

Youth Unemployment in India

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India enjoys a demographic dividend where more than 50 per cent of its population is in the working age group of 15 to 59 and 28 per cent in age group 15-29. It is expected that by the year 2020, more than 65 per cent of

the Indian population would be in the working age group and India would enjoy the demographic dividend. Table 1 provides details of youth population in India.

Table 1: India's Youth Employment

2011 Census	0-14 Years	0-19 Years	15-29 Years
Numbers in million	372.4	492.9	333.3
Share	31%	41 %	28%

Source: Census of India 2011

The demographic dividend offers an economic opportunity to India to be utilized for fast tracking its growth, particularly in the manufacturing sector. This becomes all the more important when 12th Plan envisions creation of 50 million non-farm employment opportunities. However, creating jobs for the youth is a biggest challenge faced both by developed and developing economies around the world.

This article focuses on issues of youth employment and unemployment in India wherein the youth is defined to include the population in the age group 15 to 29. The available data shows that poverty and low levels of education are the biggest barriers for the decent employment opportunities for the youth. Being employable in the labour market remains a distant dream. According to the recent data, youth is one of the hardest hit segments of the world's population with high unemployment rates across the globe. Youth unemployment in US is more than 17 per cent where youth constitute age group 15 to 24. The situation is worse in Europe where youth unemployment in Greece is approaching 60 per cent followed by Spain 55 per cent, Italy 35 per cent and France 25 per cent. In the Indian context, as per Census 2011, youth accounts for 28 per cent of population. Although, the dependency ratio in

India is declining, the youth unemployment remains high. As per the World Bank Report, in India youth unemployment as a percentage of youth population is 10 per cent for males and 11 per cent for females. The lack of decent employment opportunities forces youth to take up self-employment and low paid contractual jobs with deplorable working conditions. This is evident from the fact that more than 93 per cent of the workforce is employed in the informal sector. The youth employment has been recognised as a priority agenda of the government and policies are being framed for enhancing their employability.

The labour market indicators viz. labour force participation rates (LFPR)², worker population ratio (WPR)³ and unemployment rate (UR)⁴ provides an important insight into the labour market conditions for youth in India.

Age Specific Labour Force Participation Rate

The trend of LFPR in developed economies shows that LFPR for youth declines with development as more and more youth enrol themselves in education. Table 2 below presents labour force participation rates for youth and all age group between 1993-94 and 2011-12.

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² Labour force participation rate LFPR is defined as the number of persons/person-days in the labour force (which includes both the employed and unemployed) per 1000 persons/person-days

³ Worker Population Ratio (WPR) is defined as the number of persons/person-days employed per 1000 persons/person-days.

⁴ Unemployment Rate (UR) is defined as the number of persons/person-days unemployed per 1000 persons/person-days in the labour force)

Table 2: Age specific Labour Force Participation Rates on UPSS Basis

Rural Male					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	598	532	529	390	333
20-24	902	889	891	813	788
25-29	980	975	982	975	963
All ages	561	540	555	556	553

Rural Female					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	371	314	331.00	195	164
20-24	469	425	435.00	314	297
25-29	530	498	530.00	404	369
all	330	302	333.00	265	253

Urban Male					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	404	366	381	263	256
20-24	772	755	769	682	664
25-29	958	951	957	947	951
all	542	542	570	559	563

Urban Female					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	142	121	144	85	89
20-24	230	191	250	197	197
25-29	248	214	261	222	253
all	164	147	178	146	155

Source: Various Rounds of NSSO Employment and Unemployment Surveys

It emerges that a sizeable proportion of male population is in the labour market both in the rural and urban areas. In almost last two decades, the LFPR on UPSS basis has declined for all youth age groups vis- a- vis 1993-94, but the decline is very steep for the rural females after 2004-05. The withdrawal of rural females is in keeping with the national trend and could be attributed to absence of job opportunities in the rural areas or affected by the social customs and conditions.

In case of urban females, the LFPR shows an oscillating trend viz while there is a decline in the younger age

groups of 15-19 years and the 20-24 years after 2004-05, there is an upward movement in 25-29 age group from 2009-10. The data suggests steeper decline for rural females in all age groups. The younger male age groups, both in the rural and urban areas, have also experienced a decline. This decline is suggestive of increasing participation of the youth in the education to enhance their skills before entering the labour market. It is expected that when these youngsters eventually join the labour force, they will be far better skilled than earlier.

⁵ UPSS or usual status (ps+ss), workers are those who perform some work activity either in the principal status or in the subsidiary status. Thus, a person who is not a worker in the usual principal status is considered as worker according to the usual status (ps+ss), if the person pursues some subsidiary economic activity for 30 days or more during 365 days preceding the date of survey.

Age Specific Worker Population Ratio (ASWFPR)

The ASWFPR also shows similar declining trend across age groups for both rural male and female as well as for urban males. In case of urban females, except for the 15-

19 age group, the ASWPR has increased for all other age groups. The decline in WPR among rural females (14.2 percentage points) was steeper than the decline seen for rural males (12.5 percentage points) and urban males (3.5 percentage points) in the 15-29 age group during the period from 1999-2000 to 2011-12.

