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Unemployment among youth in India:
Level, nature and policy implications

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Preface

This paper represents a contribution to the ILO's Action Programme on Youth Unemployment being undertaken in the 1996-97 biennium. The Action Programme is intended to: (i) raise awareness amongst constituents concerning the problems associated with the labour market entry of young people; (ii) to improve their understanding of the advantages and disadvantages of the principal policy and programme options for tackling the problem of youth unemployment; and thus, (iii) enhance the capacity of member States to design and implement policies and programmes for promoting youth employment. The Action Programme includes country case studies from all over the world as well as policy reviews concentrating on specific topics within the ambit of the youth unemployment "problem". The country case studies will be used as the basis for the major output of the Programme, a comparative report on youth unemployment and youth employment policy.

Since the beginning of planning in India, the youth have been recognised as "the most vital section of the community". (India, Planning Commission, 1952. p. 615). Among the problems faced by the youth, particular reference has been made to unemployment (besides inadequate educational facilities and lack of opportunities for social development, national service and leadership). Quite appropriately, the problem of youth unemployment has been recognised as an aspect of the national unemployment problem. However, the varied youth welfare activities, including the promotion of sports, have been designed and developed in a setting in which the much higher relative incidence of youth unemployment has not received adequate attention.

In 1985, the international year of the youth, the Department of Youth Affairs and Sports, Ministry of Human Resource Development, Government of India, initiated a proposal to formulate a National Youth Policy. The National Youth Policy, was tabled in the two houses of Parliament in late 1988. It has recognised that "the most important component of the youth programme" has to be the "removal of unemployment, both rural and urban, educated and non-educated". However, not much specific action has been initiated to implement the objective of removing or even alleviating unemployment among the youth, incorporated in the National Youth Policy of 1988. More recently, the "National Agenda for Governance", prepared by the BJP (the Bharatiya Janata Party) and its alliance partners, has proposed to harness the Youth Power ("Yuva Shakti"). The Agenda envisages "all necessary steps to mobilise" this "most idealistic, inspired and energetic section of our society in the mission of nation-building". For this purpose, the alliance partners propose to build a "national consensus for the creation of a National Reconstruction Corps aimed at environmental protection, ecological tasks, reclamation of waste land, including afforestation, and for spreading literacy". In view of the experience of the leadership of the BJP in collaborating with the Rashtriya Swayamsevak Sangh (the National Volunteer Corps), the new government may find it easier (than its predecessors) to initiate some action to implement the proposal incorporated in the National Agenda.

The reference to the idealism of the youth in the National Agenda, noted above, probably needs scrutiny. However, the proposed national reconstruction corps could be one means of tackling the problem of unemployment among the youth. However, to help formulate a comprehensive approach to the problems of youth and to evolve the necessary measures to mitigate youth unemployment, a careful review of the available data base and the policy initiatives taken so far is essential. The present study attempts the requisite review,

particularly of the statistical data base available through the various surveys conducted by the National Sample Survey.

The study has been undertaken at the invitation of the South Asia Multidisciplinary Advisory Team (SAAT) of the International Labour Organisation (ILO), New Delhi. Grateful thanks are due to Dr. A.S. Oberai, Director of the Team, for his kind invitation and support. Discussions with Dr. Ajit Ghose of the ILO have been most useful and I am indebted to him. The study has benefited from the advice and assistance of Mr. Paul Jacob, a retired Joint Director of the National Sample Survey Organisation, Calcutta. A draft of the paper was presented at a meeting hosted by the ILO in December 1997 to consult with some senior colleagues to improve it. Several useful suggestions were received from Dr. S.R. Hashim, now Member-Secretary of the Planning Commission; Dr. Kanta Ahuja, a Professor at the Institute of Development Studies, Jaipur; Dr.D.P. Chaudhri of the University of Wollongong, New South Wales, Australia; and a few other friends. Their comments and suggestions have been taken into account to revise the paper. During the concluding phase of the study, Ms. Vandana Parashar has read the draft of the report and has helped to improve it.

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I. Introduction

A study of unemployment among the youth must begin with a recognition of the overall labour market characteristics of a country. These themes are briefly reviewed below.

(a) Labour Force Participation Rates (LFPRs)

Table 1.1 below summarises the crude LFPRs estimated on the basis of the five quinquennial surveys, separately by rural urban residence and gender. (The rates are called "crude" because the denominator refers to the population of all ages together, rather than only the population of working ages, which are defined differently in various countries). Only the rates based on the usual status (including subsidiary workers) are shown as they provide a comprehensive perspective. Table A.1 in the appendix shows the estimates of population (as well as workers) by gender and rural-urban residence, for the mid-points of the survey periods, to enable the estimation of absolute number of persons in the labour force, etc. These estimates are based on interpolations between the census figures of 1971, 1981 and 1991; the rates of natural increase reported by the Sample Registration System for the period 1991-95; and a projection of the proportion of urban population in 1996.(India, Registrar General, 1996).

Table 1.1 India: Labour force participation rates (LFPRs) according to usual status by gender and rural-urban residence, 1972-73 to 1993-94

Sector/Gender	1972-73	1977-78	1983	1987-88	1993-94
India					
Persons	42.0	43.9	43.0	42.2	42.7
Males	54.5	56.0	55.1	54.5	55.6
Females	28.6	31.0	30.0	29.0	28.7
Rural India					
Persons	43.9	45.8	45.2	44.3	44.9
Males	55.1	56.5	55.5	54.9	56.1
Females	32.1	34.5	34.2	33.1	33.0
Urban India					
Persons	34.5	37.5	36.2	35.6	36.3
Males	52.1	54.3	54.0	53.4	54.3
Females	14.2	18.3	15.9	16.2	16.5

The LFPRs show a reasonable stability in the rates for rural males around 55-56 percent and for urban males around 52-54 percent. The rates for females have tended to fluctuate between 32 to 34 percent in rural areas and between 14 and 18 percent in urban India. (The initial estimates for 1972-73 are approximate because the survey did not provide an estimate of the population aged 0-4. The tabulation of the data was manual and the slips for the age group 0-4 were not tabulated to save the cost and time).

The broad stability of crude LFPRs reported in Table 1.1 needs to be reassessed after age-standardisation. However, the first three surveys have provided age specific rates for 15 year age groups and not for five year age groups; the latter are available for 1987-88 and 1993-94. The latter rates suggest a clear decline in the LFPRs for the young aged 10-24 during the last inter-survey period. As shown below in the next section, the main contributory factor has been the rise in school attendance rates. The LFPRs for urban females have evidently risen, probably because of the rise in the proportion of high school and college graduates in the population, as well as inflationary pressures and the need for supplementing the earnings of the main breadwinner of the family.

The labour force includes both the workers or the employed and the unemployed. Data an industry, occupation and status are not available for the unemployed. Therefore, any study of the changes in the structure of the workforce must start with a review of the estimates of the proportion of workers or the worker population ratios (WPRs)[1]. For this purpose also, the best course is to consider the "usual status" rates based on the long reference period of one year, which seem to be conceptually comparable with the census data.

(b) Crude Worker Population Ratios (WPRs)

Table 1.2 summarises the crude WPRs based on the censuses of 1951-1991 and also the estimates based on the NSS 9th round, five quinquennial surveys between 1972-73 and 1993-94 and the three annual surveys of 1989-90, 1990-91 and 1992. The WPRs are shown separately for rural and urban areas as well as for males and females. The combined rates for India as a whole are also presented. The NSS estimates based on the usual status concept include workers according to both principal and subsidiary statuses; while the estimates based on the censuses of 1971-1991 cover both main and marginal workers. The census-based estimates are included in the table essentially to show the non-comparability of the WPRs of women based on the NSS and censuses, and to caution the users of data to avoid during unwarranted conclusions about the decline in the labour force participation rates.[2]

The large national surveys, conducted by well-trained investigators, are unlikely to overestimate the female WPRs. The differences between the census and the NSS estimates of WPRs are observed more in the WPRs of females. They result from mainly the response errors and the fact that most women perform multiple roles. They combine economic activities with hose-work and many of them (or the respondents) regard the latter as their primary activity. Yet if careful effort is made, it is not impossible to identity whether and which women participate in work or economic activities. These behaviour patterns are unlikely to show large fluctuations from year to year.

[1] The obvious reason is the fact that the omission or undercount of workers is not likely to be a random process. Women workers with multiple roles or the unpaid helpers on the family farms or in the family enterprises are more likely to be undercounted than the employees or the agricultural labourers.

[2] A notable example of such misinterpretation is provided by an eminent economist, P.R. Brahmananda. In a long review of the 50 years of the Indian economy since Independence in 1947, Brahmananda laments "a declining drift in the ratio of workforce to population". While noting the "statistical reasons" for the "drift", Brahmananda is puzzled why the process of development since the 1950s has not led to "a strong upward trend in the proportion of workers" in the population. The presentation by Brahmananda may confuse a reader because of his use of both the census estimates and the NSS data within the short space of a few pages (Brahmananda, 1997, pp. 39-42).

Table 1.2: India: Worker population ratios by sex and rural-urban residence, 1951 to 1993-94

Year/Source/ (NSS Round)		India			Rural India			Urban India		
		P	M	F	P	M	F	P	M	F
1951	Census	39.1	53.9	23.4	39.5	53.5	25.0	37.1	56.4	14.7
1955	NSS(9)	-	-	-	43.2	59.2	26.6	32.4	51.4	11.6
1961	Census	43.0	57.1	28.0	45.1	58.2	31.4	33.5	52.4	11.1
1971	Census	34.0	52.7	13.9	36.1	53.6	15.5	29.6	48.9	7.1
1972-73	NSS(27)	41.3	53.5	28.2	43.5	54.5	31.8	33.1	50.1	13.4
1977-78	NSS(32)	42.2	54.2	29.3	44.4	55.2	33.1	34.4	50.8	15.6
1981	Census(a)	36.8	52.6	19.8	38.9	53.8	23.2	30.0	49.1	8.3
1983		42.2	53.8	29.6	44.6	54.7	34.0	34.3	51.2	15.1
1987-88	NSS(38)	41.1	53.1	28.1	43.4	53.9	32.3	33.9	50.6	15.2
	NSS(43)	41.2	53.9	27.6	43.7	54.8	31.9	33.9	51.2	14.6
1989-90	NSS(45)	40.4	54.3	25.4	42.7	55.3	29.2	33.8	51.3	14.3
1990-91	NSS(46)									
1991	Census*	37.5	51.6	22.3	40.0	52.5	26.7	30.2	48.9	9.2
1992	NSS(48)	41.2	54.3	27.0	43.8	55.6	31.3	33.6	50.7	14.6
1993-94	NSS(50)	42.0	54.5	28.6	44.4	55.3	32.8	34.7	52.0	15.4

(a) Excludes Assam

* Excludes Jammu & Kashmir

Also, the broad comparability of the recent survey-based estimates of female WPRs with those of the 1961 Census confirms that the declines in these ratios suggested by the subsequent censuses are not real. The survey data suggest a reasonable stability since the early 1970s in worker population ratios for rural males around 54 per cent, for rural females between 32-34 per cent, for urban males between 49-52 per cent and for urban females between 13-15 per cent. The worker population ratios for the total population of the country have been stable around 41-42 per cent.

