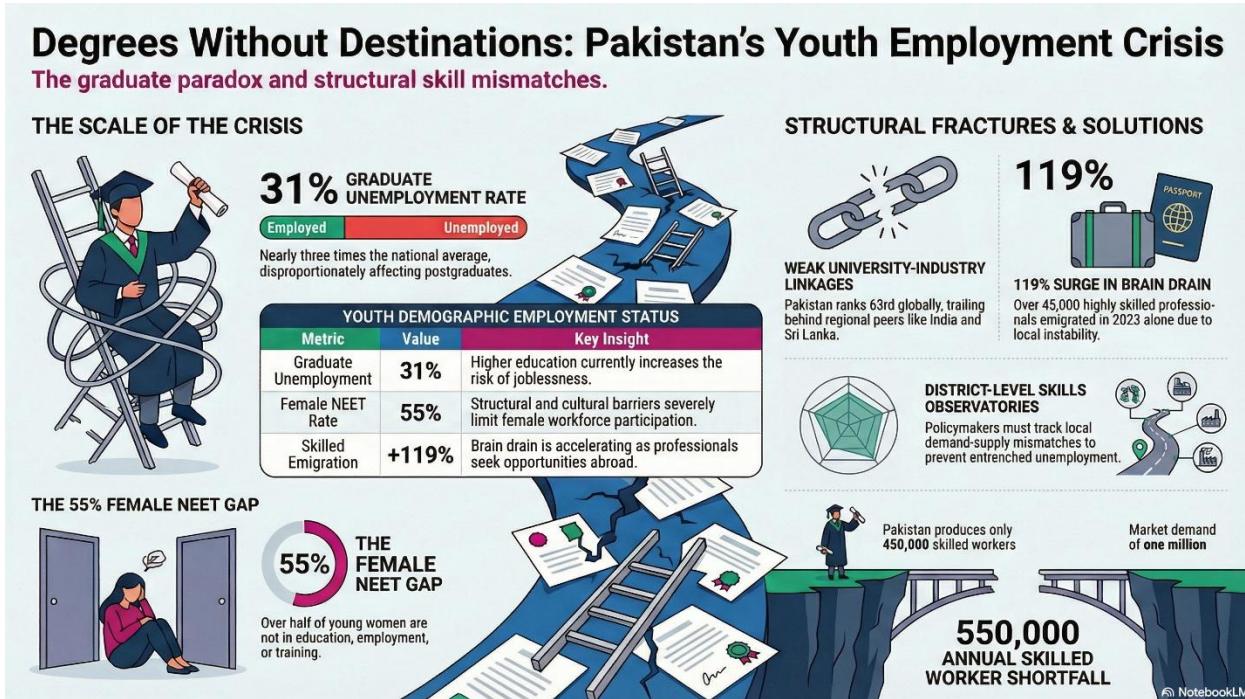


# Degrees Without Destinations: Pakistan's Growing Graduate Unemployment Crisis



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## Summary

Pakistan faces an escalating crisis at the intersection of education and employment, where a growing population of young graduates encounters shrinking opportunities and a widening gap between acquired qualifications and market demand. With youth unemployment at 9.9 percent (ILO, 2024), graduate unemployment at 31 percent (PIDE, 2024), and NEET rates among the highest globally, the country's demographic dividend risks becoming a demographic burden. This insight examines early warning signals, structural fractures in the skills pipeline, and district-level variations that policymakers, donors, and development practitioners must monitor to prevent long-term economic scarring.

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## Key Takeaways

- Youth aged 15 to 24 face the highest unemployment rate in Pakistan at 11.1 percent, with young women experiencing 14.4 percent unemployment compared to 10 percent for young men (Pakistan Economic Survey, 2024).
- Approximately 32.5 percent of young people aged 15 to 29 are classified as NEET (Not in Education, Employment, or Training), with the rate among young women reaching 55 percent compared to 11 percent for young men (PIDE, 2025).
- Graduate unemployment stands at 31 percent and is nearly three times the national average, with postgraduate degree holders among the most affected due to misalignment between curricula and labour market needs (PIDE, 2024).
- Pakistan produces only 450,000 skilled workers annually against an estimated demand of one million, leaving an annual gap of 550,000 that constrains economic growth (ISSRA, 2023).
- Emigration of highly skilled professionals surged by 119 percent in 2023, with 45,687 skilled workers leaving the country, signaling a critical brain drain that compounds domestic skills shortages (Pakistan Economic Survey, 2024).