Table 3: Age-Specific WPR(ASWPR) among 15-29 and all Population

group	1999-2000	2004-2005	2009-2010	2011-2012	1999-2000	2004-2005	2009-2010	2011-2012
Rural								
	Male				Female			
15-19	503	497	358	303	304	319	186	156
20-24	844	849	768	742	409	410	295	278
25-29	950	966	957	942	491	513	391	357
15-29	741	742	648	616	400	410	288	258
all (0 +)	531	546	547	543	299	327	261	248
Urban								
	Male				Female			
15-19	314	335	231	223	105	128	76	78
20-24	658	684	617	594	155	201	160	160
25-29	883	909	906	906	194	229	196	231
15-29	593	623	564	558	149	184	144	157
all (0 +)	518	549	543	546	139	166	138	147

Source: Various Rounds of NSSO Employment and Unemployment Surveys

This is quite surprising because during the last twenty years, when the economic reforms were in progress and the economy was reaping an average growth rate of around 6-7 percent per annum, the WPR of the youth was declining. This could be either due to increasing participation in the education or disappearance of the traditional non-farm jobs. The opening up of the economy led to migration of rural males to distant towns and cities in search of jobs as construction workers, sales men, delivery boys, security guards, rickshaw pullers etc

and withdrawal of females from the labour market.

Unemployment Trend among Youth

As per NSSO 2011-12, unemployment rate was 2.4 percent for males and 3.7 percent for females as per usual status among all age groups, while the unemployment rate among the youth (15-29 years) varied between 6.1 percent to 15.6 percent across the different categories as may be seen in Table-4.

Table 4: Unemployment Rate among Youth according to usual status

Age Group	1999-2000	2004-05	2009-10	2011-12
Rural Male				
15-19	6.5	7.9	10.0	11.4
20-24	6.2	6.2	6.4	6.9
25-29	3.2	2.3	2.2	2.8
15-29	5.1	5.2	5.5	6.1
Rural Female				
15-19	3.1	6.7	7.4	8.0
20-24	4.9	9.3	8.6	9.9
25-29	2.4	5.2	4.5	5.8
15-29	3.7	7.0	6.5	7.8
Urban Male				
15-19	15.4	14.0	13.2	14.4
20-24	13.9	12.5	10.1	11.6
25-29	7.5	5.8	4.4	5.3
15-29	11.5	10.0	7.9	8.9
Urban Female				
15-19	15.5	15.6	14.3	15.3
20-24	22.6	25.8	21.7	21.9
25-29	11.5	15.8	14.6	10.8
15-29	16.6	19.9	17.2	15.6

Source: NSS Report No.554: Employment and Unemployment Situation in India, 2011-12

The unemployment rates among different age groups increased significantly with urban female experiencing the highest unemployment. The above table shows that during the last decade, while unemployment rate among the rural male (15-29) increased only marginally by 1 per cent, among rural females it doubled to reach a level of 7.8 per cent. In contrast, in the urban areas, while the unemployment rate of urban males declined by 2.6 per cent that of urban females reduced by 1 per cent. But it emerges from the above that the unemployment rate for the urban females is the highest among all the categories. High unemployment rate among females may possibly be due to the family support to remain unemployed for a longer period of time as compared to that of males, who are considered to be the main breadwinners.

In different youth age groups, unemployment rate is

high among the entry age group 15-19 across all categories and tend to decline as age advances but remains higher than the national average. High unemployment rate in the initial years (15-19) could be due to the mismatch between job expectations and availability of jobs.

In terms of sectoral participation, the Labour Bureau data suggests that proportion of youth engaged in agriculture was 50 per cent, followed by secondary 20 per cent and tertiary 29 per cent in 2012-13⁶. This calls for need to focus on rural industrialization. **The industry should rethink its strategy of moving to the rural areas and setting up units aligned to the natural resources of the region. This could be storage and packaging units, food processing industries, weaving and craft units, export oriented garment units etc.** Creation of job opportunities in rural areas would also increase the

⁶ Report on Employment-Unemployment Survey, Labour Bureau 2012-13

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female labour force participation rate which at present is below 20 per cent due to non-availability of suitable job opportunities in rural areas outside of agriculture.

A look at the unemployment rate among the educated

youth shows that unemployment rate is high among the educated. This strengthens the earlier observation that with education attainment, the job aspirations increase and non-availability of jobs matching these aspirations leads to high educated unemployment.

