

Youth Employment- Unemployment in India

Arup Mitra

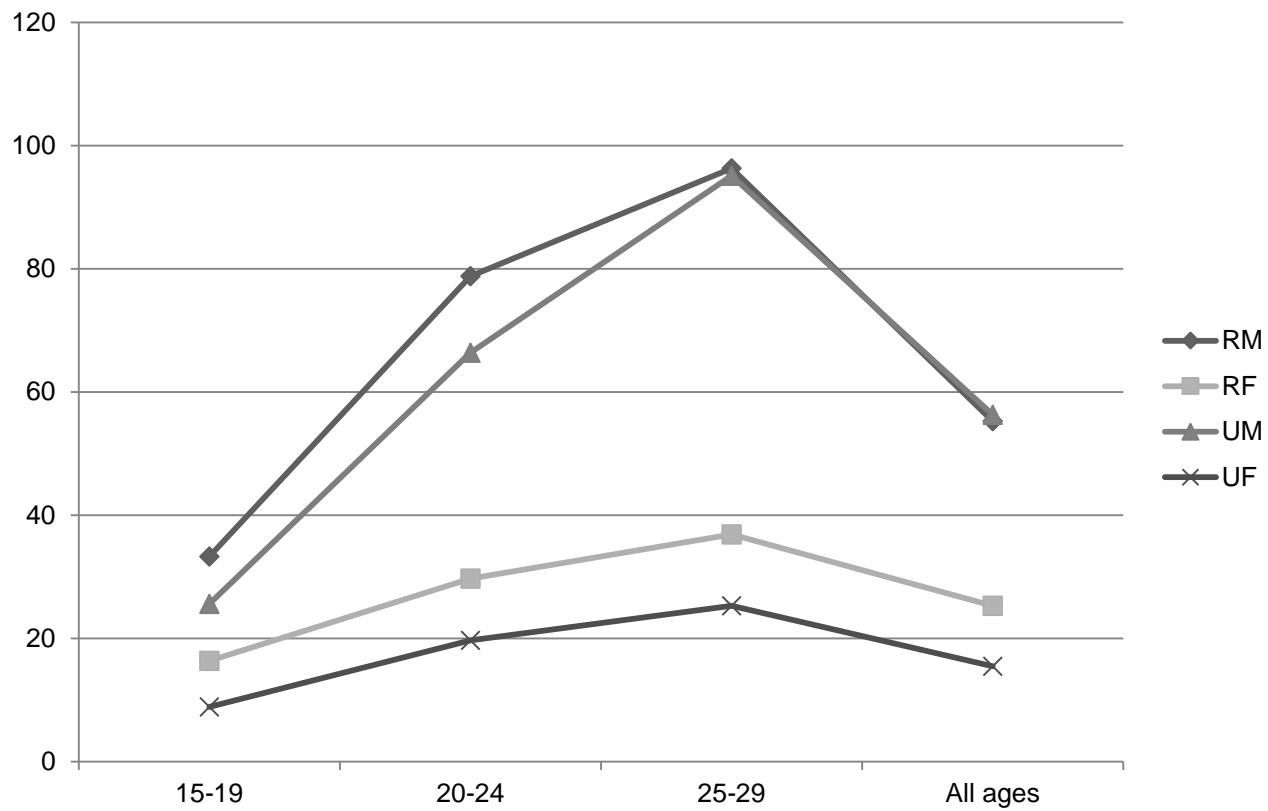
- Youth employment and unemployment both are of crucial significance from different angles.
- If not able to pursue higher education and are being forced to join the labour market it has serious implications in terms of informal sector employment and poverty.
- Poor human capital formation and a meager possibility of acquiring skill on the job would mean persistent poverty.
- On the other hand, those who are educated and are not able to get an employment of a desirable quality may participate in activities which tend to destabilize the social and economic functioning of the system.
- Also, it means inability of the overall system to utilize the available manpower in its most productive way, implying potential loss in output.

