

## **Educated Youth and Un-Employment: An Indian Perspective:**

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**Abstract:** *Creating jobs for young people is a major challenge around the world, which has been further exacerbated by the global financial crisis. In this broader context, this paper presents a profile of youth employment and unemployment in India, which has the world's largest youth population. Young Indians face major barriers because of poverty and low levels of human capital. Though educational attainment has risen in recent years, gaining a foothold in the labour market remains elusive for many young Indians. In rural and urban areas, young males are usually employed in casual jobs, while their female counterparts tend to be self-employed. Although a large proportion of young rural women are employed in agriculture, rural males are increasingly turning to the non-farm sector. Among young women, social conditions play an important role in determining labour force participation. In response to these challenges, policies should address the lack of productive employment opportunities for youth. While skills development is crucial, these initiatives should be supplemented by more comprehensive programmes that target the most vulnerable and disadvantaged youth.*

**Key Words:** *Educated youth, un-employment, Data Analysis, Conclusion.*

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### **I. Introduction**

Young people are a major human resource for development, key agents for social change and driving force for economic development and technological innovation. But harnessing these resources is a major challenge. The youth challenge is considered as the most critical of the 21<sup>st</sup> century's economic development challenge. Moreover, the decline in fertility rate has led to the bulge in working age population which is considered as the demographic dividend. It is a great concern that how this bulge in working age population presents the opportunities for growth and prosperity of a nation and the implications and opportunities of the bulge and how states are trying to respond.

The critical aspects of the challenge are mostly related to labour market entry where young people encounter difficulties in finding and maintaining a decent job. The growing large number of unemployed youth is one of the most daunting problems faced by developed and developing countries alike (ILO, 2004, 2005b). Failure to integrate young people into the labour market has broader consequences for the future prosperity and development of countries. Thus the issue of youth employment and unemployment features prominently on the international development agenda.

If you think India is at an advantage thanks to a population of 430 million young people, it's time to think again. The fact is some 18% of 15-24 year olds are unemployed in the country. Moreover, over 32% of graduates and above are still looking for jobs. As a matter of fact, the less educated you are, the better a chance you have at getting a job.

The International Labour Organisation (ILO), in its recent report, has highlighted how the youth job crisis has been aggravated thanks to a weakening of the global recovery in 2012 and 2013.

The graph below shows the trend in ILO estimates of global youth unemployment. This refers to people aged 15-24yrs. The global youth unemployment rate, estimated at 12.6% in 2013, is close to the 2009 crisis peak of 12.7%. As many as 73 million young people are estimated to be unemployed in 2013 worldwide. On an average, a young person is three times likely to be unemployed when compared to an adult!

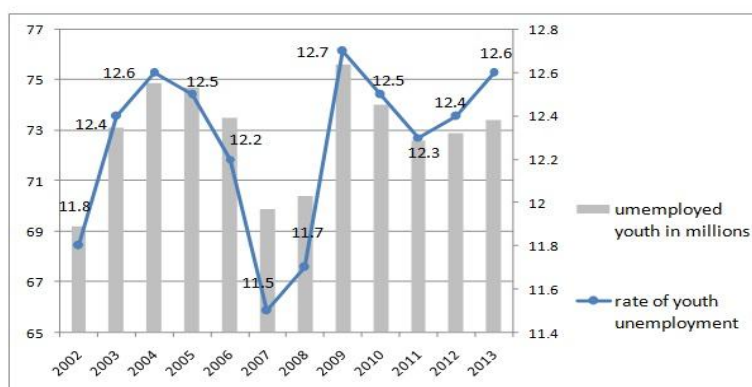


Figure 1: Global youth Unemployment 2002-13

Source; ILO

ILO has urged its member-countries to proactively heed the crisis, and address issues like skills mismatch, persistence of over-education and under-education, under-skilling and skills obsolescence due to long unemployment spells.

A similar story is playing out in India as well. The population in the age-group of 15-24 increased from 190 million in 2001 to 231.9 million in 2011. And a recent report by the Labour Bureau on youth employment and unemployment (2012-13) says the rapid increase in the young labour force has not been backed by an equal growth in the job market.

There is no unique definition of specific age group which refers to youth in the country and neither does unemployed refers to those either in the job market or involved in education. The youth unemployment rate for 18-29 year olds is as high as 13.3%. It can be clearly seen how hostile the job market is for the young. And interestingly, the unemployment rate for people above 30 is only 1 percent!

