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YOUTH UNEMPLOYMENT PROBLEM IN INDIA

Youth Unemployment Problem in India

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Abstract – Increase in the share of youth population due to demographic ‘dividend’ or the ‘youth bulge’ seems to be one of the sources of future economic growth in India. Although with increase in school and college enrolment rates, the proportion of youth in the labour force has been declining, their high proportions in the labour force indicate that the problem of youth unemployment and underemployment would remain a serious policy issue for many more years to come in India. In this context, this paper examines the employment and unemployment situation of the youth in India. It analyses the trends in labour force and workforce participation rates, unemployment, joblessness, working poor, growth and employment elasticities etc. The paper also offers policy recommendations for increasing productive employment and reduction in unemployment for the youth. The poor employability of the workforce would hamper the advantages due to demographic dividend if measures are not taken to improve the educational attainment and skill development of the youth.

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INTRODUCTION

India, undoubtedly, is grappling with the problem of unemployment. Unemployment is a situation characterized by the existence of those able bodied persons who are willing to work but have to do without a job that may yield them some regular income. In simple terms it means the state of being out of work. So far, the majority of the unemployed labor force has been illiterate or semi-literate. Analysts in the Planning commission say that by the year 2010 over 60 per cent of the unemployed will come from the educated class. The government needs to take effective measures to generate employment otherwise the educated unemployed would be the single largest causality of the new millenium.

India is a developing economy. The nature of unemployment sharply differs from the one that prevails in industrially advanced countries. In India there is prevalence of chronic underemployment or disguised unemployment in the rural sector. Agriculture which is the principal occupation in the countryside is by nature a seasonal occupation. The period of seasonal unemployment varies from state to state depending upon the methods of farming, the condition of the soil, the type of crops grown, the possibility of double cropping and many other factors. It has been estimated that for at least five to seven months in a year, a sizeable portion of the population engaged in agriculture remains idle. There is a sharp increase in the working population engaged in agriculture without a corresponding increase in the area of cultivation. This has resulted in a surplus population engaged in agriculture. All seem to be employed but enough work is not available for all. This is disguised unemployment. The problem of urban employment is mainly of two kinds - unemployment

among industrial laborers, and unemployment among the educated middle class.

EMPLOYMENT/UNEMPLOYMENT

The dominant features of employment and unemployment in India reflect those in developing countries. There are low rates of unemployment but much higher levels of poverty. In the absence of formal social security protection, remaining unemployed is not a choice for the majority. Consequently, nearly 33 per cent of those employed in 1993 were poor, whereas only 18 to 19 percent of the unemployed were poor. This implies higher rates of underemployment and low levels of productivity and income. Therefore underemployment is a major challenge in India. Unemployment of educated youth is also a serious problem.

The NSSO's 66th Round data showed that 51 percent of Indian workers were self-employed: 54.2 per cent in rural areas; 41.1 per cent in urban areas. Although the figures reflect a decline since the last survey the industry and service sectors have not been able to absorb half of the potential workers. Among the employed, the share of casual workers was as high as 33.5 per cent, while that of regular wage/salaried employment was only 15.6 per cent. The NSSO report also shows an increase of 21.9 million in the number of casual workers, while growth in the number of regular workers nearly halved between 2004–2005 and 2009–2010 compared with the previous five-year period.

TABLE1. DATA RELATING TO EMPLOYMENT AND UNEMPLOYMENT (IN CRORE)

Year	Population	Labour Force	Employed	Unemployed	Unemployment Rate (%)
2001-02	102.90	37.82	34.34	3.48	9.21
2004-05	109.28	41.97	38.49	3.47	8.28
2009-10	117.00	42.89	40.09	2.80	6.60
2011-12 (Projected)	120.80	48.37	46.03	2.34	4.83
2016-17 (Projected)	128.32	52.41	51.82	0.59	1.12

(Source: NSSO Report, 2011 and Eleventh Five year plan Document)

Table 1 indicate that in the year 2009-10 number of unemployed were 2.80 crore. In December 2009, there were 3.82 crore unemployed registered with 969 employment exchanges of the country. The 66th round of NSSO on unemployment indicates that overall unemployment rate declined to 6.6% in 2009-10. It is projected that by the end of the year 2016-17 unemployment rate will decrease in the economy. At the end of Eleventh Five Year plan in the year 2011-12, unemployment rate is expected to come down to 4.83%.

