Combating Youth Unemployment: An Indian Perspective

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Abstract
There has been an unprecedented growth in the number of young people in the past two decades, and these youth face situations where the forces of economic globalization interact with historically determined national and regional economic structures and policies. Globally, the ILO estimates that the number of unemployed youth is on the rise again since 2011, after declining somewhat from the peak it reached at the height of the global financial crisis. It is expected to reach 73.4 million young people by 2013 (ILO 2012). The global youth unemployment rate has also been rising since 2011; it is currently estimated at 12.6 percent and is projected to increase to 12.8 percent by 2018. In contrast, the global adult unemployment rate, while also rising slightly, is much lower at 4.6 percent in 2013 (ILO 2012).

This study discusses in depth the youth unemployment "problem" and examines the various policy responses to it, including education and training, and active labor market policy.

This paper focuses on:
- Effects of unemployment.
- Steps to remove unemployment.
- Highlights of 3rd Annual employment and unemployment survey 2012-13
- Highlights of 12th five year plan.
- Graphical presentation of past five year data of total population and youth unemployment rates in India.

INTRODUCTION
The National Youth Policy of India defines a “youth” as a person in the age group 15 to 35 years of age. The UN, on the other hand, defines a youth as somebody between 15 to 24 years of age. According to the 2011 Census, youth account for 20 per cent of the total population. However, 84.5 million young people in India live below the poverty line, which is the highest rate worldwide, at 44.2 per cent of the total youth population. There are 44 million Indian youth who are undernourished, which constitutes 23 per cent of the youth population of India.

The youth unemployment rate is typically higher in developing countries, but has become a problem in countries around the world, including those in the global north. During the 1960s, the United States and Canada were the only industrialized countries to have youth unemployment rates over 10 percent, but by the 1980s many more countries had double digit youth unemployment rates. The recession in 2008 affected employment rates for youth in Europe and North America significantly. In 17 middle-income countries surveyed, all saw a moderate or significant decrease in wage employment during the recession. In Latin American countries, youth shifted to the informal sector to avoid unemployment during the 2008 economic recession.

According to Labor Bureau’s “Third Annual Employment & Unemployment Survey 2012-13” released on Thursday (November 29, 2013), unemployment rate amongst illiterate youth is lower than educated youth. A comparison with the earlier report by labor bureau shows that the unemployment level has increased during 2012-2013 over 2011-2012.

While unemployment rate among illiterate youth is lowest with 3.7 per cent for the age group 15-29 years at all India level in 2012-2013, the unemployment rate in the same category was reported at 1.2 per cent in 2011-2012 report.

Similarly, the unemployment amongst the graduate youth that happened to be at 19.4 per cent in 2011-2012 increased to 32 per cent during 2012-2013. As stated in the report, the unemployment rate
amongst the educated youths reportedly increased with increase in their education level. (Amongst all age group’s viz. 15-24 years, 18-29 years and 15-29 years).

REVIEW OF LITERATURE
Empirical literature has provided three approaches through which unemployment and schooling are linked in the economic literature. First, the impact of education on employability has been observed to vary across locations and gender. Among Indigenous Australians, Halchuk (2006) finds that in major urban locations, all but one education variable are statistically significant for females, but for men education has no statistically significant impact on employability. In remote areas, females’ level of education has no significant impact on employability.

On the other hand, research has shown that all other factors constant, education and training remain key factors that enhance the youth’s employability. Wald (2000) provides a useful insight which supports the argument that education and training remain a key factor that enhances the youth’s employability. The author observes that unlike the adult workers, the youth do not have the advantage of attributes such as general market experience and company seniority. Hence, in the midst of lack of these attributes, education is the only attribute that has a greater impact to enhance their employability. Educational attainment is not the only factor affecting employment and earnings. At every educational level, whether jobseekers are successfully employed may depend on issues ranging from an occupation’s size to geographic location. In addition, workers’ earnings vary by type of training and choice of occupation, among other things. Studies show that the impact of education in enhancing employability varies across countries. Studies by Halchuk (2006) for Australia and Berlin and Isengard (2003) for Germany found that unemployment rates do not fall steadily as the level of education increases, but rather depend on whether someone has a vocational qualification. Pastore (2005), Van et al (2005) and Berlin and Isengard, 2003 found that attainment of vocational training does not enhance employability in Vietnam, UK and Poland respectively. However, the World Bank in its World Development Report (2007) highly underscores the importance of skill formation through vocational education based on the evidence gathered from countries with a strong skill formation such as Germany, Austria and Switzerland.

