Second, the overall situation of the Labour Force Participation Rate (LFPR) and Worker Population Ratio (WPR) as summarised for the general working age population in Table 5 shows that the unemployment rate has declined, but the numbers of people who are working have declined by a small margin and that a large share of the new jobs created in the latest PLFS rounds have been in self-employment and casual work, rather than regular, salaried jobs. These patterns add to the binarized comparison between employed and unemployed, and they are congruent with the concept of underemployment and qualification mismatch that is featured by the labour-market exclusion scale of the questionnaire..

Table 1.5. Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and Unemployment Rate (UR), Persons Aged 15 Years and Above, India

Indicator	2023-24	2024 (CY)	2025 (CY)
Labour Force Participation Rate, PS+SS, All-India (%)	59.8	Not specified in source	59.6
Worker Population Ratio, All-India, CWS (%)	47.0	Not specified in source	47.6 (urban)

Unemployment Rate, CWS, All-India (%)	5.0	Not specified in source	4.9
Unemployment Rate, PS+SS, All-India, Male (%)	3.3 (2024)	3.3	3.1
Unemployment Rate, PS+SS, All-India, Female (%)	Not specified in source	3.1	3.1

Source: Periodic Labour Force Survey (PLFS) Annual Reports, National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India (2024, 2025, 2026 press notes). CWS = Current Weekly Status; PS+SS = Principal and Subsidiary Status.

Another relevant characteristic of Indian labour-market to the design of the current analysis is the very high inter-state variation in youth unemployment, which is a reminder not to consider India as a single homogenous labour-market context. In the last reporting of PLFS, the unemployment rate of young people (aged 15-29) in all the industrialized states was considerably lower than 5 per cent, while some states had a much high level of youth unemployment than the national average, some even with more than 25 per cent compared to the male, with a greater difference in some of these states. Such state-level differences and the fact that the results of this analysis are therefore evidence of a specific context (the district of Madhya Pradesh) and may not be generalizable across India as a whole is one reason why it is important to pay attention to the local context.

The above figure of employment is also witnessing a significant change in its employment structure over time as seen in the successive rounds of PLFS. Although slightly less so in the most recent rounds, the proportion of own account, non-farm self-employment jobs and agricultural jobs is the highest of all employment categories in the country and there has been considerable employment growth in these categories since the beginning of the pandemic. It is important to note that a shift in the proportion of self-employment and casual work and a reduction in the level of unemployment is not indicative of a corresponding shift in the nature of work that young people view as a successful transition from unemployment..

IV. Educated Unemployment and Skill Mismatch

The lack of jobs is not the only aspect of educationless unemployment. It's also a sign of the differences between the subjects studied and the needs of employers, wage expectations and the availability of job opportunities in a particular region. The availability of work-ready candidates is a

problem for employers and employment at a level commensurate with a graduate's skill level is a problem for graduates. These statements can be held together, as qualifications do not amount to being an occupation-specific network or to being able to communicate. But the problem if it's just a lack of work to be had, the nature of the work, pay, and security of it given is not considered. Sharma (2022) and Das (2025) illustrate the significance of looking at the educational supply and nature of the jobs available in the labour market when analysing labour-market outcomes.

The mismatch could be in terms of lengthening of the search; in academics to opt for work of a lower standard; in the students getting again in public exams; in the frequent switching of contracts; or in becoming inactive in the search. For each outcome there is a different implication regarding identity and frustration. If a person is overqualified, it may help keep him/her in the job but also result in dissatisfaction and loss of status. Conversely, the openness to becoming unemployed may be seen as a strategy to search for a job in the broader context of a household search, not as a form of social disconnection. All of these are described in the questionnaire, and the perceived qualification match, job preference, rejected offers and employment quality, together with the length of the unemployment period, can be understood as compared to the respondent's expectations and his or her alternatives.

Informality Underemployment and Job Quality

The unemployment rate may not characterize the nature of the employment that a youth has. Informal employment can be a job that is not under a contract, has no regular hours, does not have social protection or a realistic pathway to a better job. Self-employment is a range from productive work to a survival activity, that is, because of the lack of wage work. It is possible for casual work to be followed by non-work. These different kinds of work are significant for producing any number of the insecurities of the unemployed – for instance, dependency, insecurity in planning marriage, in securing a house, in regard to future education. Comparing young people who are working with those who are not would also be an oversimplification of social consequences of precarious work.

Job quality also has an impact on the proposed association between deviant behaviour and job quality. Some weak forms of attachment may be associated with insecure jobs and some strong forms of attachment may be associated with regular jobs, particularly routine and conventional institutionalization. However, employment can also put youth at risk due to work environments or conflict or due to peer groups in the workplace that may not decrease risk. The analysis will, therefore, not take a blanket approach towards protection for all jobs, but will be case specific. Employment status will be analysed together with employment type, employment continuity and employment

adequacy and perceived security as previous research has found employment as a continuum and not a binary choice (Ramakers et al., 2020; Oswald, 2022)

Gendered and Spatial Patterns

This provides more headroom for less female unemployment in the labour market because many women who want a job but don't seek one are not counted as part of the labour force in the survey. A decrease in active search may not be absolute, due to the influence of domestic work, caring duties, safety and family barriers on the amount of active search undertaken, but not its desire. Some of this hidden exclusion is taken into account in the NEET measure, as is the discouraged withdrawal and voluntary care giving. This would imply a gender disaggregation of the interpretation. The survey is looking for the reasons why people are not participating in the survey, and, importantly, whether they would do appropriate work if they did participate.

There are not only geographic variations across states, but within states as well. Higher proportions of employers and schools in urban centres, and higher proportions of people relocating to the urban centre, as well as a higher proportion of competition for credentials. Peri-urban spaces could also be geographically near a city, but lack transport and recruitment linkages. It is possible that in rural areas, the youth have less opportunities for jobs and higher costs of migration. Such differences allow the district to be perceived as a range of different urban and peri-urban labour markets instead of a single uniform labour market like Indore. The analytical characteristic will be the residence and the results reported without extrapolating beyond the sampling frame.

V. **Conclusion**

The study highlights that labour-market exclusion among NEET youth extends beyond unemployment and represents a broader condition of social and economic disengagement. Limited employment opportunities, skill mismatch, insecure work conditions and prolonged job searching may contribute to feelings of blocked opportunities and social frustration. The NEET framework provides a more comprehensive understanding of youth exclusion by capturing individuals who are outside employment, education and training. The findings suggest that addressing youth exclusion requires more than employment generation alone; it also requires improving skill development, career guidance, labour-market accessibility and institutional support. Educated youth facing mismatches between qualifications and available jobs may experience dissatisfaction and frustration due to unmet career expectations.

Overall, reducing social frustration among NEET youth requires inclusive labour-market policies, improved transition pathways from education to employment and stronger social support mechanisms. Understanding these factors can help policymakers and researchers develop strategies that promote meaningful youth participation in economic and social life.

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