Table 1: Labour Force Participation Rate: upss (2009-10)

	Age Category	Rural			Urban		
		Male	Female	Person	Male	Female	Person
	15-19	39.0	19.5	30.4	26.3	8.5	18.3
	20-24	81.3	31.4	55.7	68.2	19.7	45.0
	25-29	97.5	40.4	67.5	94.7	22.2	59.1
Youth	15-29	68.0	30.2	49.6	61.0	16.8	40.1
Non-Youth	30-59	98.2	47.2	72.8	96.9	24.4	62.0
Total	All Ages	55.6	26.5		55.9	14.6	

Source: NSS 66th Round (2009-10).

2011- 12, LFPR Age Group	RM	RF	UM	UF
15-19	33.3	16.4	25.6	8.9
20-24	78.8	29.7	66.4	19.7
25-29	96.3	36.9	95.1	25.3
All Ages	55.3	25.3	56.3	15.5



- As noted from Table 1 a sizeable percentage of male population in these age brackets are in the labor market. Even in the lowest age group among the (male) youth, i.e., 15-19, 33 and 25.6 per cent are in the labor market in the rural and urban areas respectively (2011-12).
- With age it increases
- Though the labour force participation rate among the females is considerably lower than their male counterparts across all age groups, the youth-non-youth differences in the case of females is much smaller in magnitude than in the case of males.
- Nevertheless youth participation rate is higher than the non-youth.
- This tends to suggest that while the social conditions in general tend to suppress the female labour force participation rate, in relative sense young women are increasingly in search of jobs.

Social Groups

RURAL Areas: ST>SC>OBC>GENERAL

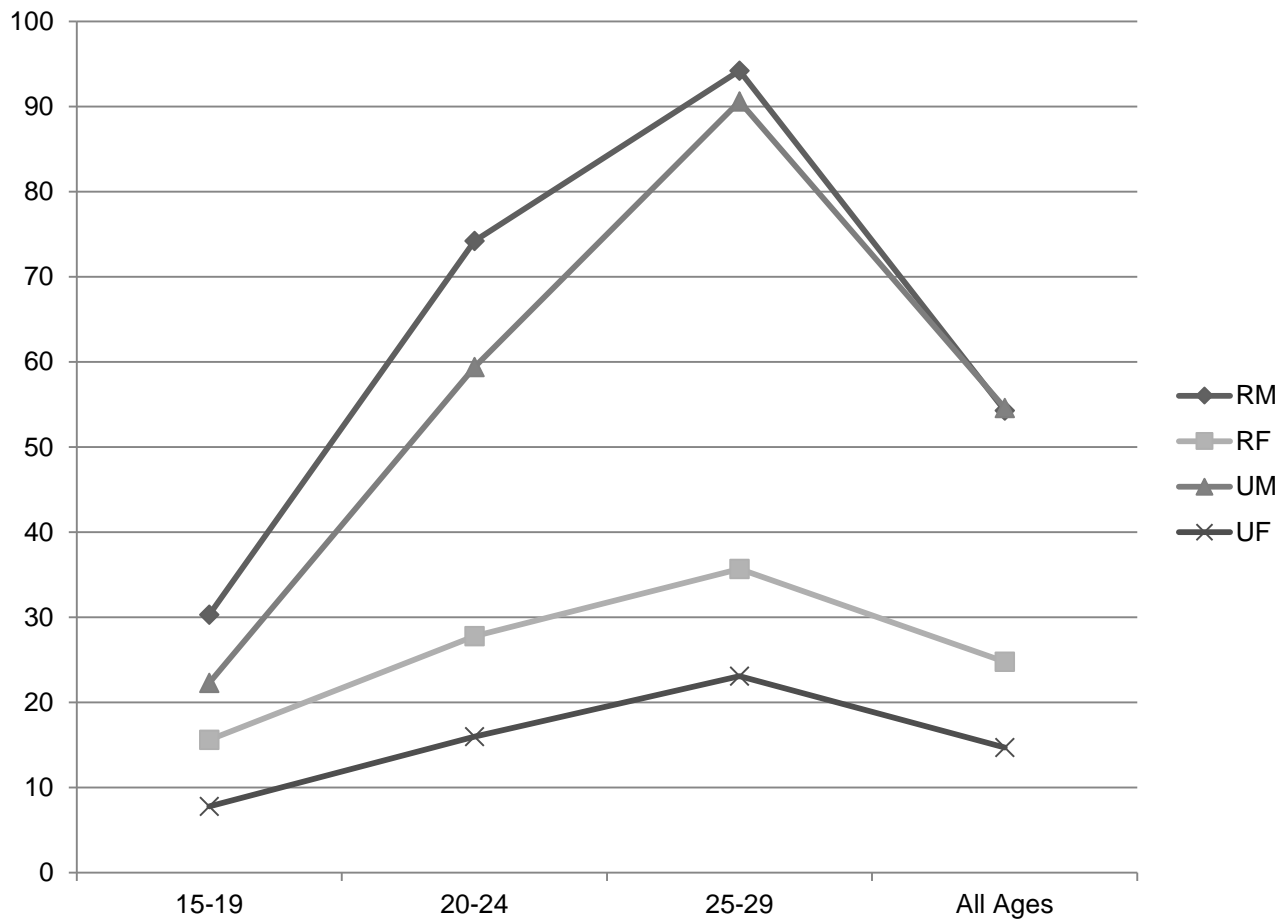
- We may further note that the labour force participation rate among the rural youth is highest in the scheduled tribe category.
- This is followed by the scheduled castes which in turn exceeds the other backward caste category, while the general caste corresponds to the lowest participation rate.
- By and large the same pattern follows in the urban areas with the exception of male scheduled tribes.