Other related studies focus on the relationship between unemployment spells, incidence and duration and schooling. The incidence of unemployment has been found to be highly correlated with individual’s education achievement. Generally, as the level of education rises, the probability of unemployment decreases. Thus, education provides individuals with a stronger labour market success and higher earnings. This has also been confirmed for Ethiopia (Serneels, 2007); Bosnia and Herzegovina (Tiongson and Fares, 2007); Poland (Pastore, 2005); Germany and United Kingdom (Berlin and Isengard, 2003); European countries (Fernando et al, ND); Belgium, England, Italy, Portugal, Spain and the Netherlands (Rita and Ruiz-Quintanilla, 1996). Using a probit estimation, recent findings by Lam et al (2008) provide a strong evidence of the importance of schooling and ability in early labour market outcomes. They estimate significant effects of schooling on the probability of being employed during the first four years after leaving school and find that those who leave school with Grade 12 or higher are 16 points more likely to find work than those who completed grade 10 or less. They found that controlling for literacy and numeracy skills considerably reduces the estimated impact of schooling suggesting the labor market reward for such skills. This finding is consistence with evidence gathered by the

EFFECTS OF UNEMPLOYMENT
1. Loss of Human Resources: The problem of unemployment causes loss of human resources. Laborers waste their maximum time in search of employment.
2. Increase in Poverty: Unemployment deprives a man of all sources of income. As a result he grows poor. Therefore, unemployment generates poverty.
3. Social Problems: Unemployment breeds many social problems comprising of dishonesty, gambling, bribery, theft etc. As a result of unemployment social security is jeopardized.
4. Political Instability: Unemployment gives birth to political instability in the country. Unemployed persons can easily be enticed by antisocial elements. They lose all faith in democratic values and peaceful means. They consider that Government is worthless which fails to provide them work.

5. Exploitation of Labor: In the state of unemployment, laborers are exploited to the maximum possible extent. Those laborers who get work have to work under adverse conditions of low wages. All this tells upon the efficiency of laborers greatly influence the pattern of employment opportunities in the country. Being poor, a person does not make any gainful use of existing resources.

6. More Emphasis on Capital Intensive Techniques: In India, capital is scarce and labor is available in surplus quantity. Under these circumstances, the country should adopt labor intensive techniques of production. But it has been observed that not in the industrial sector, also in agriculture sector; there is substantial increase of capital than labor.

In the case of Western countries, where capital is in abundant supply, use of automatic machines and other sophisticated equipments are justified while in our country abundant labor, results in large number of unemployment.

7. Defective Education System: The education system in our country too has failed to respond to the existing inter-generation gap. It simply imparts general and literary education devoid of any practical content.

India's education policy merely produces clerks and lower cadre executives for the government and private concerns. The open door policy at the secondary and university level has increased manifold unemployment among the educated that are fit only for white collar jobs.

8. Slow Growth of Tertiary Sector: The expansion of tertiary sector comprising commerce, trade transportation etc. is limited which could not provide employment even to the existing labor force, what to think about new entrants. As a result of this, there is a wide scale of unemployment among engineers, doctors, technically trained persons and other technocrats.

9. Decay of Cottage and Small Scale Industries: The traditional handicraft has a glorious past and was the main source of employment especially to the village crafts-men, artisans as well as non-agricultural workers.

Unfortunately, most of rural traditional crafts have been ruined or faded partly due to the unfavorable policy of the foreign rulers and partly due to tuff competition from the machine made goods. Consequently, these laborers were out of job. Most of them turned as landless laborers.

10. Less Means for Self-Employment: Another hurdle in generation of more employment opportunities is that there are inappropriate means for self employment in rural and semi-urban areas of the country.

Like other developed countries, most of our engineers, technocrats and other well qualified persons do not possess ample means for self employment. They go about in search of paid jobs.

**STEPS TO REMOVE UNEMPLOYMENT**

1. **Adoption of Labor Intensive Techniques**: Despite the fact that the Strategy of Prof. Mahalanobis for basic and key industries is based on capital intensive techniques, our government should try to adopt labor intensive techniques for new fields of production.

2. **Rapid Industrialization**: To solve the problem of industrial unemployment, remedy lies in stepping up industrial efficiency. It means that the expansion of existing and the development of new industries are urgently required. Some basic industries like iron and steel industries, defense, chemical, power generation and atomic etc., should be set up.

