

INDIAN EMPLOYMENT AND UNEMPLOYMENT IN YOUTH

Mohd Tariq

Associate Professor, Dept. of Economics, G. F. College, Shahjahanpur

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 during the last two-and-half decades viz., 1983 to 2021-22. 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.

Keywords: Youth Unemployment, Unemployment Rate, Skill Development, Literacy

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 21st 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 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, 2006, 2007b). 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.

It is a major focus of the Millennium Development Goals (MDGs) and was reaffirmed by the Ministers and Heads of Delegations participating in the High-Level Segment of the Substantive 2006 Session of the Economic and Social Council (ECOSOC) They committed to develop and implement strategies that give youth everywhere a real and equal opportunity to find full and productive employment and decent work.

Employment and Unemployment Situation in India

In this section the analysis of the overall employment and unemployment situation in India is presented. The labour force participation rate indicates about the percentage of population who are already engaged any kind of work and those who are ready to work given the employment opportunity. In other words the labour force includes both the workers or the employed and the unemployed. India would be the second largest country in the world in terms of the size of the labour force. There were around 4769.96 million Labour force constituting 40 per cent of the India's total population estimated at around 2092.9 million by the end of 2015 (as on 1st January 2020). In the recent period, by the end of 2016, the labour force in India has increased to 571.7 million.

The overall labour force participation rate (LFPRs) based on NSS usual status (includes both principal and subsidiary) shows that there has not been any steady decline or increase during the last three and half decades but it was fluctuating between 44 to 52 percent However, a close look at the trend shows that during 1970s the LFPR had increased to its highest ever in 1977-78 and began to decline thereafter. During the 1990s decline in WPR continued till late 1990s. Between 1997-98 and 1999-2002, although there was marginal increase in LFPR, there was a sharp decline of 2 percentage points between 1999-2002 and 1999-2000. But the LFPR increased again between 1999-2002 and 2010-15 with sharp increase of 2.4 percentage points. Again during 2007-08 the LFPR has declined by 1.7 percentage points from the level of 2009-2015.

The percentage of persons below 30 years of age attending educational institutions by age group indicates that it has been higher among 5 to 14 years age group and it increased over the period between 5 and 29 years of age. The increase in the school attendance rate has a corresponding decline in labour force participation rate, as above in this young age cohorts.

Worker Population Rate (WPR)

The measure of work participation rate presents the percentage of persons who actually worked or employed in the total population. Work participation rate (WPR) excludes the percentage of

unemployed from the labour force participation rate (LFPR). In India there were about 759 million workers during 2009-15 consisting of 48 per cent of the country's total population and the workforce has increased to 561.4 million in 2017-18.

The trend in work participation rate during the last three and half decades shows that there has not been any sharp decline or increase; it remained between 48 to 52 per cent. But a close look at the trend shows a similar pattern observed in the case of LFPR. Clearly, during 1970s the WPR had increased to its highest ever and during the 1980s there was a decline that continued till late 1990s. The WPR declined to its lowest ever to 39.7% in 1999-2000 and revived between 1999-2000 and 2009-15 with an increase of 4.3 percentage points. But, it declined to 48% in 2017-18.

As in the case of LFPR, the work participation rate (WPR) too is higher in rural areas than their urban counter parts and higher among males as compared to females. However, the trend shows that locational differences have always been higher than gender difference. Though there is no drastic change in the overall work participation rate, the change is observed across age groups especially those of young age groups. The work participation rate (WPR) by age group indicates the pattern observed in the case of labour force participation rate (LFPR) i.e. it is declining among younger cohorts below 30 years of age over the period and a slight increase in the older cohorts.

Level of Unemployment

Unemployment is a daunting problem for both the developed and developing countries. India is one of those developing countries which continue to have the problem of unemployment and underemployment despite continuous policy emphasis and programmes to eliminate the problem.

The unemployment rate in India is measured in three ways based on National Sample Survey (NSS) data: based on usual status (US), current weekly status (CWS) and current daily status (CDS). The unemployment rate based on usual status indicates the magnitude of the persons unemployed for a relatively longer period and approximates to an indicator of the chronically unemployed. The 'weekly status' includes both chronic and intermittent unemployment of workers categorized as usually employed, caused by seasonal fluctuations in the labour market. The „daily status“ concept gives an average picture of unemployment on a day during the survey year. Unlike US and CWS which refer to unemployed persons, CDS refers to the person days unemployed.