WFPR 2011-12

Age Group	RM	RF	UM	UF
15-19	30.3	15.6	22.3	7.8
20-24	74.2	27.8	59.4	16
25-29	94.2	35.7	90.6	23.1
All Ages	54.3	24.8	54.6	14.7

Work Participation Rate

- Among the rural females in all the three age groups the principal and subsidiary status work participation rates both dropped in 2009-10 or 2011-12 compared to the long term trend perceived since 1993-94
- Among the rural males also the same pattern is observed.
- Urban areas: a similar pattern except in the case of females in the age group 25-29 (2011-12)
- Given the patriarchal system the male work participation rate is unlikely to perceive any major decline in the prime age group of 25-29. Even when productive employment opportunities are not available, males cannot afford to withdraw from the labour market. Rather they get residually absorbed in a wide range of low productivity activities.
- On the other hand, non-availability of productive employment opportunities for long may lead to the phenomenon of 'discouraged dropouts' among women.

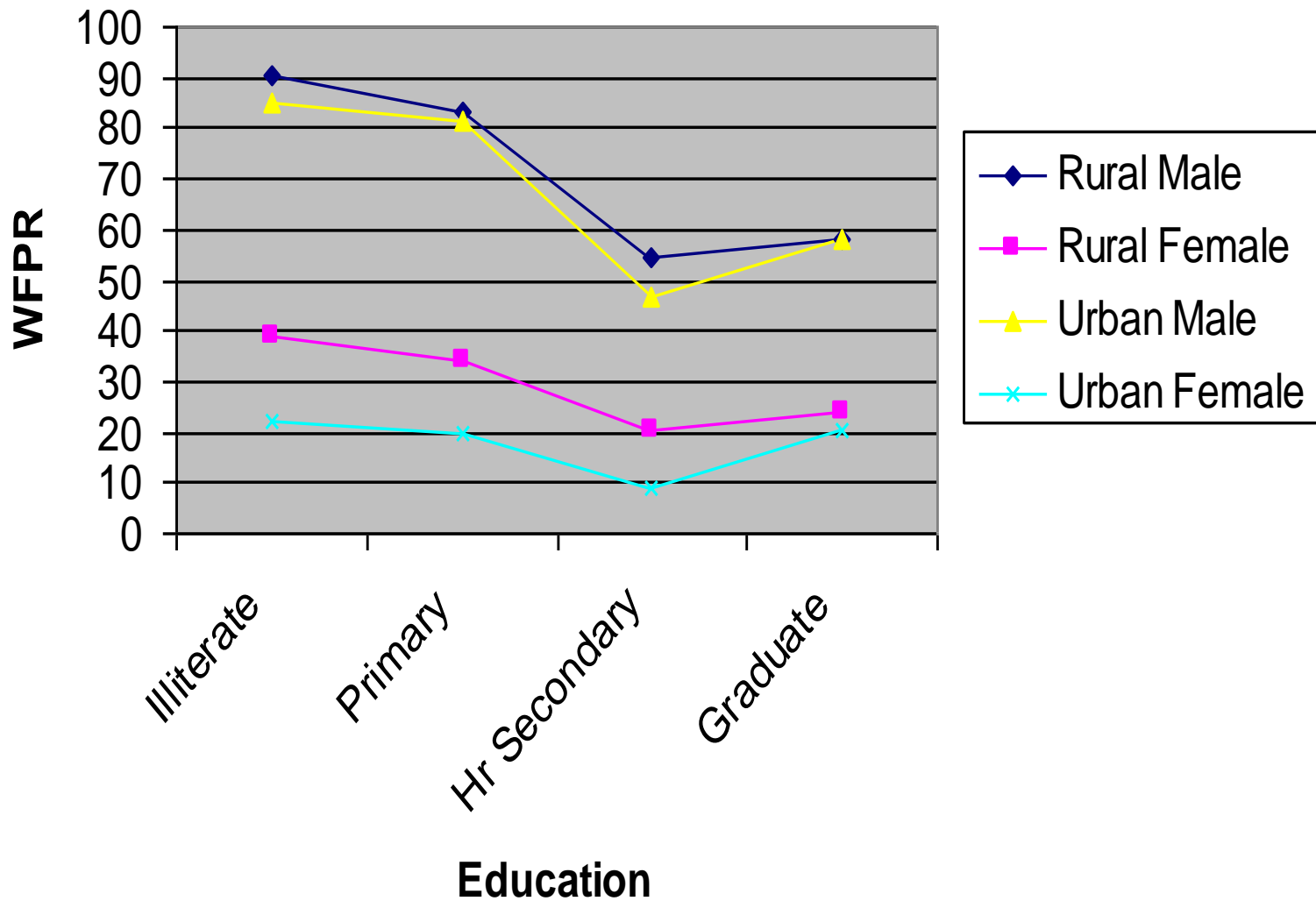


- One may argue that increased participation in education could be a major reason of decline in the work participation rate in the age groups of 15-19 and 19-24 for both males and females.
- But in the rural context it is quite unbelievable that tertiary level education was pursued so widely that it led to a major decline in the work participation rate.
- Particularly in the case of rural females given the conservative social practices this explanation of participation in higher levels of education does not seem tenable.

- In the urban areas as well, the work participation rates declined both among the males and the females in the age groups of 15-19 and 20-24, particularly in comparison to 2004-05
- The fall continues in the next age bracket (25-29) too pertaining to females if we consider 2009-10 figures. (But if we consider 2011-12 there is a marginal increase.)
- Among urban males it is by and large stable in this age bracket.
- The explanation relating to education is rather difficult to justify always this drop (age group 25-29) among the females.
- On the contrary, the employment scenario is possibly becoming more stringent towards the women workers.