Overall, the reported level of employment in the country has not declined despite the substantial growth of population from 439 million in 1961 to 846 million in 1991 and further to 894 million by January 1, 1994. The absolute number of workers in India has risen from 189 million on March 1, 1961 to 234 million on April 1, 1973 and 374 million on January 1, 1994. Admittedly, these data do not indicate anything about the quality of employment and particularly about the incomes of the workers. However, the male as well as the female WPRs reported by the 1993-94 survey are higher than those based on the 1987-88 survey.

Prima facie, the hypothesis formulated earlier (Visaria and Minhas, 1990.), that the 1987-88 survey results were influenced by the severe drought during the year, seems to be

partly corroborated by the recent results. Yet, the recent estimate of the WPR for rural females is about 1 percentage point lower than that based on the 1983 survey; the decline is partly compensated by the slight rise in the urban female WPR.[3] The male WPRs in both rural and urban areas (which tend to be markedly higher than the female WPRs) have risen by more than 1 percentage point relative to both 1987-88 and 1983.

The 1993-94 quinquennial survey has been the first large-scale survey of the NSSO after the economic reform programme began in the country in 1991. Its results suggest that the level of employment has not been affected adversely by the reforms. This seems true of not only the urban areas but also of the rural areas. Also, the reported displacement of female workers in several specific activities seems to be compensated by their finding a niche elsewhere in the economy. While the stress and strain involved in such processes need to be recognised and minimised, the macro perspective seems to suggest that the people have somehow managed to find alternative income sources in the economy. With the well-known slowdown of the growth of employment in the public or the organised sector of the economy, the share of the informal sector and the self-employed in total employment is likely to be rising. The data on this subject need a careful review. We shall first consider the available evidence on the level of open unemployment in terms of alternative concepts of usual status, the current weekly status, and the current daily status.

(c) Level of Unemployment

Data on the incidence of unemployment in rural and urban India are summarised in Table 1.3. These data show the unemployed as percent of the labour force, in terms of the relevant concept. The absolute numbers of unemployed persons (according to all the three concepts) are shown in Tables A.2.

The 1993-94 survey data suggest a decline in the level of open unemployment in the country between 1987-88 and 1993-94. A decline of the order of 1 percentage point is seen in the rates of unemployment in terms of both usual and current weekly statuses in rural as well as urban areas. The rates based on current weekly status indicator a decline of one percentage point among both males and females; but the usual status rates have declined by one percentage point or more rural females and urban males. A similar decline is evident in the unemployment rate in terms of current daily status, the most comprehensive measure of unemployment attempted in the NSS surveys, among males as well as females in urban areas and among rural females; but the corresponding estimate for rural males shows a rise of 1 percentage point. It is possible that the drought relief works started by several state governments during 1987-88 had contributed to a reduction in the level of rural underemployment among males. The various employment programmes started during the past few years have not compensated for the virtual elimination of the drought relief works.

In view of the higher unemployment rates among the "educated", Table 1.4 presents data specifically for persons with secondary and higher education and graduates and above, aged 15 and over according to the surveys of 1987-88 and 1993-94. The data suggest that the open unemployment rates (in terms of usual status) have declined among the "educated" or the matriculates and college graduates between 1987-88 and 1993-94. In terms of usual principal status, the decline in unemployment is quite marked, except among the urban graduate females (over one percentage point). In terms of the usual principal and subsidiary statuses together,

[3] Of course, the urban female population formed only about 25.2 percent of the total females in the country in 1991.

the decline has been of the order of one percentage point among the matriculate and higher educated males in both rural and urban areas; the rate for urban females has remained almost unchanged at 18 percent, while that for rural females has dropped sharply from 24 to 16 percent.

Table 1.3 India: Incidence of unemployment according to alternative concepts, by gender and rural urban residence, NSS Data for 1972-73 to 1993-94

Concept/ Year	India			Rural India			Urban India		
	P	M	F	P	M	F	P	M	F
Usual Status									
1972-73	1.6	1.9	1.0	0.9	1.2	0.5	5.1	4.8	6.0
1977-78	2.6	2.2	3.3	1.5	1.3	2.0	7.1	5.4	12.4
1983	1.9	2.3	1.2	1.1	1.4	0.7	5.0	5.1	4.9
1987-88	2.7	2.6	2.9	2.0	1.8	2.4	5.4	5.2	6.2
1993-94	1.9	2.2	1.4	1.1	1.4	0.8	4.4	4.0	6.2
Weekly Status									
1972-73	4.3	3.7	5.9	3.9	3.0	5.5	6.6	6.0	9.2
1977-78	4.5	4.4	5.0	3.7	3.6	4.0	7.8	7.1	10.9
1983	4.5	4.4	4.8	3.9	3.7	4.3	6.8	6.7	7.5
1987-88	4.8	4.8	5.0	4.2	4.2	4.3	7.0	6.6	9.2
1993-94	3.6	3.5	3.8	3.0	3.0	3.0	5.8	5.2	8.4
Daily Status									
1972-73	8.3	7.0	11.5	8.2	6.8	11.2	9.0	8.0	13.7
1977-78	8.2	7.6	10.0	7.7	7.1	9.2	10.3	9.4	14.5
1983	8.3	8.0	9.3	7.9	7.5	9.0	9.6	9.2	11.0
1987-88	6.1	5.6	7.5	5.2	4.6	6.7	9.4	8.8	12.0
1993-94	6.0	5.9	6.3	5.6	5.6	5.6	7.4	6.7	10.5

Sources

1. Sarvekshana, - Journal of the National Sample Survey Organisation, Vol. XI, No. 4, Issue No. 35, April 1988.
2. Sarvekshana, Special Number, Sept. 1990, Results of the Fourth Quinquennial Survey on Employment and Unemployment(All India).
3. National Sample Survey Organisation. Report no.409. Employment and Unemployment in India, 1993-94: NSS Fiftieth Round. July 1993-June 1994. New Delhi.1997.

Table 1.4: India: Incidence of unemployment among educated persons (with secondary and higher education and graduates and above) aged 15 and over, 1987 and 1993-94

Area/concept/ education	Persons		Males		Females	
	1987-88	1993-94	1987-88	1993-94	1987-88	1993-94
(A) PERSONS WITH SECONDARY AND HIGHER EDUCATION						
(1) Rural India						
Usual principal status	13.7	10.3	11.4	8.8	34.1	24.9
Usual principal & subsidiary status	9.4	7.5	7.4	6.5	24.1	16.0
Current Weekly Status	NA	9.5	NA	8.3	NA	19.8
(2) Urban India						
Usual Principal Status	10.2	8.9	8.3	6.9	22.9	20.6
Usual Principal & Subsidiary Status	8.7	7.8	7.2	6.0	17.8	18.2
Current Weekly Status	NA	9.0	NA	7.0	NA	19.6
(B) GRADUATES AND ABOVE						
(3) Rural India						
Usual principal status	16.9	15.2	15.0	13.2	37.3	34.6
Usual principal & subsidiary status	12.0	11.5	10.2	9.8	30.4	27.4
Current Weekly status	NA	14.2	NA	12.2	NA	32.0
(4) Urban India						
Usual principal status	9.8	8.9	7.4	6.4	21.0	20.6
Usual principal & subsidiary status	8.9	8.1	6.7	5.6	18.7	18.9
Current weekly status	NA	8.8	NA	6.3	NA	20.2

The data relating to the graduates and higher-educated also show a decline in unemployment in terms of the usual principal status, although the drop is negligible and insignificant in the case of urban females. In terms of usual principal and subsidiary statuses together, the decline in unemployment remains noteworthy among rural females and urban males but not among rural males and urban females. (The data in terms of current weekly status are not available from the published tabulations of the 1987-88 survey).

The decline in unemployment rates seems surprising in view of the slow growth of employment opportunities in the organised sector, in which the educated seek work. The possible explanations include some decline in the labour force participation rates of the "educated". This hypothesis is supported by the labour force participation rates presented in Table 1.5 for the last two surveys for persons with secondary education (including higher secondary) in both rural and urban India, and for the female graduates in urban areas but not for the graduates resident in rural India or the male graduates in urban India. It is likely that the percentage of persons continuing education beyond the secondary level has risen because of the difficult employment situation for persons who have just completed the 10th standard of high school.

Table 1.5: India: Labour force participation rates for persons aged 15 and over with secondary and higher secondary education and graduates and above, 1987-88 and 1993-94

Education/survey year	Rural persons	Rural males	Rural females	Urban males	Urban males	Urban females
(a) USUAL PRINCIPAL STATUS						
			(i) SECONDARY (INCLUDING HIGHER SECONDARY)			
1987-88	62.9	74.2	26.3	50.7	70.7	16.2
1993-94	58.4	72.1	20.0	47.4	68.3	14.5
			(ii) GRADUATE AND ABOVE			
1987-88	81.5	90.1	39.9	70.3	86.4	37.7
1993-94	83.6	91.3	44.8	68.7	86.2	35.5
(B) PRINCIPAL + SUBSIDIARY STATUS						
			(i) SECONDARY (INCLUDING HIGHER SECONDARY)			
1987-88	67.8	78.2	33.9	52.4	71.9	18.8
1993-94	63.5	75.7	29.2	48.9	69.3	16.7
			(ii) GRADUATE AND ABOVE			
1987-88	83.9	92.1	44.1	71.4	87.0	39.0
1993-94	85.4	92.4	50.4	69.5	86.7	37.1

Sources: (1 =) Sarvekshana, Special Number, September 1990, S200-S205,S212-S217

In addition, the work-seekers seem to have compromised on their aspirations and expectations and adjusted to the labour market by accepting the available work. According to the 1993-94 survey, almost 58 percent of the "educated" or secondary and higher-educated workers in rural India were self-employed, whereas the corresponding proportion in 1987-88 was only 31. This increase has been associated with a sharp decline in the proportion of casual workers from 47 to 11 percent and a rise in the share of the regular wage or salary earners from 22 to 31 percent. Overall, in terms of the status distribution of the educated workers, the rural employment situation for the educated can be said to have improved. (The share of agriculture among the educated workforce has changed little from 49.4 to 50.4 percent over the inter-survey period)

In urban India, the casual workers accounted for only 2 to 3 percent of the educated workers both in 1987-88 and 1993-94, but the share of the self-employed has risen from 16 to 34 percent, whereas the share of the regular employees has shown a compensating drop. This trend is consistent with the reported stagnation in the organised sector employment and is likely to continue in the years ahead, as the rate of growth of public sector employment is held down by the fiscal crisis and the private sector seeks to raise productivity through the substitution of capital for labour or the choice of most capital-intensive technology.