Unemployment Rate by Age Groups: Table-1

15-24 Year	18.1
18-29 Year	13
15-29 Year	13.3
30 & Above	1
India Total	4.7

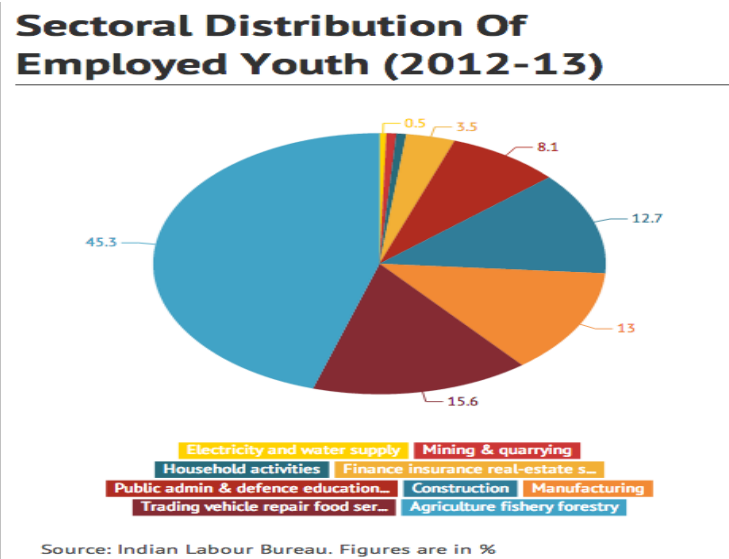
We have used the ‘usual principal status’ approach i.e. the major time spent by a person (183 days or more out of 365 a year) is used to determine whether the person is in the labour force or out of the labour force. A person found unemployed under this approach reflects chronic unemployment. (We have considered the age-group 18-29 for further analysis because of the minimum legal age of employment being 18 yrs.) . In short, the widening of skills mismatch is compelling the young to find easier way out by resorting to self-employment. The Labour Bureau’s 2012-13 report states some interesting facts:

- \* **Every 1 person out of 3 holding a degree in graduation and above is found to be unemployed.**
- \* **For graduates & above, the unemployment rate is significantly high at 32%**
- \* **Uneducated are better employed than them; and**
- \* **Unemployment rate is increasing with the increase in education level**

Increase In Unemployment With Level Of Education Table-2

Not Literate	440
Below Primary	434
Primary	478
Middle/Secondary/Higher secondary	305
Diploma/Certificate	273
Graduate and Above	343

Sector-wise, Indian youth contributes most to ‘agriculture, forestry and fishing’ sector. The following chart shows the sector-wise distribution of the employed youth. Labor force employed in ‘trading, repair of motor vehicles, transportation & storage, accommodation and food service activities’ (which don’t require much expertise), is greater than that involved in ‘Construction’ and Manufacturing’.



To match. The National youth Policy launched by the UPA Government in January recommends increase in investment in youth programmes targeted towards education, skilling, entrepreneurship and health care.

## II. Conclusion

A major long-term challenge in India is that many youth, because of poverty and poor human capital endowment, participate in the labour market at an early stage. They cannot afford to remain unemployed for long and, hence, pick up activities characterized by low labour productivity. In rural and urban areas, among the early labour market entrants, males are usually in casual wage employment, while their female counterparts tend to be self-employed. Self-employment and casual wage employment comprising a large majority of youth employment. Agriculture employment is more prevalent for women in the rural areas, though rural males are increasingly turning to the non-farm sector as the possibility of gainful employment in the farm sector has been shrinking. However, how many non-farm jobs in rural areas are demand-induced is an important issue that needs further research. Given the macro evidence on the rural non-farm sector, expanding largely due to supply-side factors, it is difficult to suggest that rural youth are able to access sustainable livelihoods. On the other hand, in urban areas they are largely in the services sector in comparison to the secondary sector. Among young women, social conditions and norms play an important role in determining their labour market status. Labour market participation, for example, tends to vary across social groups. Among educated youth, the problem of unemployment can have serious repercussions in terms of social instability which, in turn, may affect governance and growth adversely. Thus, the challenge is to ensure that more opportunities are created in the formal economy, allowing for a smooth transition from school to work for India's youth.

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