- And since there is no evidence of a decline in the age at marriage between 2004-05 and 2009-10 the fall in the work participation rate of women is rather a surprise.
- Several micro studies are of the view that single women migration is on the rise and that in fact would have led to an increase in the work participation rate in the urban areas given a drop in its rural counterpart.
- Since that has not happened the demand side factors seem to have played a crucial role, indicating sluggish employment generation in the process of growth.

Education and WFPR



- With level of education the work participation rate tends to decline though at higher levels it again shows a rising tendency (Table 5 and Fig.1).
- The declining part can be explained by the fact that once a youth pursues education he does not participate in the labour market until the desirable level is completed.

Nature of Employment

- Looking at the nature of employment we note that self-employment constitutes almost half of the rural youth, both males and females.
- However, among the rural males the relative size of regular wage and casual wage employment in the age group 25-29 is higher than the corresponding figure for all age groups. A similar pattern is also distinct in the age group 20-24, implying that wage employment is relatively more prevalent among the rural youth (male) compared to the rest of the rural male population.
- Only in the age bracket 15-19 the share of casual wage employment is higher than the corresponding figure for all-age average.
- Those who drop out from the school early join as casual workers since many of these youth (male) may not meet the requirements of regular wage jobs.

- Among the rural females self-employment in the age group 20-24 is higher than the all-age average figure.
- On the other hand, the proportion of workers in casual wage in the same age group is lower compared to the all-age average figure.
- Since around these ages rural women mostly pursue reproductive activity, casual wage job is less preferred in comparison to self-employment which can be conveniently combined with household activities.
- In the age brackets 15-19 and 25-29, however, more than 40 percent of the women workers are in casual employment while more than 53 percent have been engaged in self-employment.

- Among the **urban males** an **early drop out from education** means **pursuing relatively more of casual wage employment** as in this age bracket (15-19) almost 35 per cent are engaged in such employment.
- With an increase in age the regular wage share rises from 32 per cent in 15-19 age group to 44 and 49 per cent in the other two age groups respectively.
- On the other hand, among the **urban females** an early drop out from education means **more of self-employment** and those who complete higher levels of education tend to get regular wage employment as this category comprises almost half of the workers in the age brackets 20-24 and 25-29.

Table 7: Sectoral Employment: 2009-10

Age Group	Rural Male			Rural Female			Urban Male			Urban Female		
	Prim.	Sec.	Ter.	Prim.	Sec.	Ter.	Prim.	Sec.	Ter.	Prim.	Sec.	Ter.
15-19	62.8	23.2	14.0	76.8	17.3	5.9	5.6	49.4	45.0	10.5	57.9	31.6
20-24	57.2	25.3	17.6	77.3	15.6	7.1	5.0	40.5	54.5	8.8	39.4	51.9
25-29	57.7	22.0	20.3	76.2	15.1	8.7	3.8	40.2	56.0	10.7	31.1	58.2
All Ages	62.7	19.4	17.9	79.3	13.0	7.7	6.1	34.6	59.3	13.8	33.3	52.9

Source: NSS, 2009-10.

- Women are engaged relatively more in the agriculture sector compared to the males in the rural
- However, what is interesting to note is that in the **rural areas among both the male and female youth** the share of **secondary sector exceeds that of tertiary**. This is possibly an outcome of **NREGA** which involves construction and other related activities grouped into the secondary sector.
- In the **urban areas, however, the share of tertiary is higher than that of secondary** in both the age groups of 20-24 and 25-29 though in the age bracket 15-19 particularly in the case of females the secondary sector share is much larger.
- **Possibly young women who join the labour market early get absorbed in home-based activities and other household manufacturing activities.**

Table 8: Unemployment Rate (ps+ss): 2009-10

Age Group	Rural Male	Rural Female	Urban Male	Urban Female
15-19	8.02	5.13	12.17	10.59
20-24	5.54	6.05	9.68	18.78
25-29	1.85	3.22	4.33	11.71
All Ages (5 and above)	1.62	1.51	2.86	5.48

Source: NSS, 2009-10.