II. The youth labour market in Inida: An overview

The preceding discussion relating to the broad trends in the Indian employment and unemployment situation provides a backdrop for understanding the labour market faced by the Indian youth. The youth are defined as persons in the age group 15-24. A distinction is made between the teenagers or the age group 15-19 and the young adults aged 20-24, and between males and females by rural-urban residence.

The above definition of "Youth" differs from that of the National Youth Policy of India, that aimed at covering a third of the population of the country (because it has focused on the age group 10-34). Some press reports have mentioned a figure of 300 million youth in the country and an ambitious National Perspective Plan for Youth, being implemented by the Ministry of Human Resource Development and aimed at channelling the "vital and vibrant resource" of youth and making them participate in "their own development and in shaping the destiny of the nation" (Husain, 1996).[4]

(a) Estimates of the Number and Proportion of Young People

Estimates of the number of "youth" and their proportion in the total population are more difficult than might be expected a priori even for the census years, because of the common errors of age reporting. Table 2.1 below summarises the decennial census data on the number of Indian youth during 1961-1991 by rural-urban residence and gender. The 1991 census data have reported the number of youth in India as 153.5 million or 18.3 percent of the total population. However, these data excluded the state of Jammu and Kashmir, where the census was not conducted. If the estimated population of Jammu and Kashmir (7.7 million) had the same age distribution as the rest of India, the number of youth in India would be 154.9 million. These estimates need a modification, if we use the smoothed or adjusted age data, smoothed according to the well-established mathematical techniques to minimise the effects of age mis-reporting. The smoothed age distribution indicates the number of youth in India to be 156.4 million in India excluding Jammu and Kashmir and 157.8 million, (18.5 percent of the total population of the country), if an estimate for the population of Jammu and Kashmir is taken into consideration.[5] If an allowance is made for the usual tendency of most censuses to undercount the population, the total population of India and the number of Indian youth on March 1, 1991, would be estimated at 861.2 and 159.3 million, respectively. (The estimate of net undercount is based on the post-enumeration check conducted after the 1991 Census) (Census of India, 1991. 1994. p.9).[6]

[4] A 13-member committee of Experts was constituted to prepare a national plan to meet the educational, training and employment needs of the youth; to establish a network of infrastructure for planning, organisation and administration of youth programmes at various levels; and to develop policies and programmes for health, population activities, social services, environment, housing and self-employment.

[5] According to an alternative smoothing procedure used by Mari Bhat, being adopted for a new population projection being prepared by him and the present author, the percentage of population aged 15-24 in the country as a whole in 1991 was 19.6 percent (19.8 percent among males and 19.4 percent among females).

[6] The population projections used to estimate the size of the prospective labour force, reported in the previous section, also do not take account of the net undercount. The projections refer to an omission rate of 4 to 6 percent for children aged 0-4 years, indicated by the Census Evaluation Study. However, while the figures for the age group 0-4 were inflated, those for other age groups were adjusted downwards pro rata "to keep the census totals as published". (Office of the Registrar general, 1996, p. 10)

Table 2.1: Number of youth by rural-urban residence and gender according to the decennial census data 1961-1991

Census Year/Sex	Number in the Age Group (Millions)											
	15 - 19			20 - 24			15 - 24			Youth as Percent of Total Population		
	Rural	Urban	All Areas	Rural	Urban	All Areas		Urban	All Areas	Rural	Urban	All Areas
1961												
Males	14.69	3.91	18.60	13.95	4.25	18.20	28.64	8.16	36.80	15.60	19.10	16.30
Females	14.08	3.20	7.28	15.62	3.52	19.14	29.70	6.72	36.42	16.80	18.60	17.10
All	28.77	7.11	35.88	29.57	7.76	37.33	58.34	14.88	73.22	16.20	18.90	16.70
1971												
Males	19.26	5.96	25.22	5.84	5.73	21.57	35.10	11.69	46.79	15.60	19.90	16.50
Females	17.26	4.98	22.24	16.80	4.73	21.53	34.06	9.71	43.77	15.90	19.30	16.60
All	36.52	10.95	47.47	32.64	10.46	43.10	69.16	21.41	90.57	15.80	19.60	16.50
1981												
Males	24.84	9.09	34.93	21.03	8.80	29.83	46.87	17.89	64.76	17.40	21.00	18.30
Females	23.13	7.91	31.04	21.61	7.57	29.18	44.74	15.48	60.22	17.50	20.70	18.20
All	48.97	17.00	65.97	42.64	16.37	59.01	91.61	33.37	24.98	17.40	20.90	18.20
1991												
Males	30.48	11.75	42.23	26.26	11.26	37.52	56.74	23.01	79.75	17.70	20.20	18.30
Females	26.54	10.27	36.81	26.76	10.20	36.96	53.30	20.47	73.77	17.70	20.10	18.30
All	57.02	22.02	79.04	53.02	21.46	74.48	110.04	43.48	153.52	17.70	20.20	18.30

Notes: Figures for 1981 exclude Assam whereas those for 1991 exclude Jammu and Kashmir.

The problems of uncertainty about the size and relative proportion of the youth in the population are even more sharply evident in the surveys. Even the large sample survey of nearly 115,409 households (69,230 rural and 46,179 urban households), that was conducted by the National Sample Survey during 1993-94, shows a higher proportion of the youth in both rural and urban India (18.2 and 20.5 percent, respectively) than the !991 Census (17.7 and 20.2 percent respectively). (The 1987-88 survey had also shown the same feature in its estimate of the age composition of the population). Even the Sample Registration System (SRS), which follows up a sample of 6,022 rural and urban areas with a population of about 1.3 million to estimate the birth and death rates in rural and urban areas of different states of the country, reports the youth to be forming a higher proportion of population than is indicated by the censuses. However, the SRS estimates of the proportion of the youth in the country's population were 20.4, 20.3 and 20.2 percent in 1991, 1992 and 1993, respectively; but the figure has dropped to 19.0 percent in 1994. (India, Registrar General, 1991, 1992, 1993 and 1994).[7] Table A.3 shows the SRS estimates of the percentage of youth in the population during successive quinquennial surveys for possible comparison with the data presented in Table 2.1.

According to the National Family health survey, 1992-93, which covered nearly 88,562 households throughout the country, the de facto population of the surveyed households included a higher proportion of the youth (19.4 percent) than the de jure population (19.0 percent) (International Institute for Population Sciences, 1995). (The term “de facto population” refers to the persons actually resident in the household at the time of survey, whereas the 'de jure population' relates to the usual residents of the surveyed households.) This was so despite the fact that overall, the de jure population of the surveyed households exceeded their de facto population. The explanation lay in the much higher mobility of the youth, particularly the young women. Young women aged 15-24 seem to be more likely to be enumerated in a de facto count than in a de jure count, whereas the opposite tends to be true for young men. Quite likely, the respondents more easily recall and report to a survey investigator the absent young men than the absent young women, whose membership of the household is less well established than that of the former in a patriarchal exogamous society (Ibid. pp.36-42).

In sum, it is difficult to build a firm estimate of the number and proportion of the youth in India from the alternative estimates noted above. However, Table 2.2 summarises the United Nations estimates of the total population and the youth as well as the share of the latter in the total for the past 45 years and also the projections for the next 50 years. The UN estimates include an adjustment for the net undercount of population in the censuses and relate to the mid-points of the specified years. According to these estimates, the number of youth in India already exceeded 165 million in mid-1990 and 175 million by mid-1995 (Census of India, 1991.).[8] These projected estimates are based on reasonable assumptions about the course of mortality and fertility; but are certainly not forecasts. They will need to be compared with the various SRS-based estimates and modified over time.

According to the UN estimates, the average annual increase in the number of youth in

[7] The SRS sample for urban areas was replaced in 1993, whereas the rural sample was replaced largely in 1994 and partly in 1995. The age distribution data reflect the usual errors of age reporting that are observed in the censuses as well.

[8] According to the report of a Technical Group on Population Projections, constituted by the Planning Commission under the chairmanship of the Registrar General of India, the number of youth aged 15-24 in the country was 172.7 million on March 1, 1996 and 177 million on March 1, 1997.

India was 3.06 million during 1985-90, and 2.1 million during 1990-95. However, the figure is expected to rise to 3.14 million during 1995-2000 and further to a peak of 3.72 million during 2000-2005. Thereafter, the annual increment will decline because of the recent and prospective drop in fertility in India. Further, according to the UN estimates and projections, the proportion of the youth in the total population of India has been fluctuating between 17.7 and 19.5 percent between 1950 and 1995. The share is again expected to rise from an estimated 18.9 percent in 1995 to 19.4 percent in 2005; but will, thereafter, decline almost steadily to 13 percent by 2050.[9]

The best option for the present discussion seems to be to use a figure of 19.0 percent as the proportion of the youth in India. Also, pending further exercises in population projections, one can overlook the fluctuation in the annual increments in the number of youth and relate the discussion to an annual increase of the order of 2.6 million between 1990 and 2000, the average figure based on the data for these years presented in Table 2.2. (This figure is lower than the estimated increase in the number of the youth in India between January 1, 1988 and January 1, 1994, according to the population estimates presented in Table A.1. Estimates of youth for the mid-points of successive NSS survey periods, based on the SRS age distributions of population, are presented in Table A.4).

(b) Labour Force Participation Rates of Young People

As noted above, estimates of the number and/or the proportion of the youth in India are available from both the censuses and some of the surveys. For the estimates of labour force participation rates, on the other hand, the census data are of limited use, partly because census enumerators cannot be expected to obtain dependable information on unemployed persons in the population. (See Section I above). Also, there is good reason to believe that the estimates of the female workforce in the post-1961 censuses have suffered from a sizeable undercount of the number of working women. Therefore, it is necessary to rely on the alternative estimates available from the NSS.