Table 5: Unemployment Rate at usual status (adjusted) as per Education level for 2011-12

General Education Level	Unemployment Rate (15-29 years)			
	Rural		Urban	
	Male	Female	Male	Female
Not literate	2.3	0.8	2.5	1.6
Literate & up to Primary	3.2	0.6	4.8	4.3
Middle school	4.2	4.6	5.1	5.8
Secondary	4.6	8.6	5.5	15.1
Higher Secondary	6.5	13.8	12.0	14.6
Diploma/certificate	15.9	30.0	12.5	17.3
Graduate & above	19.1	29.6	16.3	23.4
All	5.0	4.8	8.1	13.1

General Education Level	Unemployment Rate (15-29 years)			
	Rural		Urban	
	Male	Female	Male	Female
Not literate	0.5	0.2	0.9	0.7
Literate & up to Primary	1.2	0.3	1.9	1.6
Middle school	1.9	2.5	2.2	3.5
Secondary	2.0	6.0	2.3	6.4
Higher Secondary	3.3	8.8	4.6	9.1
Diploma/certificate	8.5	19.7	5.2	10.2
Graduate & above	7.5	18.9	5.3	12.8
All	1.9	10.1	3.1	5.5

Source: NSS Report No.554: Employment and Unemployment Situation in India, 2011-12

Table-5 shows a comparative scenario of educated unemployment both among the youth and in the general population. Among the two demographic groups, the trend of unemployment is the same, indicating higher unemployment among the educated that progressively increases with the level of education. Further, educated unemployment among females is higher than the males among both the demographic groups.

When looking at the educated unemployed, it may be seen that apart from unemployment level being high among the formal educated, it is also high among the vocational qualified labour force i.e. the diploma or certificate holders. This raises the question of the employable skills of the courses that are rendered

especially from Higher Secondary and above. Employable skills involve communication skills, problem solving skills apart from the technical skills required for the job. Expansion of higher education institutions has taken place at a rapid pace in the last decade but issues of the curriculum content, course work done, lack of industry exposure through internship, inexperienced faculty are causes of concern, requiring immediate attention.

Challenges of Youth Employment

India faces a paradoxical situation where, on the one hand, youth is looking for job and on the other hand industry is suffering from availability of skilled workers. This skill mismatch makes youth unemployable. This is a

result of supply driven and not demand driven education system due to lack of interface among different stakeholders viz. policy makers, industry, training providers and educational institutions. **The training institutes need to educate as per industry's requirements so that demographic dividend can be tapped fruitfully.** It is expected that in a decade, 40 per cent of the 15-29 age group will enter the labour force, which needs to be provided with decent employment opportunities.

Further, the manufacturing employment in India has not increased to the extent desired. In rural areas, majority of the labour force is engaged in the agriculture sector, indicating almost negligible presence of employment opportunities outside of agriculture. Any movement of labour force to non-farm sector, as is envisaged in the 12th Plan, implies either no job or low-productivity-low-paid jobs due to mismatch of skills. There is also a need to increase formal employment, which presently constitutes about 8 percent of the labour force to circumvent more youth joining low paid sector and remaining working poor. This poses the question: **Is India ready for this challenge?**

Way Forward

The challenge of improving the employability of youth and their accessing decent jobs requires improvement in quality of education, job training, up gradation of skills, and interface between industry, policy makers and training institutions. However, this also requires creation of adequate decent jobs in the non-farm sector mainly manufacturing as is envisaged in the 12th Plan.

In the Indian context, to make the youth employable, the government of India is laying emphasis on skill development and has set a target of skilling 500 million by 2022 and 50 million in the 12th plan. To achieve this target, National Policy on Skill Development focuses on improving quality, quantity, access and outreach of training. Different innovative measures have been followed to reach the difficult areas. Some of the good examples are in terms of virtual classrooms, mobile vans, simulation based etc. There are 23 Central Ministries, which are engaged in skill development. In order to recognize the prior learning, workers are tested and given certificates of trained manpower. There are general programmes, group-specific and region-specific, for enhancing the employability of the youth.

The National Skill Development Agency has been mandated to monitor the progress of skilling in the country, operationalise the National Skill Qualification Framework, which facilitates both horizontal and vertical mobility and makes skill aspirational among the prospective trainees. To incentivise the students and help the disadvantaged, the government has started Standard Training & Assessment Reward (STAR) Scheme, wherein the passed trainee is provided an incentive of Rs 10,000. Besides this, students are provided scholarship and other facilities, particularly in the remote areas. Further, through sector skill councils an attempt is made to link training with the industry requirement.

The Government is also working to expand access to education and vocational training for workers in the country side, including rural broadband networks to connect remote areas with educational opportunities as also using Common Service Centres at the Panchayat level for training. The role of advocacy to promote awareness among the youth about various plan schemes/vocational institutions needs to be initiated. In addition, there is an urgent need to speed up the setting up of the Sector Skills Councils and putting in place the National Occupational Standards to make National Skill Qualification System operational. This would facilitate modification of curriculum in tune with the industry's requirement.

At present, there is no organised and scientific system in place to provide labour market information in terms of supply-demand position in the labour market to guide the labour and training policies, training providers, prospective labour force and the employers. There is an urgent need to put in place the same. To make manufacturing an engine of growth and to generate employment opportunities, the government has announced new policies as part of the 12th Five year Plan, aiming to create 100 million work opportunities by 2022, mainly in labour intensive manufacturing sectors such as textiles, gems & jewellery, and leather industry. For those who are engaged in self-employment, hand holding in terms of credit availability as also market and technical assistance is provided in the industrial policy and the 12th Plan focusses on strengthening this further. To conclude, there should be an integrated policy focus in the coming years on promoting growth that supports livelihood.

(Views expressed are personal)