UNEMP 2011-12

Age

Group

RM

RF

UM

UF

15-19

11.4

8

14.4

15.3

20-24

6.9

9.9

11.6

21.9

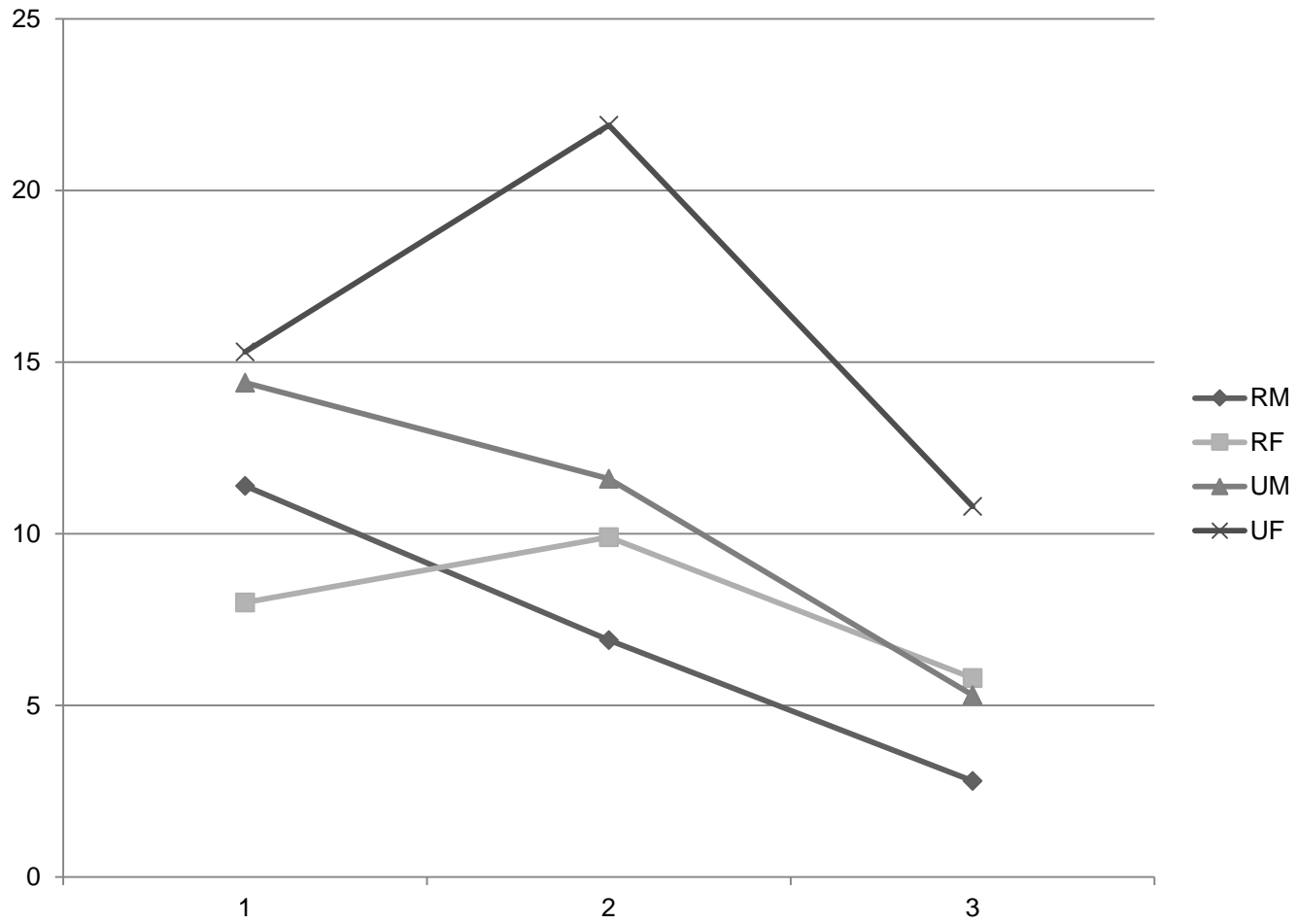
25-29

2.8

5.8

5.3

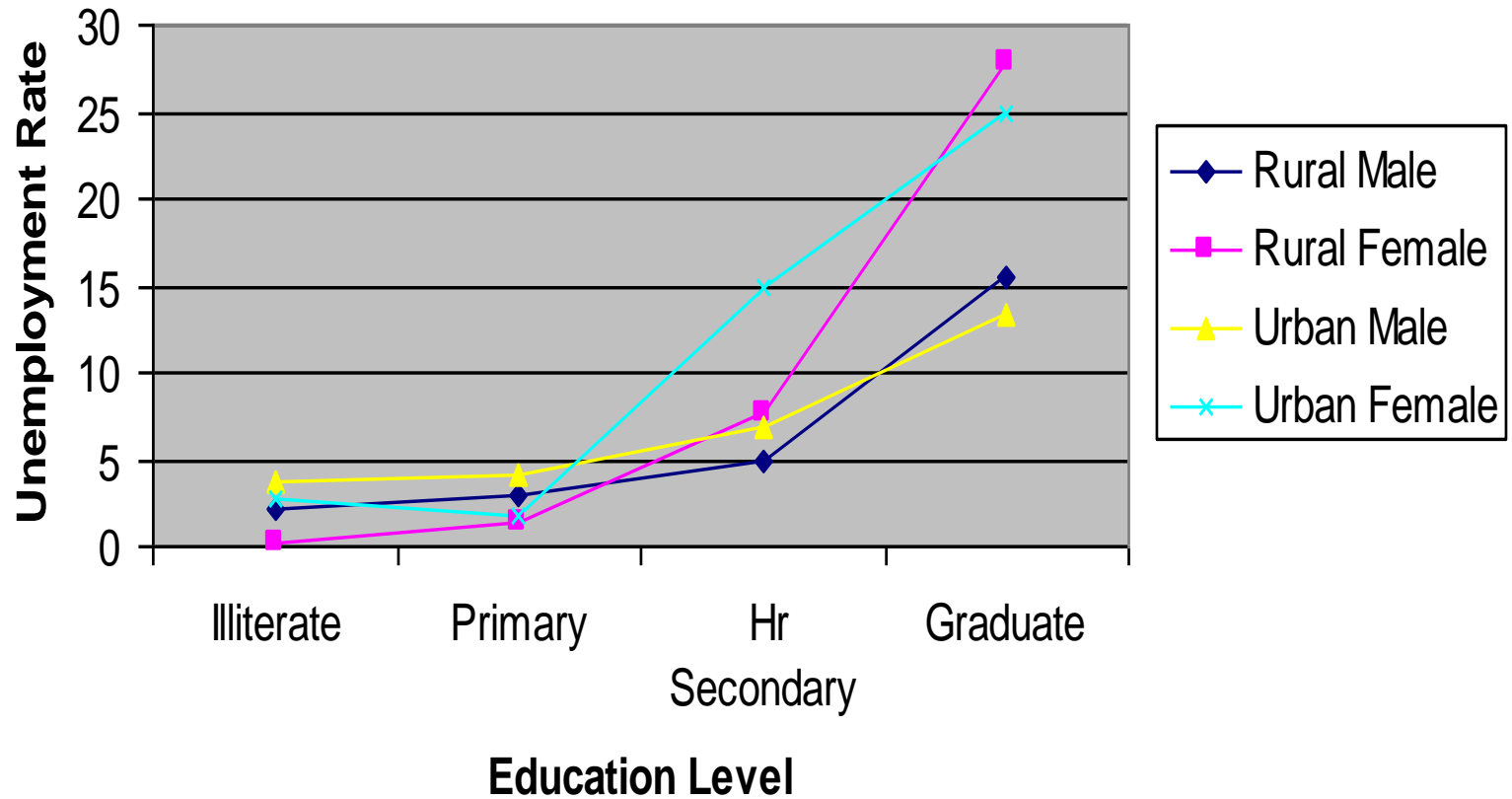
10.8



- The open unemployment rate both in the rural and urban areas, particularly in the age brackets 15-19 and 20-24, is extremely high among males and females both.
- In the next age group it is relatively less with the exception of the urban females. Much of the employment strategies therefore need to focus on youth employment issues.
- Possibly the skill levels of those who join the labour market are on the low side and thus, it becomes difficult for them to find a suitable employment particularly in the early stages of their career when they lack adequate experience.
- Further, Ghose, Goldar and Mitra (2010), (rising competition between elderly and young workers)

(that due to rise in life expectancy many elderly persons from low income households have been compelled to participate in the labour market in search of a livelihood. This has resulted in a stiff competition between the new entrants to the labour market and the elderly workers. In a desperate attempt to acquire experience the younger workers have reduced their reservation wage which in turn has forced the incomes of the elderly workers also to decline.)

Youth Unemployment and Education



- The unemployment rate goes up with an increase in the level of education which substantiates the fact that youth without education often belong to low income households and hence, cannot afford to remain unemployed for long.