The Planning Commission of the Government of India (GOI), in its 11th Five Year Plan (2007–2012), also concludes that the Indian economy has failed to create sufficient volume of additional high-quality employment to absorb the new entrants into the labour market. It has also failed to facilitate the absorption of existing surplus labour into the agriculture sector, as also into higher wage or non-agriculture employment (Planning Commission (2008).

TRENDS OF YOUTH LABOUR MARKET DURING THE PERIOD OF 1980-2010 .

1. The size of the youth population (15 to 24 age group) increased threefold.
2. The literacy rate of the youth population went up from 56.4 per cent in 1983 to 80.3 per cent in 2007–2008; the percentage of young people attending educational institutions increased from 17.4 per cent to 32.8 percent during the same period; and regarding employability, only 4.9 per cent of young workers had a postsecondary level of education in 2007–2008.
3. The self-employed form the majority of youth workers (50 per cent). Casual labourers form the next biggest category (35 per cent). The share of youth in regular salaried/wage employment has increased over time.
4. However, the proportion of youth employment in agriculture has declined faster than among adults. It was 54.4 per cent for youth and 57 per cent for adults in 2007–2008. It is interesting to note that the share in the industrial sector increased more quickly for young people compared to services in 2004–2005, unlike for adults.
5. Most young people are in the unorganized/informal sector.

6. The number of unemployed youth in India increased from 6.5 million in 1993–1994 to 9.5 million in 2004–2005. Out of this, 61 per cent are based in rural areas, of which 70 percent are males. Unemployed youth make up almost half (49 per cent) of the total unemployed despite the fact that the youth share of total adult workers was only 21 per cent. The rate of unemployed youth to unemployed adults declined from 52.2 per cent in 1993–1994 to 49.0 per cent in 2004–2005.

7. Literacy and educational levels are increasing for Indian youth. However, about 89 percent of young people do not have any kind of vocational training and among the rest about half have received it through hereditary practices. This indicates a negligible level of formal vocational training among young people.

8. Wage levels of the youth employed are lower than those of adults.

9. 26 per cent of employed young people suffer from poverty (around 22 million).

10. Around 40 per cent of the youth population live in a vulnerable situation. 11 per cent are working poor, 4 percent are unemployed and 25 per cent are not actively seeking work.

11. Youth unemployment is only one of the problems of the youth labour market. Since many young people are in the informal/unorganized sector, the income and productivity of workers, conditions of work and social security have to be improved.

REASONS FOR YOUTH UNEMPLOYMENT

The economic survey in 2012 stresses that in order to achieve inclusive growth, India must create adequate employment opportunities: the number of unemployed is large and there are more youth entering the job market. In the absence of detailed data on youth and employment, it is very difficult to pinpoint factors that impede the availability of employment opportunities for them. However, as in other countries, unemployment among young people in India is the highest compared to other age groups.

The reasons include:

Shortage of Jobs

Agriculture has been the dominant sector of labour concentration. Since 1991, the shares of the manufacturing and service sectors have grown faster with regard to GDP and much slower with regard to employment, as working methods became more capital-intensive. According to various estimates, productivity during the period from 2004 to 2010 grew 34 per cent. India's economic growth was thus more due to productivity than employment. In the wake of the limited creation of additional jobs, workers – especially youth – found themselves without jobs. The

prevailing situation forced them either to opt for unskilled or casual work in the informal sector or to enrol for further studies. Many who could not afford to go for further education opted for self employment with extremely low returns. The large number of self-employed or, for that matter, casual workers is an instance of self-exploitation since such workers are without any effective protection.