The NSS estimates for the period 1958-67 are based on the reference period of the week preceding the date of survey; whereas beginning 1972-73, the five quinquennial surveys of the NSS have covered a fairly large sample of households and have prepared estimates based on three alternative concepts of usual status, weekly status, and daily status. Unfortunately, prior to 1987-88, the tabulations have not always compiled data on the labour force characteristics of the population by five year age groups, which would permit an analysis of the labour market behaviour of the youth. These constraints limit much of the ensuing discussion to the data for the last two quinquennial surveys of 1987-88 and 1993-94, but wherever possible, an attempt will be made to draw on the earlier data for the 1960s to assess the changes or the underlying processes.

[9] The age distribution of a population and the share of the youth in it reflect the history of changes in fertility and mortality, but mainly the former. The decline in the share of the youth in the population will be a consequence of the expected steady fall in fertility.

Table 2.2: Estimates and projections by the United Nations of the total population and the proportion and number of youth aged 15-24, 1950-2050

Year	Total Population (000)	Percent Aged 15-24	Number of Youth (000)	Quinquennial Change (%) in Youth
A. Estimates				
1950	357561	19.4	69367	-
1955	395096	19.0	75068	8.2
1960	442344	18.2	80507	7.2
1965	495157	17.7	87643	8.1
1970	554911	18.1	100439	14.6
1975	620701	18.8	116692	16.2
1980	688856	19.4	133638	14.5
1985	767940	19.5	149748	12.1
1990	850793	19.4	165054	10.2
1995	929005	18.9	175582	6.4
B. Projections (Medium Variant)				
2000	1006770	19.0	191286	8.9
2005	1082184	19.4	209944	9.8
2010	1152283	18.6	214325	2.1
2015	1211662	17.7	214464	0.1
2020	1271606	17.0	216173	0.8
2025	1330201	16.1	214162	-0.9
2030	1384188	14.6	202091	-5.6
2040	1470240	13.8	202893	0.4*
2050	1532674	13.2	202313	-0.3*

*Decennial change
Source: United Nations, Department for Economic and Social Information and Policy Analysis. Population Division. World Population Prospects: The 1996 Revision. Annex II & III.
Demographic Indicators by Major Area, Region and Country. New York. October 24, 1996, p.228.

Table 2.3 summarises the labour force participation rates for 1987-88 and 1993-94 for the youth by gender, age and rural-urban residence. While the rates for the age group 15 and over show a reasonable stability, the labour force participation by the youth in terms of usual status seems to have declined by about or over 2 percentage points in both rural and urban India. Such a change raises a doubt that a difficult labour market situation may be discouraging participation in economic activity by the youth. To assess this possibility, we need to examine the activities of persons not classified as in the labour force.[10]

[10] It is possible that the less educated persons are unable to find jobs because of the competition from the better-educated persons with degrees, which have also been devalued. The abilities of the degree-holders to perform various tasks do not quite compare with those of their older peers. Also, the over-supply in the labour market forces them to accept less remunerative jobs, that would have been taken, in the past, by the less educated new entrants into the labour force.

Table 2.3(a): Labour force participation rates of the youth aged 15-24 and population aged 15 and above by gender and rural-urban residence according to alternative concepts, 1987-88 and 1993-94

		India			
Gender/Year/Concept		15 - 19	20 - 24	15 - 24	15 +
Males					
Usual Status	1987-88	58.1	88.3	71.9	86.1
	1993-94	54.7	86.5	69.6	85.5
Weekly Status	1987-88	53.7	87.3	68.9	83.8
	1993-94	52.1	85.0	67.6	84.0
Daily Status	1987-88	53.5	85.9	68.2	83.5
	1993-94	50.3	83.2	65.8	82.3
Females					
Usual Status	1987-88	35.3	41.5	38.3	43.1
	1993-94	30.7	40.6	29.7	42.2
Weekly Status	1987-88	24.9	28.6	35.7	30.7
	1993-94	26.3	33.1	29.7	35.7
Daily Status	1987-88	24.5	27.7	26.1	29.7
	1993-94	22.5	28.1	25.3	30.2
Males and Females					
Usual Status	1987-88	47.6	65.1	55.8	65.3
	1993-94	43.6	64.1	53.5	64.6
Weekly Status	1987-88	40.4	58.2	48.8	58.1
	1993-94	40.2	59.7	49.6	60.6
Daily Status	1987-88	40.1	57.1	48.1	57.5
	1993-94	37.5	56.3	46.6	57.1

Table 2.3(b): Labour force participation rates of the youth aged 15-24 and population aged 15 and above by gender according to alternative concepts, 1987-88 and 1993-94: Rural India

		Rural India			
Gender/Year/Concept		15 - 19	20 - 24	15 - 24	15 +
Males					
Usual Status	1987-88	63.0	91.8	75.9	87.9
	1993-94	59.8	90.2	73.2	87.6
Weekly Status	1987-88	57.7	89.1	71.7	85.2
	1993-94	56.6	88.3	70.6	85.7
Daily Status	1987-88	57.7	89.0	71.6	85.0
	1993-94	54.5	86.3	68.5	83.8
Females					
Usual Status	1987-88	41.5	48.4	45.0	49.6
	1993-94	37.1	46.9	42.0	49.0
Weekly Status	1987-88	28.8	32.4	30.6	34.5
	1993-94	31.2	37.5	34.4	40.8
Daily Status	1987-88	28.4	31.5	30.0	33.5
	1993-94	26.6	31.5	29.1	34.3
Persons					
Usual Status	1987-88	53.0	68.8	60.5	68.9
	1993-94	49.5	67.9	58.2	68.6
Weekly Status	1987-88	44.3	59.0	51.3	60.0
	1993-94	45.1	62.1	53.1	63.7
Daily Status	1987-88	44.1	58.5	51.0	59.4
	1993-94	41.9	58.1	49.6	59.4

Table 2.3(c): Labour force participation rates of the youth aged 15-24 and population aged 15 and above by gender according to alternative concepts, 1987-88 and 1993-94: Urban India

		Urban India			
Gender/Year/Concept		15 - 19	20 - 24	15 - 24	15 +
Males					
Usual Status	1987-88	42.9	79.2	60.3	81.0
	1993-94	40.4	77.1	57.3	80.1
Weekly Status	1987-88	41.2	78.0	58.8	80.1
	1993-94	39.7	76.4	56.6	79.5
Daily Status	1987-88	40.8	77.4	58.3	79.4
	1993-94	38.8	75.2	55.6	78.4
Females					
Usual Status	1987-88	16.9	22.5	19.7	23.9
	1993-94	14.1	23.0	18.4	23.8
Weekly Status	1987-88	13.5	18.0	15.7	19.4
	1993-94	13.4	20.9	17.1	21.8
Daily Status	1987-88	12.9	17.3	15.1	18.5
	1993-94	11.8	18.6	15.1	19.3
Persons					
Usual Status	1987-88	30.9	51.8	41.1	53.8
	1993-94	28.4	51.0	39.1	53.3
Weekly Status	1987-88	28.4	49.0	38.4	51.2
	1993-94	27.7	49.7	38.1	52.0
Daily Status	1987-88	27.9	48.4	37.9	50.4
	1993-94	26.5	48.0	36.7	50.3

Table 2.4 presents the usual activity distribution of the youth by age, gender and rural urban residence. It suggests that the main factor underlying the decline in the LFPR of youth is likely to be the rise in proportion of youth (particularly in the age group 15-19) attending an educational institution. The process is confirmed by not only the percentage of those who reported studying to be their usual activity but also by the proportion of those who responded affirmatively to a direct question about their current attendance at a school or college. Table 2.5 shows the school attendance ratios based on the 1987-88 and 1993-94 surveys and the 1991 Census. The data suggest a marked rise in the school and college attendance ratios.

Table 2.4: India: Distribution of youth aged 15-24 by gender, rural urban residence, and usual activity, 1987-88 and 1993-94.

Usual Activity	Year	Male			Female			Persons		
		15-19	20-24	15-24	15-19	20-24	15-24	15-19	20-24	15-24
										Rural India
All	1987-88	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	1993-94	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Working	1987-88	60.0	87.2	72.1	39.9	46.5	43.3	50.7	65.6	57.8
	1993-94	57.7	85.9	70.1	36.4	45.6	41.0	48.1	65.1	56.1
Unemployed	1987-88	2.9	4.6	3.7	1.5	1.9	1.7	2.3	3.2	2.7
	1993-94	2.0	4.4	3.1	0.7	1.3	1.0	1.4	2.8	2.1
Labour Force	1987-88	62.9	91.8	75.8	41.5	48.4	45.0	53.0	68.8	60.5
	1993-94	59.7	90.2	73.2	37.1	46.9	42.0	49.5	67.9	58.2
Studying	1987-88	32.2 (36.6)	6.4 (8.3)	20.7 (24.0)	12.5 (13.2)	1.3 (1.7)	6.8 (7.3)	23.0 (25.7)	3.7 (4.8)	13.8 (17.3)
	1993-94	36.8 (41.2)	8.0 (10.8)	24.1 (27.8)	19.0 (20.8)	1.9 (2.9)	0.4 (11.8)	28.7 (32.0)	4.9 (6.8)	17.4 (20.1)
House work	1987-88	1.0	0.5	0.8	43.0	49.4	46.3	20.5	26.5	23.4
	1993-94	0.6	0.6	0.6	41.9	50.5	46.2	19.3	26.2	22.6
Others	1987-88	3.9	1.3	2.7	3.0	0.9	1.9	3.5	1.0	2.3
	1993-94	2.9	1.2	2.1	2.0	0.7	1.4	2.5	1.0	1.8
				Urban India						
All	1987-88	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	1993-94	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Working	1987-88	35.5	67.4	50.8	14.6	18.5	16.5	25.8	43.8	34.6
	1993-94	35.6	67.4	50.3	12.3	18.0	15.1	25.0	43.6	33.8