- However, a high unemployment rate among the educated lot may result in problems relating to insurgency.

Table 10: Unemployment Rate among the Youth (15-29) (UPSS): Social Categories

Social Category	Rural			Urban		
	Male	Female	Person	Male	Female	Person
ST	4.8	2.2	3.8	12.3	12.9	12.5
SC	4.6	4.4	4.5	7.1	11.0	7.9
OBC	4.0	4.4	4.1	7.3	16.8	9.2
OTH	6.2	7.6	6.5	7.6	13.4	8.7
Total	4.7	4.6	4.7	7.5	14.3	8.9

Source: NSS, 2009-10.

- The general category recorded the highest unemployment rate in the rural areas though it is not so in the urban context.
- Possibly the rural youth in the general category are better educated and belong to higher economic background and hence, can afford to remain unemployed for long in order to search for better jobs.
- On the other hand, in the urban areas the STs among the males and the OBCs among the females reported the highest unemployment rate. Otherwise, the urban unemployment rates have been in general higher than their rural counterparts.

- It is also interesting to note that in the rural areas the differences in male-female youth unemployment rates are nominal among the SCs, OBCs and the general categories.
- Among the rural youth, women, therefore, seem to be working at least as intensively as the males once they participate in the labour market.
- On other hand, in the urban areas women can afford greater spells of unemployment.
- The social factors
(are important determinants of women employment which is reflected in the unemployment rates of young women in the urban areas. Among the SCs the unemployment rate is least possibly because they belong to economically weaker sections. On the other hand, between the general and the OBCs though the economic conditions may not be much different the youth unemployment rate among the females is sizably different possibly because of differences in attitude towards women's work).

Determinants of LFPR

- Logistic Regression
- Age +
- Females lower than males
- Probability of participation declines with education compared to the illiterates
- Urban areas –
- SC, ST and OBC higher than General

Conclusion

- Many youth because of poverty and poor human capital endowment participate in the labour market at an early age.
- Among the early labour entrants males are usually in casual wage employment while females tend to be self-employed
- Rural women: ag; rural male: non-ag
- How many non-farm jobs are demand induced is an important issue.
- Urban areas: largely in the services sector

- Educated youth: problem of unemployment: serious repercussion in terms of social instability affecting governance and growth
- Challenge: more opportunities have to be created to make the transition smooth from school to work
- Better quality education, on-the-job training, skill formation,
- Productive job creation
- Credit assistance and marketing assistance for those who are in self-employment