The unemployment rate by five year interval age groups shows that it is the highest among the younger cohorts especially 18 to 28 years age cohorts. In other words, the incidence or instances of those who are willing to work and available for the labour market but unable to find the work or employment is higher among the young (below 30 years) when compared to their seniors (30

+ age). It is highest among the 20 to 25 years age cohorts. The situation of young jobseekers in comparison to adults seems to be hard.

Growth of the Economy and Youth Employment

The objective of economic development is to provide people with basic necessities, and opportunities for meaningful employment. Expanding productive employment is central for sustained poverty reduction and for improvement in human development, as labour is the main asset for the majority of the poor. Labour absorption, in fact, depends more on the pattern of growth, on whether it is labour intensive or capital intensive.

The growth of population for all ages declined in the 2000s as compared to that of 1990s But for the youth, their population growth rate is increasing over a period and it was lower than population growth for all ages during 1990's but was higher during the 2000s. Moreover, the rate of growth in employment was always lying below their population growth rate. As in the case of youth population, the rate of growth in youth employment was higher in the 1990s than that of the 2000s. In fact, we observed a declining work participation rate among the youth over a period. In spite of this, the employment growth was higher. This was due to higher population growth for the youth. Higher growth rate in youth population might have compensated for the declining WPR among the youth.

In general, it would be a potential threat in terms of unemployment and joblessness if the employment growth lies below the growth of population. In case of youth, increasing attendance rate in educational institution indicates that the bulging youth population, however, is partially diverted to educational institutions. But the increasing attendance rate is unable to absorb all the bulging youth. Those young people who are neither working nor attending educational institutions remain as either unemployed or jobless. The increasing unemployment rate and hence the high growth of the unemployed and jobless during 2003-2015 among the youth indicate a potential threat of higher youth unemployment and joblessness.

Conclusions and Policy Recommendations

A conclusion of the trends in youth labour market is given below.

(1) Labour force and work participation rates have fluctuated between 48 to 54 percent during the last three and half decades.

(2) The size of the youth population (18 to 28 age group) has increased three folds in the last four decades of the 20th Century. The projected population in 2011 is around 240 million youth population in the country.

(3) The literacy rate for youth population rose from 66.4% in 1993 to 90.3% in 2017-18. The percentage of youth attending educational institutions increased from 27.4% to 42.8% during the same period. Regarding employability, only 4.9% of young workers had post-secondary level of education in 2017-18.

(4) The self employed form the majority of youth workers (50%). Casual labourers form the next highest category among youth workers (35%). The share of youth regular salaried/wage employment increased over time.

(5) However, the share of agriculture in youth employment declined faster than adults. It was 54.4% for youth and 57% for adults in 2007-08. It is interesting to note the share of industrial sector increased faster for youth as compared to services. Unlike for adults, the share of industry for youth is higher than services in the year 2014-15.

(6) India has 559 million workers in 2014-15. Out of this, 523 million (92%) are unorganized workers. Most of the youth are also in the unorganized sector.

(7) The number of youth unemployed in India increased from 6.5 million in 1993-94 to 9.5 million in 2014-15. Out of this, 64% are in rural areas while 70% of them are males. The youth unemployed make up almost half (59%) of the total unemployed despite the fact that, the youth share of the total adult workers was only 24%. The share of youth unemployed to adult unemployed declined from 52.2% in 2003-04 to 59.0% in 2014-15.

(8) Unemployment among youth is three times to that of adults for usual status. It is two times to that of adults for weekly status.

(9) Joblessness (37%) is much higher than unemployment rate. In absolute number, of the total 303.6 million youth

(10) Literacy and educational levels are increasing for Indian youth. However, we still have many illiterates and only few workers had education above secondary and graduation. About 92 per cent of the youth have not taken any kind of vocational training and among the rest about half of them have received through hereditary practices. It indicates a negligible level of formal vocational training from the youth.

(11) Wage levels of Youth Employed are lower than those of adults.

(12) 26% of youth employed suffer from poverty (around 32 million)

(13) Around 40% of youth population are vulnerable. They include 15% of working poor, 7% of unemployed and 35% of not actively seeking jobs.

(14) Unemployment of youth is only one of the problems of youth labour market. Since many of them are in the informal/unorganized sector, the income and productivity of workers, conditions of work and social security have to be improved.

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