Unemployed	1987-88	7.4	11.8	9.5	2.3	4.0	3.1	5.0	8.0	6.5
	1993-94	4.8	9.7	7.1	1.8	5.0	3.4	3.4	7.4	5.3
Labour Force	1987-88	42.9	79.2	60.3	16.9	22.5	19.6	30.8	51.8	41.1
	1993-94	40.4	77.1	57.4	14.1	23.0	18.5	28.4	51.0	39.1
Studying	1987-88	52.2 (52.9)	18.4 (19.5)	36.0 (37.0)	39.4 (39.5)	8.4 (9.0)	24.0 (24.3)	46.3 (46.7)	13.6 (14.4)	30.3 (31.0)
	1993-94	55.9 (56.9)	20.5 (22.5)	39.6 (41.1)	49.0 (49.7)	12.2 (13.4)	31.1 (32.0)	52.8 (53.7)	16.5 (18.1)	35.6 (36.9)
House work	1987-88	0.8	0.5	0.7	41.0	67.9	54.4	19.4	33.0	26.0
	1993-94	0.6	0.5	0.6	34.9	63.7	48.9	16.2	30.9	23.2
Others	1987-88	4.1	1.9	3.0	2.7	1.2	2.0	3.5	1.6	2.6
	1993-94	3.1	1.9	2.4	2.0	1.1	1.5	2.6	1.6	2.1

Note: Figures in parentheses show the percentage of persons reported as currently attending a school/college/educational institution

Table 2.5: India: Percent of youth (15-24) currently attending school or college according to the NSS surveys of 1987-88 and 1993-94 and the 1991 Census

Sector/Age/Year		Male	Female	Both Sexes
Rural India				
15-19	1987-88 (NSS)	36.6	13.2	25.7
	1991* (Census)	40.6	18.0	30.2
	1993-94 (NSS)	41.2	20.8	32.0
20-24	1987-88	8.3	1.7	4.8
	1991*	12.5	3.0	7.7
	1993-94	10.8	2.9	6.8
Urban India				
15-19	1987-88	52.9	39.5	46.7
	1991* (Census)	56.8	46.1	51.8
	1993-94 (94 (NSS)	56.9	49.7	53.7
20-24	1987-88	19.5	9.0	14.4
	1991*	22.3	11.6	17.2
	1993-94	22.5	13.4	18.1

* Data exclude Jammu & Kashmir

It is noteworthy that the NSS labour force surveys of 1960-61 and 1961-62 (16th and 17th Rounds), using the week preceding the survey as the reference period, had reported male LFPRs for young males 15-19 of the order of 72-76 percent in rural areas and 44-48 percent for urban areas. These rates have declined to 60-63 percent in rural India by the 1990s; but in urban areas, they are estimated at 40-43 percent, almost the same as in the early 1960s. Evidently, the LFPRs for the next age group 20-24 and those for urban young females have also not changed significantly. The rise in the school attendance rates of the rural youth aged 15-19 has presumably contributed to the fall in their LFPRs.

To examine some possible indirect evidence indicating the possible discouragement of young members of the labour force, Table 2.6 presents the status and the broad sector (agriculture and non-agriculture) of those classified as working in terms of their usual status, along with the worker-population ratios for 1987-88 and 1993-94. (A sharp change in the status distribution would probably be taken to be suggestive of a discouragement effect). The data suggest that the decline in the rural WPR for ages 15-19 (which is adequately explained by the rise in school-attendance ratios) was not associated with any decline in the share of the self-employed; the share of the regular employees did, however, decline somewhat, with a compensating rise in the share of casual workers. Among urban teenager workers, there was no decline in the WPR, although the share of the self-employed had declined and that of employees had risen, mainly as a result of the rise in the percentage of casual employees in the non-agricultural sector. Among teenage urban female workers, however, the share of the regular employees had risen. Among young adult workers in urban areas, the share of the self-employed had risen a little among males but declined a little among females. Overall, the data do not suggest any discouragement effect on LFPR of the youth.[11]

Table 2.6: Percentage distribution of male and female workers aged 15-24 in rural and urban areas by status and sector of employment, 1987-88 and 1993-94

Status/Sector		Persons		Males		Females	
		1987-88	1993-94	1987-88	1993-94	1987-88	1993-94
Rural Workers Aged 15-19							
SE	AG	48.5	47.8	48.5	47.8	48.6	47.8
	NAG	8.1	9.4	9.2	9.7	6.0	8.8
	ALL	56.6	57.2	57.7	57.5	54.6	56.6
RE	AG	3.2	1.0	4.3	1.6	1.5	0.3
	NAG	2.8	2.5	3.2	3.1	2.0	1.6
	ALL	6.0	3.5	7.5	4.7	3.5	1.9
CE	AG	29.0	31.6	26.3	29.3	33.6	36.0
	NAG	8.3	7.5	8.5	8.7	8.3	4.9
	ALL	37.3	39.1	34.8	38.0	41.9	40.9
ALL	AG	80.9	80.7	79.2	78.7	83.7	84.3
	NAG	19.1	19.3	20.8	21.3	16.3	15.7
	ALL	100.0	100.0	100.0	100.0	100.0	100.0

[11] However, the youth may have continued further education to improve their qualifications for a regular job rather than accept non-regular work or self-employment.

Worker Population Ratio (%)		50.7	48.1	60.0	57.7	39.9	36.4
				Rural Workers Aged 20-24			
SE	AG	45.9	45.3	43.5	44.5	49.9	46.7
	NAG	10.4	11.1	12.2	12.5	7.5	8.6
	ALL	56.4	56.4	55.7	57.0	57.4	55.3
RE	AG	2.4	1.1	3.1	1.4	1.5	0.4
	NAG	4.4	5.0	5.7	6.4	2.2	2.9
	ALL	6.9	6.1	8.8	7.8	3.7	3.3
CE	AG	28.5	30.4	26.6	26.5	31.8	37.5
	NAG	8.2	7.1	9.1	8.6	6.9	3.9
	ALL	36.7	37.5	35.7	35.2	38.7	41.4
ALL	AG	77.0	76.8	73.1	72.4	83.4	84.6
	NAG	23.0	23.2	26.8	27.6	16.6	15.4
	ALL	100.0	100.0	100.0	100.0	100.0	100.0
Workers Population Ratio (%)		65.6	65.1	87.2	85.9	46.5	45.6
				Rural Workers Aged 15-24			
SE	AG	47.0	46.4	45.8	45.9	49.3	47.3
	NAG	9.4	10.4	10.8	11.3	6.8	8.7
	ALL	56.4	56.8	56.6	57.2	56.1	56.0
RE	AG	2.9	1.1	3.7	1.5	1.5	0.4
	NAG	3.7	4.0	4.5	5.0	2.1	2.3
	ALL	6.6	5.1	8.2	6.5	3.6	2.7
CE	AG	28.6	30.9	26.4	27.7	32.7	36.9
	NAG	8.4	7.2	8.8	8.6	7.6	4.4
	ALL	37.0	38.1	35.2	36.3	40.3	41.3
ALL	AG	78.5	78.4	75.9	75.1	83.5	84.6
	NAG	21.5	21.6	24.1	24.9	16.5	15.4
	ALL	100.0	100.0	100.0	100.0	100.0	100.0
Worker Population Ratio (%)		58.3	56.6	72.1	70.8	43.1	41.0
				Urban Workers Aged 15-19			
SE	AG	8.9	8.0	7.3	7.0	13.7	11.4
	NAG	38.0	34.4	38.3	34.0	35.6	35.8
	ALL	46.9	42.4	42.6	41.0	49.3	47.2
RE	AG	0.4	0.4	0.6	0.6	-	-
	NAG	24.8	25.2	28.2	27.0	15.8	19.5
	ALL	25.2	25.6	28.8	27.5	15.8	19.5
CE	AG	6.2	6.4	4.2	4.8	11.6	11.4
	NAG	22.1	25.6	21.4	26.7	23.2	22.0
	ALL	28.3	32.0	25.6	31.5	34.9	33.4

ALL	AG	15.5	14.8	11.8	12.4	25.3	22.0
	NAG	84.5	85.2	88.2	87.6	74.7	78.0
	ALL	100.0	100.0	100.0	100.0	100.0	100.0
Workers Population Ratio (%)		25.8	25.0	35.5	35.6	14.6	12.3
		Urban Workers Aged 20-24					
SE	AG	6.8	6.7	4.6	5.3	15.7	11.7
	NAG	36.5	38.5	38.6	40.5	29.2	31.1
	ALL	43.4	45.2	43.2	45.8	44.9	42.8
RE	AG	0.5	-	0.4	0.1	0.5	-
	NAG	34.2	32.1	35.8	32.2	28.1	31.1
	ALL	34.7	32.1	36.2	32.3	28.6	31.1
CE	AG	4.3	4.4	2.7	2.7	11.4	11.7
	NAG	17.6	18.3	18.0	19.1	15.1	13.9
	ALL	21.9	22.7	20.6	21.8	26.5	26.1
ALL	AG	11.6	11.0	7.7	8.0	27.0	23.9
	NAG	88.4	89.0	92.3	92.0	73.0	76.1
	ALL	100.0	100.0	100.0	100.0	100.0	100.0
Worker Population Ratio (%)		43.8	43.6	67.4	67.4	18.5	18.0
		Urban Workers Aged 15-24					
SE	AG	7.7	7.1	5.6	5.9	14.8	11.6
	NAG	37.0	37.1	38.5	38.2	32.0	33.1
	ALL	44.7	44.2	44.1	44.1	46.8	44.7
RE	AG	0.4	0.2	0.5	0.3	0.3	-
	NAG	30.7	29.5	33.0	30.2	22.7	26.4
	ALL	31.1	29.7	33.5	30.5	23.0	26.4
CE	AG	5.1	5.2	3.2	3.5	11.5	11.6
	NAG	19.1	20.9	19.2	21.9	18.7	17.3
	ALL	24.2	26.1	22.4	25.4	30.2	28.9
ALL	AG	13.2	12.5	9.3	9.7	26.6	23.2
	NAG	86.8	87.5	90.7	90.3	73.4	76.8
	ALL	100.0	100.0	100.0	100.0	100.0	100.0
Workers Population Ratio (%)		34.4	34.0	50.8	50.9	16.6	15.1

Table 2.7 presents the percentage of those who were working in terms of their principal activity among the youth classified as usual status workers, again for the last two surveys. The share of workers reporting work as their principal activity had risen among young rural males, had remained unchanged among young urban males as well as females, and had fallen among young rural females. The evidence does not give any clear indication of an all-round fall in the percentage of subsidiary status workers.

Table 2.7: India: Percentage of young workers reporting work as principal activity, 1987-88 and 1993-94

	Rural India			Urban India		
	F	M	F	P	M	F
15-19						
1987-88	83.6	88.3	75.4	88.0	95.3	75.9
1993-94	84.4	90.3	72.5	90.8	94.9	75.8
20-24						
1987-88	87.2	91.0	75.3	91.3	95.7	75.1
1993-94	86.3	96.0	69.6	92.7	97.0	76.1

(c) Number of Young People in the Labour Force, 1991-2007.