3. **Population Control**: There is no second opinion to say that population in India is rising at a very high speed. Unless this problem is not checked, the problem of unemployment cannot be solved properly.

Efforts should be made to raise the agricultural and industrial production. Therefore, special drive should be made to make the program of family planning a good success especially in rural and backward regions of the country.
4. **Re-orientation of Education System:** As regards the problem of educated unemployment in urban areas, India should reconstruct and overhaul the education system according to the changing environment of the country. There must be vocationalisation of education. Proper education should be imparted to the younger men who will be in position to start certain cottage and small scale industries of their own choice especially at village level.

5. **Extension of Social Services:** India is still lagging behind in the sphere of education, medical science and other services as compared to the advanced countries of the West. Therefore, efforts should be made to extend these services to rural folks in the backward regions of the country.

6. **Decentralization:** Experience shows that lack of gainful opportunities of employment in villages and small towns has led to the migration of people to metropolitan cities in search of alternative jobs. This has created the problem of over crowdedness and urbanization. Under these circumstances, it is advisable to encourage industries around small towns preferably according to the local environments.

7. **Encouragement to Small Enterprises:** To provide the opportunities for self employment, small scale industries should be given top priority. They should be provided liberal loans, raw material training facilities and infrastructure and market facilities etc. It is a good luck that Sixth Five Year Plan (1980-85) has given due consideration to provide these facilities under the scheme of self-employment. Similar steps have been proposed in Eighth Five Year Plan.

8. **Guiding Centers and More Employment Exchanges:** The economists are of unanimous view that more employment exchanges should be opened in rural as well as in urban areas to give guidance to the people to search employment. They should also be motivated for self employment proposals.

9. **Rural Development Schemes:** As rural sector is dominant and agriculture is the basic occupation of the people, therefore, urgent need of the hour is to introduce rural development schemes. It is correctly believed that there is no other remedy than a massive program of investment in rural development and massive injection of science and technology into the methods of production followed in rural areas in their agricultural and non-agricultural activities.

**HIGHLIGHTS OF THIRD ANNUAL EMPLOYMENT & UNEMPLOYMENT SURVEY 2012-13**

Labor Bureau, an attached office of the Ministry of Labor & Employment has released the results of the Third Annual Employment & Unemployment Survey 2012-13 conducted in the country. The survey has been conducted in all the States/UTs by covering all the districts. The main findings of the survey are as follows:

- The unemployment rate is estimated to be 4.7 per cent at All India level under the UPS approach.
- In rural areas, unemployment rate is 4.4 per cent whereas in urban areas, the same is 5.7 per cent under the UPS approach.
- For age group 15-29 years Labor Force Participation Rate and Unemployment Rate under the usual principal status approach is estimated to be 39.5 per cent and 13.3 percent respectively.
- Unemployment Rate (UR) is estimated to be 18.1, 13.0 and 13.3 per cent respectively among age groups 15-24, 18-29 and 15-29 under UPS approach at All India level.
- Based on the survey results, majority of the persons employed under the age group 15-29 years are either self employed or casual worker.
- Based on usual principal status approach for the age group 15-29 years, 41.3 per cent employed persons are self employed followed by 34.7 per cent under casual worker category and remaining 24.0 per cent under wage/salaried employee and contract category worker classification.
- The survey results show that with increase in education level, the unemployment rate is also increasing for all age groups viz. 15-24 years, 18-29 years and 15-29 years.
• Every 1 person out of 3 persons who is holding a degree in graduation and above is found to be unemployed based on the survey results under the usual principal status approach for the age group 15-29 years.
• In rural areas the unemployment rate among graduates and above for the age group 15-29 years is estimated to be 36.6 per cent whereas in urban areas the same is 26.5 per cent.
• The unemployment rate among the persons who can't read and write any language or are considered as "not literate" as per the survey is lowest with 3.7 per cent for the age group 15-29 years at All India level.

Table 1
Table showing unemployment rates among different age groups as per report on employment and unemployment 2012-13, Government of India.

<table>
<thead>
<tr>
<th>Approach</th>
<th>15-24 Year</th>
<th>18-29 Year</th>
<th>15-29 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPS</td>
<td>18.1</td>
<td>13.0</td>
<td>13.3</td>
</tr>
<tr>
<td>UPSS</td>
<td>15.3</td>
<td>11.0</td>
<td>11.3</td>
</tr>
<tr>
<td>CDS</td>
<td>17.2</td>
<td>12.7</td>
<td>13.0</td>
</tr>
<tr>
<td>CWS</td>
<td>16.0</td>
<td>11.7</td>
<td>12.0</td>
</tr>
</tbody>
</table>

SOURCE: www.labourbureau.gov.in
*Usual Principal Status (UPS) approach, Usual Principal and Subsidiary Status (UPSS) approach, Current Weekly Status (CWS) approach and Current Daily Status (CDS) approach.