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## The Scale of Youth Underemployment

Pakistan's labour market presents a paradox: official unemployment figures mask deeper structural weaknesses. The Labour Force Survey 2020-21 recorded an overall unemployment rate of 6.3 percent, yet this conceals significant distress among young workers. Youth aged 15 to 24 experience unemployment rates of 11.1 percent, nearly double the national average. Among young women in this cohort, unemployment reaches 14.4 percent (Pakistan Bureau of Statistics, 2021).

The 2024-25 Labour Force Survey indicates that unemployment has risen to approximately 7 percent nationally, with youth unemployment remaining the highest across all age brackets. The

total unemployed population reached 4.5 million as of the most recent count, with young people bearing a disproportionate burden of joblessness (PBS, 2025).

Beyond headline unemployment, underemployment and informal work arrangements characterize the youth labour experience. Approximately 72.1 percent of non-agricultural employment is classified as informal (PBS, 2025), meaning most young workers who do find jobs lack contracts, social protection, and pathways to skill development. Globally, the ILO reports that three in four young workers in low-income countries obtain only self-employed or temporary paid positions (ILO, 2024).

## **The NEET Crisis: A Gender and Geographic Dimension**

The proportion of youth not in education, employment, or training represents a critical measure of transition failure. In Pakistan, approximately 32.5 percent of individuals aged 15 to 29 fall into the NEET category (PIDE, 2025). This figure obscures a severe gender gap: while 11 percent of young men are classified as NEET, the rate for young women reaches 55 percent.

The ILO's regional analysis identifies Pakistan as having one of the largest gender gaps in youth NEET rates globally, with a 45 percentage point difference between young women and young men (ILO, 2021). Among female youth classified as NEET, more than 90 percent are inactive non-students rather than unemployed job seekers, reflecting cultural, structural, and care-related barriers to workforce participation.

Regional variations compound these patterns. Balochistan reports the highest rates of educational exclusion, with 75 percent of girls not attending school (Save the Children, 2025). Sindh follows with significant disparities, particularly in rural districts where mobility constraints and early marriage interrupt education-to-work pathways.

## **Graduate Unemployment and the Skills Mismatch**

A counterintuitive finding shapes Pakistan's labour market: higher education correlates with higher unemployment. Research from the Pakistan Institute of Development Economics indicates that 31 percent of young graduates remain unemployed, with postgraduate degree holders among the most affected (PIDE, 2024). This pattern contradicts assumptions that education guarantees employment and signals a fundamental disconnect between what universities teach and what employers require.

The World Bank ranks Pakistan 63rd out of 163 countries on university-industry linkages, behind regional peers including India (26th) and Sri Lanka (53rd) (PIDE, 2023). This weak connection means graduates emerge with academic credentials but limited workplace readiness. The Higher Education Commission acknowledged in 2024 that fewer than 20 percent of postgraduate students complete structured internships or job-readiness training before graduation.

Tertiary enrollment remains low at approximately 13.4 percent gross enrollment ratio (World Bank, 2023), far below the global average of 40 percent. Yet even this limited cohort faces

absorption challenges. The economy generates insufficient formal sector positions to accommodate roughly 445,000 university graduates produced annually (HEC, 2024). Instead, graduates either accept positions below their qualification level, join the informal sector, or leave the country entirely.

## **Technical and Vocational Training Deficits**

The Technical and Vocational Education and Training sector shows persistent underperformance. Pakistan has approximately 3,740 technical institutions, with 56 percent operated by the private sector and 44 percent by public authorities (NAVTTC, 2024). Yet enrollment remains stagnant at approximately 433,000, unchanged from 2018 levels despite policy targets of training one million people annually (ISSRA, 2023).

The National Vocational and Technical Training Commission identifies multiple structural weaknesses. Only 58 percent of TVET buildings have sufficient facilities for students and teachers, with 23 percent marked as partially satisfactory and the remainder inadequate. Geographic concentration presents another challenge, with training centers clustered in urban hubs while rural youth remain underserved.

The gap between TVET output and market demand carries direct economic consequences. Pakistan produces 450,000 skilled workers annually against estimated demand of one million, leaving an annual shortfall of 550,000 trained workers (ISSRA, 2023). This deficit constrains industrial expansion, limits competitiveness in export sectors, and pushes employers toward automation or overseas recruitment.

## **Brain Drain as a Symptom and Accelerant**

The emigration of skilled professionals represents both a symptom of domestic labour market dysfunction and a factor accelerating skills shortages. The Pakistan Economic Survey 2023-24 documents a 119 percent increase in highly skilled emigration, with 45,687 professionals departing in 2023 compared to 20,865 the previous year.