EMPLOYABILITY

In order to take full advantage of the »demographic dividend«, it is imperative for India to transform its labour force into an asset. As of now, only 5 per cent of the workforce have undergone any kind of vocational training, but even many of those are not employable, since the skills acquired have limited market application (Chandrasekhar et al. 2006). Furthermore, India's education system is primarily of a generalist nature and is not connected to the labour market. According to NASSCOM,² almost 40 per cent of the skilled workforce is not employable because the acquired education and training are of substandard quality. The GOI recently initiated major work in skills up-grading.

SKILLS MISMATCH

India is generally seen as a labour surplus economy with a majority of workers having limited or negligible marketable skills. Furthermore, on examining the situation more closely one finds that India has a lopsided skills stock. On the one hand, a large section of the workforce are not able to get even minimum wages, as made mandatory by the government; on the other hand, there are a few people with marketable skills who are able to demand higher rewards. Recently, there has been increased activity in the acquiring of skills. Young people are attending various technical institutes in large numbers. This can be seen in the information and communication technology sector, which has experienced a huge inflow of IT-skilled workers. In addition, it has caused problems due to the unregulated growth of technical institutions in the private sector and a lack of guidance for youth in choosing areas of training. As a result, an imbalance in the Indian labour market has created a surplus in some skills and shortages in others.

WOMEN – SECURITY AND SOCIAL RESTRICTIONS

The opening up of the Indian economy has created increased employment opportunities for female workers, particularly in IT, retail, travel and tourism. Their full engagement, however, remains restricted due to problems of personal security, biased attitudes of co-workers and social customs. Faced with ineffective protection, young female workers either select jobs for security considerations or prolong their

education. Various studies have indicated marriage as a major cause of women workers withdrawing from the labour market.

DECENT WORK DEFICIT

India has some of the most developed labour legislation granting comprehensive protection to its workforce. The enforcement of these laws is, however, lacking, resulting in unabated exploitation, especially of those employed in the informal sector. In addition, most of the new jobs are created in private – small and medium- sized – enterprises. Consequently, young workers are deprived of rights that are guaranteed under the Indian Constitution, national/state laws and international conventions. The worst affected are contract and casual workers, who, despite undertaking identical work, are confronted with inhumane employment conditions, including long hours, lower wages, no social security and no right to organise. The absence of a formal social security system also gets in the way of securing effective enforcement of labour laws and rights, including trade unions.

STEPS TAKEN BY GOVERNMENT FOR GENERATING EMPLOYMENT AMONG YOUTH

India's first National Youth Policy, formulated in 1988, recognized that the most important component of a youth programme has to be the elimination of unemployment.

Considering the limited achievement of the objective of the 1988 Youth Policy, a new National Youth Policy was announced in 2003 that was aimed at »galvanizing young people to rise up to new challenges «. The 2005 National Council for Skill Development (NCSDD) targeted skills development as a major national policy. The Government of India (GOI), through planned investment in skills development, hopes to realise a demographic dividend.

RIGHT TO WORK

The Constitution of India, under Article 41, provides that »the State shall within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want«. Article 38 states that the state shall strive to promote the welfare of the people; Article 43 states it shall endeavour to secure a living wage and a decent standard of living to all workers. These promises are part of the Directive Principles of state policy of the Constitution of India.

EMPLOYMENT EXCHANGE

The Employment Exchange organisation, operated by the Federal Ministry of Labour, runs more than 900 individual employment exchanges in order to better match demand and supply with regard to work opportunities. Job seekers register with these employment exchanges and are notified as soon as any vacancy in the government sector matches their profile. According to the Employment Exchanges (Compulsory Notification of Vacancies) Act of 1959, in any State or area thereof, the employer in every establishment in the public sector in that State or area shall – before filling any vacancy in any employment in that establishment – notify that vacancy to such employment exchanges as may be prescribed. Employment exchanges play a significant role in assisting young people in finding employment. They also assist them in starting self-employment ventures through vocational guidance activities. Registering the applications of job seekers and notifying them about vacancies, collection and dissemination of employment market information, vocational guidance for students and young people are the major functions of employment exchanges.