To estimate the number of youth joining the labour force during the 1990s, one can average the participation rates for 1987-88 and 1993-94 reported in Table 2.4 for rural and urban youth and combine them according to the rural-urban distribution of the population of youth. Using these data, along with an age distribution of the population enumerated by the 1991 Census, corrected for the estimated net undercount, one obtains a LFPR for the youth (in terms of the usual status) of the order of 53.2 percent. This LFPR might decline a little because of the process of urbanisation as well as a further rise in the proportion of youth continuing school or college education.

According to our labour force projection, the number of youth in the labour force (in terms of usual status) is estimated to grow from 85 million in 1991 to 93 million in 1997, 105 million in 2002 and 117 million in 2007. The LFPR for the youth is projected to decline to 50.5 percent by 2007, but the proportion of the youth in the population is expected to rise to 20.8 percent. An adjustment for the net undercount in the 1991 Census will raise these numbers by about 2 percent. The average annual increase in the youth labour force has been of the order of 1.3 million during 1991-97 but it will almost double to 2.4 million during 1997-2007. The rural-urban break-up of the projected population and therefore also of the labour force is not available yet; however, a fair proportion of them would probably join or start working in their family enterprises.

For projecting the number of unemployed among the youth of India, we need to examine the data on the incidence of unemployment reported by the recent surveys.

(d) Incidence of Unemployment among Young People

Table 2.8 shows the incidence of unemployment among young people as well as the population aged 15 and over, by gender and rural-urban residence, for 1987-88 and 1993-94. The estimates based on the three concepts are also shown in Figures 1 to 3. The data confirm the much higher rates of unemployment among the youth, particularly in urban areas, although the rates seem to have declined a little during the last inter-survey period among rural as well as urban teenagers according to all the three concepts. Among the young adults aged 20-24, the rates for rural males have risen a little in terms of daily status, but not the rates for rural females; rates for urban males have also declined although those for females (which were higher than for teenage urban girls) had in fact risen.

Table 2.8: Incidence of unemployment (percent) among young people aged 15-24 and population aged 15 and above by gender and rural-urban residence according to alternative concepts, 1987-88 and 1993-94

Gender/Concept/year		India				Rural India				Urban India			
		15-19	20-24	15-24	15 +	15-19	20-24	15-24	15 +	15-19	20-24	15-24	15 +
Males													
Usual	1987-88	6.9	8.4	7.8	2.6	4.6	5.0	4.8	1.8	17.2	14.9	15.8	5.1
Status	1993-94	5.0	6.8	6.1	2.2	3.3	4.9	4.2	1.5	11.9	12.6	12.3	4.0
Weekly	1987-88	10.9	11.1	11.0	4.8	8.7	8.8	8.7	4.2	20.4	17.7	18.7	6.6
Status	1993-94	7.3	8.5	8.0	3.6	5.7	7.2	6.6	3.0	13.4	14.7	14.6	5.2
Daily	1987-88	11.7	11.9	11.8	5.6	9.0	9.2	9.1	4.6	23.3	20.3	21.4	8.7
Status	1993-94	10.6	12.3	11.6	6.0	9.0	10.3	9.7	5.7	16.2	17.0	16.7	6.8
Females													
Usual	1987-88	4.8	5.9	5.4	2.9	3.6	3.9	3.8	2.4	13.6	17.8	16.0	6.3
Status	1993-94	3.2	5.6	4.6	1.6	1.9	2.8	2.4	0.8	12.8	21.7	18.2	6.3
Weekly	1987-88	9.2	9.5	9.4	5.2	7.6	6.5	7.0	4.4	19.3	24.4	22.2	9.3
Status	1993-94	6.6	9.2	8.0	3.9	5.1	5.9	5.5	2.9	15.7	25.8	21.7	8.7
Daily	1987-88	11.1	12.7	11.9	8.0	9.2	9.8	9.5	7.2	24.0	27.2	25.8	12.4
Status	1993-94	9.8	13.0	11.6	6.5	8.3	8.2	8.3	5.6	18.6	28.5	24.6	10.9
Male and Female													
Usual	1987-88	6.2	7.6	7.0	2.7	4.3	4.7	4.4	2.0	16.2	15.4	15.9	5.4
Status	1993-94	4.4	6.4	5.6	2.0	2.8	4.1	3.6	1.2	12.0	14.5	13.6	4.5
Weekly	1987-88	10.4	10.7	10.6	4.9	8.4	8.1	8.2	4.2	20.1	18.8	19.4	7.0
Status	1993-94	7.0	8.7	8.0	3.7	5.5	6.8	6.2	3.0	14.1	16.9	15.8	6.3
Daily	1987-88	11.5	12.1	11.9	6.2	9.1	9.4	9.2	5.4	23.4	21.4	22.2	9.3
Status	1993-94	10.4	12.5	11.6	6.1	8.8	9.8	9.4	5.7	16.6	19.2	18.2	7.4

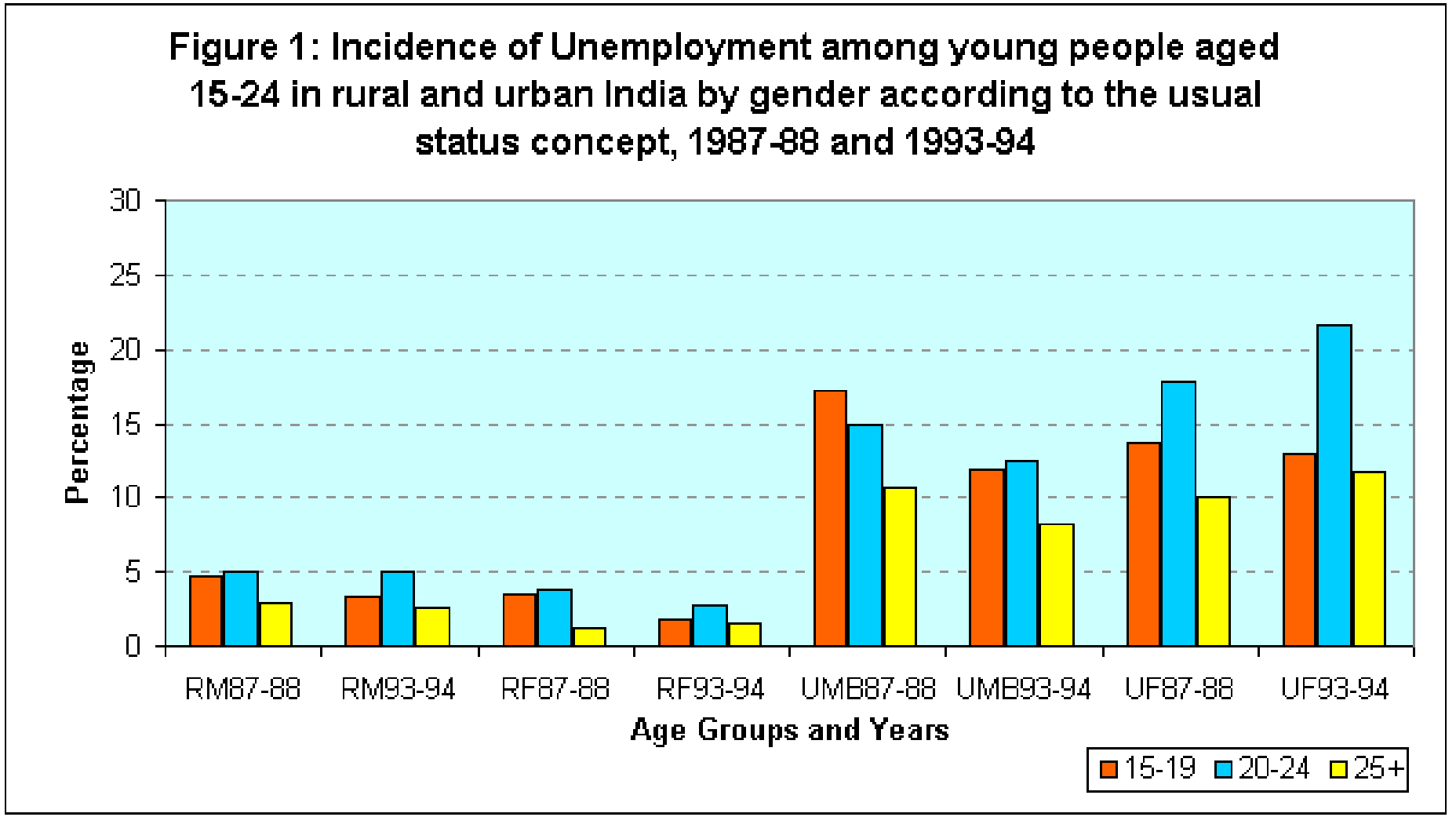
Figure 1: Incidence of Unemployment among young people aged 15-24 in rural and urban India by gender according to the usual status concept, 1987-88 and 1993-94
Percentage
30
25
20
15
10
5
0
RM87-88
RM93-94
RF87-88
RF93-94
UMB87-88
UMB93-94
UF87-88
UF93-94
Age Groups and Years
15-19
20-24
25+