Table 2
Table showing Unemployment Rate (UR)

<table>
<thead>
<tr>
<th></th>
<th>MALE</th>
<th>FEMALE</th>
<th>P</th>
<th>MALE</th>
<th>FEMALE</th>
<th>P</th>
<th>MALE</th>
<th>FEMALE</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPS</td>
<td>40</td>
<td>58</td>
<td>44</td>
<td>42</td>
<td>128</td>
<td>57</td>
<td>40</td>
<td>72</td>
<td>47</td>
</tr>
<tr>
<td>UPSS</td>
<td>33</td>
<td>42</td>
<td>35</td>
<td>39</td>
<td>117</td>
<td>53</td>
<td>35</td>
<td>56</td>
<td>40</td>
</tr>
<tr>
<td>CDS</td>
<td>48</td>
<td>61</td>
<td>51</td>
<td>42</td>
<td>116</td>
<td>56</td>
<td>46</td>
<td>784</td>
<td>52</td>
</tr>
<tr>
<td>CWS</td>
<td>39</td>
<td>52</td>
<td>42</td>
<td>39</td>
<td>113</td>
<td>54</td>
<td>39</td>
<td>64</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Report on third employment and unemployment survey 2012-13, Govt. of India, Volume I
Based on the survey results, the unemployment rate at All India level is estimated at 47 persons out of 1000 persons under the usual principal status approach for the persons aged 15 years & above. In case of male category, the unemployment rate is estimated at 40 persons out of 1000 persons whereas for the female category the unemployment rate is estimated at 72 persons at All India level under the usual principal status approach.

HIGHLIGHTS OF 12TH FIVE YEAR PLAN AND YOUTH EMPLOYMENT:

Current Employment Scenario:

- Expanding employment in services like IT, finance & banking, tourism, trade & transport
- Thrust on Manufacturing Sector – to make it the engine of employment growth – that would create 10 million additional jobs during the 12th Plan
- Building on the potential of Modular Employable Skill program by ensuring combination of modules to guarantee employability.
- To create 50 million additional non-farm job opportunities in manufacturing and service sector.
- 11th Plan targeted creation of 58 million job opportunities - 18 million work opportunities created on CDS basis between 2004-05 & 2009-10
- Unemployment rate declined from 8.28% in 2004-05 to 6.6% in 2009-10 on CDS basis & from 2.3% to 2% on UPSS basis

Table 3
Table showing Employment rates as per National Sample Survey (12th Five year plan)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>RURAL</td>
<td>1.5</td>
<td>1.7</td>
<td>1.6</td>
</tr>
<tr>
<td>URBAN</td>
<td>4.7</td>
<td>4.5</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: NSS 55th 61st and 66th round.

Table 4
Table showing employment rates as per NSS, 12th five year plan (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>9.22</td>
</tr>
<tr>
<td>1993-94</td>
<td>6.06</td>
</tr>
<tr>
<td>1999-2000</td>
<td>7.31</td>
</tr>
<tr>
<td>2004-05</td>
<td>8.28</td>
</tr>
<tr>
<td>2009-10</td>
<td>6.6</td>
</tr>
</tbody>
</table>

Source: 12th five year plan, volume III (NSS round)

Table 5
Table showing a comparison of last five year total population and unemployment rates in India among youth.

<table>
<thead>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1,129,866,000</td>
<td>1,147,996,000</td>
<td>1,166,079,000</td>
<td>1,173,108,000</td>
<td>1,189,173,000</td>
<td>1,205,074,000</td>
</tr>
<tr>
<td>Unemployed Youths</td>
<td>86,434,749</td>
<td>121,113,578</td>
<td>189,487,837</td>
<td>196,378,279</td>
<td>189,197,424</td>
<td>177,025,370</td>
</tr>
<tr>
<td>Unemployed Youths (in %)</td>
<td>7.65%</td>
<td>10.55%</td>
<td>16.25%</td>
<td>16.74%</td>
<td>15.91%</td>
<td>14.69%</td>
</tr>
</tbody>
</table>
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. India has created measures to impart skills as part of a major effort and is receiving assistance from various countries, including Germany, with regard to vocational training. 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.

REFERENCES