VOCATIONAL TRAINING

India needs to train 70 million people in vocational skills over the next five years. In addition, there is a need to retrain another 360 million workers. The government's target is to train 500 million people by 2022, also by encouraging the participation of entrepreneurs and private organizations. The target is high. The workability of the structure that India has developed would depend on the capacity of the people who are responsible for reaching the objectives. Efforts over the past few years have not yielded satisfactory results with regard to the achievement of the objective in a defined period.

Against the background of a huge gap between skills demand and supply, India has taken the initiative to develop a system of vocational training. Under the system young people are provided with skills-related training. The Directorate General of Employment and Training under the Ministry of Labour of the GOI formulates policies, laying down norms and standards and conducting trade tests and certification of vocational training under the aegis of the training advisory body, the National Council of Vocational Training. The main objective of the scheme is to provide employable skills to school leavers, existing workers and IT graduates. Youth employability must be increased through skill development and vocational training. The GOI has realized the importance of skills. A Coordinated Action Plan for skill development has been approved by the Cabinet to have a target of 500 million skilled persons by 2022.

A three-tier institutional structure consisting of:

- (i) The Prime Minister's National Council on Skill Development,
- (ii) The National Skill Development Coordination Board and
- (iii) The National Skill Development Corporation, has been set up to take forward the Skill Development Mission

(GOI 2010: 205). This is an important initiative (S. Manohendra Dev 2011).

Employment Generation Programmes In recent years, Employment Generation Programmes (EGP) have emerged as an important employment policy tool, particularly in developing countries such as India. This policy package includes a wide range of activities intended to increase labour demand (for example, direct job creation); to increase the quality of labour supply (training and retraining); or to improve the matching of workers and jobs (job search assistance). Significant economic and social benefits are expected to accrue from these measures. More recently, the case for EGPs has also emphasised the potential social benefits in the form of inclusion and participation that comes from productive employment. EGPs can serve equity objectives as well, most obviously when programmes are targeted at vulnerable and disadvantaged groups. The major programmes that are currently in operation in India are:

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA),
- Swarnajayanti Gram Swarozgar Yojana (SGSY),
- Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and
- The Prime Minister's Employment Generation Programme (PMEGP).

The MNREGA provides for 100 days of unskilled manual labour per year on public works projects for any rural household member who wants such work at the stipulated minimum wage rate. The aim is to dramatically reduce poverty by providing extra earnings for poor families, as well as empowerment and insurance. If the programme had worked the way it was designed to, then anyone who wanted work would get it. However, an analysis of data from India's National Sample Survey for 2009–2010 reveals considerable unmet demand for work in all States. The extent of the unmet demand is greater in the poorest States – ironically, where the scheme is needed most. Labour-market responses to the scheme are weak. The scheme is attracting poor women into the workforce, although the local-level rationing processes favour men.

CONCLUSION

We live in an increasingly interdependent world. There is growing awareness of this following the global financial crisis from 2008 on. The ever-increasing size of the youth workforce, both skilled and unskilled, in an environment of job scarcity means more young people are faced with limited employment opportunities, causing them to be either underemployed or unemployed. Indian youth, in the absence of any formal social security, is thus faced with the challenge of survival and limited growth prospects. To check unemployment among the youth in India, various measures have been initiated.

India has introduced a number of employment-generating schemes, including those under MNREGA. Similar policy initiatives have been taken for skilled workers. However, these initiatives have had limited impact. There is a need to learn about others' experiences, their employment guarantee programmes and also their social security programmes. In an increasingly integrated world where the causes of unemployment are of a global nature, national measures may prove insufficient in overcoming the challenges. There is a need for a global understanding of youth unemployment. Global organizations need to put special emphasis on the problem of youth unemployment to enhance employability and employment opportunities.

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