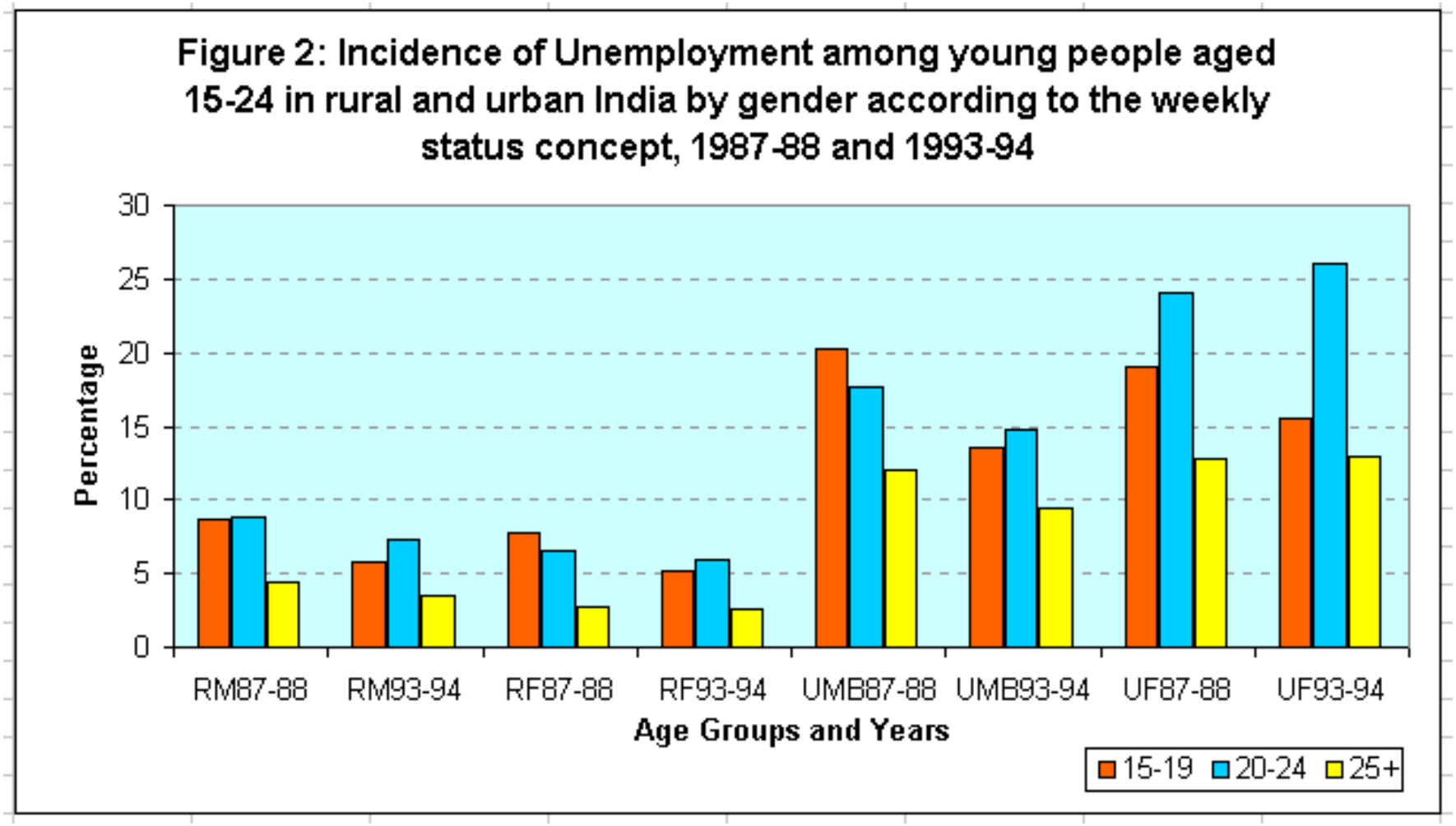
Figure 2: Incidence of Unemployment among young people aged 15-24 in rural and urban India by gender according to the weekly status concept, 1987-88 and 1993-94
Percentage
30
25
20
15
10
5
0
RM87-88
RM93-94
RF87-88
RF93-94
UMB87-88
UMB93-94
UF87-88
UF93-94
Age Groups and Years
15-19
20-24
25+


Figure 3: Incidence of Unemployment among young people aged 15-24 in rural and urban India by gender according to the daily status concept, 1987-88 and 1993-94
Percentage
30
25
20
15
10
5
0
RM87-88
RM93-94
RF87-88
RF93-94
UMB87-88
UMB93-94
UF87-88
UF93-94
Age Groups and Years
15-19
20-24
25+

Overall, the unemployment rate in terms of usual status in both rural and urban areas was three times as high among the youth as that among persons aged 15 and over. The weekly and daily status unemployment rates for the urban youth and the weekly status rates for the rural youth were more than twice those for the general population. The daily status rate for the rural youth was 65 percent above that for the adult rural population.

The well-established relationship among unemployment rates based on alternative concepts used in the NSS holds among the youth as well as the general population aged 15 and over; unemployment rates based on the shorter reference period of a week were higher than those based on the longer reference period (usual status) and the rates in terms of person-days, which include the underemployment within the reference week of those classified as employed because of the priority rule,[12] were higher than those in terms of weekly status. However, the unemployment rates for the youth did not change (i.e., rise) as much as the rates for the total group of 15 and over, with a shortening of the duration of the reference period.

As a result, as shown in Table 2.9, the share of the youth in total unemployment declined as we look at estimates based on shorter reference periods. Overall, in 1993-94, the share of the youth in total unemployment according to alternative concepts was between 41 and 70 percent among rural males, between 34 and 71 percent among rural females, and between 53 and 67 percent among urban males and females. Considering the weekly status, the youth accounted for 48 percent of rural unemployment and 60 percent of urban unemployment (NSSO, Report no. 409).

(e) Absolute Numbers of Unemployed Young People

To estimate the absolute magnitude of the problem of unemployed youth, it is necessary to make separate calculations for the rural and urban components, partly because the process of urbanisation continues to raise the share of the latter. In addition, LFPRs are available separately for the two groups of people. Various factors that make such estimates only approximations include the margin of error involved in data relating to the total population, its rural-urban distribution, the proportion of the youth in the population, the labour force participation rates, and the incidence of unemployment.

[12] The priority rule specifies that when a person was employed for a part of the reference period and unemployed for the remaining part of the period, he would be classified as "employed". Implicitly, priority is given to given to the status of being employed. No effort is made to assess whether the duration of employment exceeded the period of unemployment. If the latter fact is considered, when might label it as the major activity criterion, rather than the priority rule. Similarly, when the labour force status of a person is considered, priority may be given to classifying a person as in the labour force rather than outside the labour force, irrespective of the duration of the two activity statuses. The underlying rationale is to avoid an undercount of persons who are economically active or contribute (or seek to contribute) their labour or effort to the production of goods and services in the economy. The current daily status concept used in the Indian surveys reduces the length of the reference period to a day and therefore minimises the extent of oversight of the status of unemployment or the status of being outside the labour force. Yet, it was argued that some of those classified as working may be working only "nominally" (for 1-2 hours in a day). The 1993-94 survey has indicated that 7.8 and 4.8 percent of the rural and urban population classified as employed according to the reference period of a week was only nominally employed for one or more days. The percentage of the nominally employed was also much higher among the women classified as employed (21.1 and 17.4 percent in rural and urban areas, respectively) than among males (3.0 and 1.7 percent in rural and urban areas, respectively). (NSSO, Report no. 409, pp. A339-A341) A majority of those reporting nominal work reported it to be the case on all the seven days of the reference week.

Table 2.9: Young unemployed as percent of all unemployed by gender, rural-urban residence and alternative concepts, 1987-88 and 1993-94

Gender/Concept/ Year		India			Rural India		
		15-19	20-24	15-24	15-19	20-24	15-24
				Males			
Usual	1987-88	28.9	36.7	65.6	28.9	42.1	71.0
Status	1993-94	25.8	44.1	69.9	24.4	42.2	66.6
Weekly	1987-88	22.4	28.0	50.4	25.7	38.4	64.1
Status	1993-94	20.1	31.7	51.8	21.3	38.5	59.8
Daily	1987-88	21.2	26.8	48.0	22.4	33.7	56.1
Status	1993-94	16.7	23.9	40.6	19.8	34.3	54.1
				Females			
Usual	1987-88	18.3	24.0	42.3	24.6	41.7	66.3
Status	1993-94	24.6	46.2	70.8	17.7	47.5	65.2
Weekly	1987-88	20.1	20.0	40.1	22.7	38.0	60.7
Status	1993-94	23.8	16.4	40.2	17.0	41.5	58.5
Daily	1987-88	15.1	18.8	33.9	21.1	31.7	52.8
Status	1993-94	15.3	18.4	33.7	16.1	36.9	53.0
				Persons			
Usual	1987-88	24.5	31.4	55.9	27.9	42.0	69.9
Status	1993-94	25.5	44.6	70.1	22.4	43.8	66.2
Weekly	1987-88	21.7	25.7	47.4	24.9	38.1	63.0
Status	1993-94	19.4	29.0	48.4	20.3	39.3	59.6
Daily	1987-88	18.9	23.8	42.7	21.9	33.3	55.2
Status	1993-94	16.4	22.5	38.9	18.6	35.0	53.6

Table 2.10 summarises the estimates of the number of youth in the labour force and of the unemployed youth according to the three alternative concepts, separately for rural and urban areas of India. The three concepts provide a rather wide range for the estimates of unemployed rural youth, while estimates relating to the unemployed urban youth differ much less. Overall, the number of unemployed youth in India ranged between 5.5 and 8.6 millions during 1987-88 (i.e., on January 1, 1988) and between 5.2 and 8.9 million during 1993-94 (i.e., on January 1, 1994).

Over the six years between 1987-88 and 1993-94, population has grown by about 105 million and the number of youth has increased from 150 to 170 million (assumed as 19 percent of the total population in both the surveys).[13] The youth labour force has grown from 83 to 90 million in terms of the usual status, from 72 to 83 million in terms of the current or weekly

[13] In 1993-94, when urban population formed about 26.6 percent of the population, the youth are assumed to have formed 20.2 percent of the urban population and 18.6 percent of the rural population. In 1987-88, the urban population is presumed to be around 24.9 percent of the total; and the proportion of the youth in the population is assumed to be 20.5 percent in urban areas and 18.5 in rural areas.

status, and from 71 to 78 million in terms of daily status. The absolute number of unemployed youth seems to have declined a little in urban areas according to the weekly and the daily status concepts and in rural areas according to the usual and the weekly status concepts but not according to the daily status concept. The latter finding probably reflects the persistence of underemployment among the rural workers, a subject to which we shall turn next.

Table 2.10: Estimated number of unemployed youth by rural and urban residence, according to alternative concepts, 1987-88 and 1993-94

Concept/Year		Rural	Urban	All
		Unemployed Youth (millions)		
Usual	1987-88	2.9	2.6	5.5
Status	1993-94	2.6	2.6	5.2
Weekly	1987-88	4.6	3.0	7.6
Status	1993-94	4.0	2.9	6.9
Daily	1987-88	5.2	3.4	8.6
Status	1993-94	5.7	3.2	8.9
		Youth Labour Force (millions)		
Usual	1987-88	66.4	16.6	83.0
Status	1993-94	71.2	18.8	90.0
Weekly	1987-88	56.3	15.5	71.8
Status	1993-94	64.9	18.3	83.2
Daily	1987-88	56.0	15.3	71.3
Status	1993-94	60.7	17.6	78.3

If the unemployment rate observed during 1993-94 continues, the number of unemployed youth in terms of usual status will rise to 6.2 million in 2001. This increase is attributable to the process of continuing rise in the number of youth and therefore also in the number of youth in the labour force, despite the decline in the LFPR. Similar estimates in terms of the weekly status have not been attempted so far because of the non-availability of the requisite data.