By April 2024, over 13.53 million Pakistanis had officially migrated for work to more than 50 countries, placing Pakistan seventh globally among countries of migrant origin (Bureau of Emigration and Overseas Employment, 2024). The Gulf Cooperation Council countries, particularly Saudi Arabia and the UAE, absorb approximately 96 percent of registered Pakistani workers.

This outflow creates sector-specific shortages. Approximately 1,000 to 1,500 doctors emigrate annually (BEOE, 2023), while thousands of engineers, IT professionals, and accountants similarly depart. A Gallup Pakistan survey found that over two-thirds of the population, including medical professionals, expressed a desire to seek opportunities overseas, with many indicating no intention of returning.

## **Economic Context: Constrained Job Creation**

Macroeconomic instability compounds youth employment challenges. GDP growth registered just 2.5 percent in 2024 following near-recession conditions, while inflation peaked above 25 percent in early 2024 before moderating (World Bank, 2024). Public debt pressures have triggered recruitment freezes in government departments, traditionally a significant employer of educated youth.

The Pakistan economy needs to create approximately 1.5 million jobs annually to absorb new labour force entrants, yet this target remains elusive amid industrial contraction and investment uncertainty (PIDE, 2025). The employment-to-population ratio fell to a historic low of 47.6 percent in 2023, indicating that fewer working-age individuals are productively employed (ILO, 2023).

Services have overtaken agriculture as the primary employment sector, yet much service sector work remains informal, low-wage, and precarious. The structural transition from low to high-productivity sectors that characterized East Asian development has stalled in Pakistan, limiting upward mobility pathways for educated youth.

## Evidence Table

| Indicator                                    | Latest Value | Geography | Year      | Source   |
|--|--------------|-----------|-----------|--|
| Youth unemployment rate (ages 15-24)         | 9.9%         | Pakistan  | 2024      | World Bank/ILO Modeled Estimates                           |
| Youth unemployment rate (ages 15-24)         | 11.1%        | Pakistan  | 2021      | Pakistan Bureau of Statistics, Labour Force Survey 2020-21 |
| Female youth unemployment rate               | 14.4%        | Pakistan  | 2021      | PBS, Labour Force Survey 2020-21                           |
| NEET rate (ages 15-29)                       | 32.5%        | Pakistan  | 2025      | PIDE Policy Analysis                                       |
| Female NEET rate                             | 55%          | Pakistan  | 2025      | PIDE Policy Analysis                                       |
| Male NEET rate                               | 11%          | Pakistan  | 2025      | PIDE Policy Analysis                                       |
| Graduate unemployment rate                   | 31%          | Pakistan  | 2024      | PIDE Review  |
| Tertiary gross enrollment ratio              | 13.4%        | Pakistan  | 2023      | World Bank, UNESCO   |
| Informal employment share (non-agricultural) | 72.1%        | Pakistan  | 2025      | PBS, Labour Force Survey 2024-25                           |
| TVET enrollment                              | 433,000      | Pakistan  | 2023      | NAVTTC/ISSRA   |
| Annual skilled workforce gap                 | 550,000      | Pakistan  | 2023      | ISSRA Analysis   |
| Highly skilled emigration                    | 45,687       | Pakistan  | 2023      | Pakistan Economic Survey 2023-24                           |
| Increase in skilled emigration               | 119%         | Pakistan  | 2022-2023 | Bureau of Emigration and Overseas Employment               |

|  |               |          |      |                                  |
|--|---------------|----------|------|----------------------------------|
| <b>Out-of-school children</b>              | 20-26 million | Pakistan | 2025 | UNICEF/HIES                      |
| <b>Education spending as share of GDP</b>  | 0.8%          | Pakistan | 2025 | Pakistan Economic Survey 2024-25 |
| <b>University-industry linkage ranking</b> | 63rd of 163   | Global   | 2023 | World Bank/PIDE                  |

## Early Insights and Early Warnings

Policymakers, researchers, and development practitioners should monitor the following pressure points as potential leading indicators of deepening youth employment distress:

- **Rising visa and emigration applications among recent graduates** signal declining confidence in domestic opportunity structures; Bureau of Emigration data and passport issuance trends offer near-real-time insight.
- **Declining real wage growth for entry-level positions** despite inflation suggests that employers face excess supply of applicants, enabling wage suppression without productivity gains.
- **Increasing median duration of job search among university graduates**, tracked through alumni surveys and job portal analytics, indicates lengthening school-to-work transitions.
- **Growing enrollment in unaccredited short courses and bootcamps** reflects desperation among youth to acquire marketable credentials outside formal systems.
- **Rising informal gig economy participation among educated youth**, particularly in freelancing and ride-hailing, signals mismatch between qualification levels and available formal employment.
- **Declining female labour force participation among recent graduates** points to structural barriers intensifying as educated women encounter hostile labour market conditions.
- **Increasing family financial stress linked to prolonged youth dependency**, measurable through household survey data on adult children remaining in parental households.
- **Spatial clustering of youth protests and political mobilization** around employment grievances serves as a social barometer of dissatisfaction.
- **Rising default rates on education loans** indicates that returns to education investment are failing to materialize as expected.
- **Shifting enrollment patterns away from liberal arts toward perceived high-demand fields** without corresponding job growth creates future mismatch risks.

## District Lens

Youth underemployment and skills mismatch manifest differently across Pakistan's varied economic geographies. Understanding district-level variation enables targeted responses.

## **Urban Industrial Districts (Faisalabad, Sialkot, Gujranwala)**

In textile and manufacturing hubs, youth face a paradox of proximity without access. Factories seek specific technical competencies that local TVET institutions fail to provide at sufficient scale or quality. Young people with general education qualifications compete for limited formal positions while factories employ informal workers or invest in automation. Skills mismatch appears as simultaneous youth unemployment and employer complaints of worker shortages. Early warning signs include declining apprenticeship placements and rising commuting distances as local youth are bypassed for workers from other districts.

## **Peri-Urban Mixed Economies (Lahore periphery, Karachi outskirts)**

Districts surrounding major metropolitan areas absorb rural migrants while their youth aspire to urban employment. Education levels exceed those of deeper rural areas, but graduates lack the networks and credentials to compete with urban peers. These zones experience high NEET rates as youth remain stuck between agricultural decline and inaccessible formal employment. The gig economy absorbs some, but without pathways to stability. Monitoring indicators include migration flows, motorcycle sales (a proxy for gig work uptake), and vocational training completion rates.

## **Flood-Prone Agricultural Districts (Sindh riverine areas, Southern Punjab)**

Climate shocks interact with education-employment dynamics in devastating ways. School disruption following the 2022 floods increased dropout rates, particularly among girls. Agricultural livelihoods remain dominant but increasingly precarious, and youth seeking alternatives find few local options. Out-migration to cities or abroad represents the primary adaptation strategy. NEET rates in these districts likely exceed national averages, concentrated among young women facing mobility and cultural constraints. Early warning signals include post-disaster enrollment recovery rates and seasonal migration patterns.

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## **Policy and Program Implications**

Based on the evidence synthesis above, the following implications warrant consideration by government agencies, development partners, and implementing organizations:

1. **Revise higher education quality assurance frameworks** to include employability metrics, industry engagement requirements, and mandatory internship components; institutions failing to demonstrate graduate employment outcomes should face accreditation consequences.
2. **Accelerate recognition of prior learning programs** to certify informally acquired skills, enabling millions of workers trained through traditional apprenticeship arrangements to access formal employment and overseas opportunities.

3. **Establish district-level skills observatories** that integrate data from job portals, TVET institutions, employer surveys, and labour force statistics to identify emerging demand and supply mismatches before they become entrenched.
4. **Design gender-responsive active labour market programs** recognizing that female NEET status often reflects care burdens and mobility constraints rather than low motivation; interventions must address transportation, childcare, and workplace safety concerns.
5. **Link social protection programs to skills upgrading** by conditioning cash transfers for unemployed youth on participation in certified training programs with verified labour market relevance.
6. **Create industry co-financing mechanisms for TVET** that incentivize private sector investment in curriculum development, equipment, and guaranteed job placements; Sector Skills Councils should be empowered to set binding standards.
7. **Introduce portable digital credentials** that young workers can accumulate across formal and informal learning experiences, improving visibility to employers and facilitating inter-district and international mobility.
8. **Target returning migrant workers for skills transfer programs** that leverage expertise acquired abroad to address domestic shortages in priority sectors such as healthcare, construction, and information technology.
9. **Expand public employment programs during economic downturns** with deliberate focus on youth recruitment into infrastructure, digitization, and service delivery roles that build transferable competencies.
10. **Decentralize employment services to district level** with dedicated youth employment officers responsible for connecting local graduates with opportunities, tracking outcomes, and coordinating with provincial skills authorities.

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