A recent analysis of the characteristics of the unemployed according to the weekly status concept shows that a high proportion of the unemployed youth had been without work for 12 months or more. The proportions were 54-64 percent for the urban male youth, 67-72 percent for the urban female youth, 48-57 percent for the rural male youth and 38-52 percent for the rural female youth. The corresponding proportions for the age group 30-59 were markedly lower (NSSO, Report no. 418, 1997). Unemployment among the youth appears, therefore, to involve a sort of "waiting period" before they find a niche in productive activities in the economy.

Table 2.11: India: Percent of usually employed youth (15-24) and workers aged 15 and over, reporting themselves as not fully engaged according to usual principal status, by education, 1987-88

Age Group/ Sector/ Gender	Education					Worker Population Ratio
	Not Literate	Literate up to Middle	Secondary	Graduate and Above	All	
			Young Workers			
Rural India						
Males	17.7	15.0	13.5	13.2	16.1	66.4
Females	12.4	11.8	12.2	1.2	12.2	32.7
Both Sexes	15.3	14.4	13.4	11.8	14.8	49.7
Urban						
India	13.1	13.4	8.8	3.4	12.1	47.7
Males	24.4	19.9	11.5	8.0	20.1	12.4
Females	16.6	14.3	9.1	4.6	13.6	31.0
Both Sexes						
			15 and Over			
Rural India						
Males	14.9	12.3	7.3	4.0	13.1	83.9
Females	9.5	8.9	5.1	2.0	9.3	37.7
Both Sexes	12.6	11.9	7.1	3.9	11.9	60.7
Urban						
India	13.0	9.3	3.6	1.7	8.0	75.4
Males	18.7	16.6	4.6	3.5	15.1	17.5
Females	15.1	10.0	3.7	2.0	9.2	47.8
Both Sexes						

Source: Sarvekshana, Special Number, September 1990; Results of the Fourth Quinquennial Survey on Employment and Unemployment; National Sample Survey Organisation, Government of India. pp-s-363-368.

Note: Data relate only to the Youth who were classified as employed according to principal usual status. Those employed only in terms of usual subsidiary status were not fully engaged in work by definition..

(f) Underemployment among Young Workers

An attempt has been made to estimate underemployment among the workers by asking the respondents whether they were more or less fully engaged in their work. Data on the proportion of those not fully engaged in work in 1987-88 are shown in Table 2.11. (The corresponding data of the 1993-94 survey, available so far, do not distinguish the age groups.) About 14 to 15 percent of the young workers in rural and urban areas reported themselves as not fully engaged in work. This proportion was a little higher than among all workers aged 15 and over (9 to 12 percent). Reported underemployment was a little less among rural young female workers than among their male counterparts, but it was higher among urban female workers, although the female WPR tends to be quite low. Overall, however, the major problem of the youth is more or less open unemployment and the level of underemployment is about the same as among the general population.

Table 2.12: Percent of young women (15-24) engaged in domestic duties according to usual principal status who were willing to accept work in the household premises by age, rural-urban residence and type of work acceptable, 1987-88 and 1993-94.

Type of Work Acceptable	Year	Rural Areas			Urban Areas		
		15-19	20-24	15 +	15-19	20-24	15 +
Dairy	1987-88	8.9	10.6	9.5	4.4	3.3	3.2
	1993-94	10.7	11.6	10.6	3.6	3.4	3.2
Poultry	1987-88	2.9	3.4	3.0	2.4	2.4	2.0
	1993-94	2.9	3.1	2.9	1.7	2.0	1.4
Other Animal Husbandry	1987-88	2.9	3.7	3.4	1.0	1.0	0.9
work	1993-94	2.7	3.6	2.9	1.0	1.2	0.8
	1987-88	6.2	5.1	4.4	4.5	3.9	3.3
	1993-94	4.7	4.7	3.4	3.8	3.5	2.8
	1987-88	10.7	8.9	6.1	20.4	16.1	11.7
	1993-94	11.2	10.4	6.2	20.8	16.7	11.5
	1987-88	3.0	3.6	2.8	4.8	5.4	4.5
	1993-94	5.1	6.0	4.4	8.4	9.2	6.9
	1987-88	34.6	35.4	29.3	37.6	32.1	25.6
	1993-94	37.4	39.3	30.4	39.3	35.8	26.6
% of young women	1987-88	51.5	60.2	52.1	43.5	71.9	66.2
engaged in domestic duties	1993-94	50.6	63.9	56.2	37.2	67.5	65.3

Table 2.12 attempts to show another dimension of underemployment in terms of the percentage of young women engaged in household duties (in terms of their principal activity), who were willing to accept some work in their homes. The available data for both 1987-88 and 1993-94 suggest that underemployment or felt need for some work was markedly higher among young urban women engaged in household duties than among all women in the category; the similar differential among rural women was a little moderate. The young women seemed more willing to take up tailoring as a supplementary activity than all women engaged in domestic duties, and willing to accept some work in their homes, particularly in urban areas. This fact needs to be taken into account in devising programmes of urban poverty alleviation.

(g) Reasons for Higher Unemployment of Young People

The preceding review of the available data clearly suggests much higher unemployment rates among the youth than among the older persons. The recent surveys do not, however, provide the requisite evidence on the factors contributing to the situation. For that purpose, we need to draw on the results of some of the earlier surveys of the NSS conducted during the late 1950s and 1960s and the broad socio-economic trends.

Table 2.13: New entrants into the labour force as percent of all unemployed and the share of youth among them, national sample survey date, 1958-59 to 1972-73

	Unemployed seeking work for he first time as percentage of all unemployed		Unemployed Youth among the new entrant unemployed	
Sex/Year	Rural Areas	Urban Areas	Rural Areas	Urban Areas
Males				
1958-59	11.1	38.8	N.A.	86.2
1959-60	15.7	42.3	N.A.	69.7
1960-61	11.1	46.5	70.0	N.A.
1961-62	10.3	43.5	75.5	N.A.
1964-65	45.1	56.3	33.4	50.4
1966-67	14.3	58.3	49.5	84.0
1967-68	N.A.	64.6	N.A.	83.4
1972-73*	73.1	68.8	N.A.	N.A.
1993-94**	54.9	72.1	91.0	92.2
Females				
1958-59	2.3	25.4	N.A.	84.5
1959-60	4.6	22.9	N.A.	85.0
1960-61	2.2	46.7	50.7	N.A.
1961-62	1.6	50.0	44.2	N.A.
1964-65	31.9	58.3	31.5	58.2
1966-67	4.8	62.9	52.0	78.1
1967-68	N.A.	72.4	N.A.	80.0
1972-73*	56.1	74.6	N.A.	N.A.
1993-94**	41.9	80.3	86.2	89.6

* The data relate tot he unemployed in terms of their usual activity.

** the data relate to the unemployed aged 15-59, so classified in terms of weekly status, whereas the youth are defined to include persons aged 15-29.

(i) Lack of Training for Work

An important problem faced by the young work-seekers is their inexperience and the preference of the employers for experienced workers. The importance of this factor was suggested many years ago by the data summarised in Table 2.13, which show a majority of the urban unemployed to be new entrants into the labour force or those seeking work for the first time. The latter category is almost synonymous with the youth, who formed a large proportion of the new entrant unemployed. (The reported percentages are the highest for 1993-94 because the youth include persons aged 15-29 and the data relate to only the unemployed aged 15-59.) The problem was less acute in rural than in urban areas because the new entrants did not encounter as much difficulty in beginning work on the family farm or in the family enterprise. The continuing dominance of the agriculture sector and of self-employment in the rural employment structure still permits many new entrants in the countryside to take up the family vocation without any formal training. The Indian rural situation is also no longer static and the rural youth with a modicum of high school or college education have also begun to look for urban-type work opportunities, particularly those with a reasonable performance in

the public examinations.

(ii) Acceleration of Population Growth and Mortality Decline

The problem of lack of any training or work experience is compounded by the acceleration of the rate of growth of the population since the 1950s. On the supply side, the continued high fertility and the decline in mortality have increased the size of the cohorts of new entrants into the labour force because of the higher proportions of survivors to the ages of entry into the workforce. As shown in Table 2.2, the quinquennial increase in the number of youth in the population of India had risen from about 7 to 8 percent during 1950-65 to 14-16 percent during 1965-80. The subsequent decline in fertility has lowered the quinquennial growth rate of the youth population, but the average annual increase has continued to be over 2 percent up to 1990. During 1990-95, the rate of growth of the youth population has slowed down to less than 1.3 percent and this factor might partly be responsible for the decline in the rate of unemployment among the youth, seen above in Table 2.8.

The decline in mortality also affects the demand for additional workers; it slows down the rate of attrition of the ranks of the already employed and therefore the rate of recruitment required to replace the deceased workers. Albeit, lower mortality is welcomed by all and it augments the productivity of the workforce and of the investments in their skills and training. It also raises the capacity of families to take care of the needs of the youth during their search for work opportunities. In fact, it is a major component of the rise in the real income of the people over the past 50 years; and the solutions for the rise in the quantum of unemployment among the youth have to be sought through other means.

(iii) Expansion of Education

The nature of work opportunities sought by the youth has also been changing because of the considerable growth in the number of high school and college graduates. According to the census data relating to the educational qualifications of the youth, during 1981-91, the number of high school graduates or matriculates (including those obtaining a technical or non-technical diploma not equal to degree) has increased by 75 percent from 17.76 to 31.00 million; and that of college graduates has risen by 96 percent from 2.43 to 4.77 million. The underlying average annual rates of growth of 5.8 and 7.0 percent are much higher than the rate of growth of employment in the organised sector, in which the matriculates and college graduates seek to be absorbed. Of course, not all the matriculates and graduates enter the labour force; but they do face problems in finding work.

The authorities have tried to introduce vocational education at the school level; but the college education has generally continued on traditional lines. The opportunities for professional educational qualifications have been expanded but they cannot be termed to have promoted vocationalisation of college or university education. Also, the linking of the structure of salaries to formal degrees rather than to the acquired level of skills or performance capacity has meant that those pursuing vocational courses also continue to aspire for and at the first opportunity drift back to the degree courses.

(iv) Slow Growth of the Economy Until the 1980s

The problems of youth employment in India are related partly to the slow growth of the Indian economy (of the order of 1 percent in per capita terms) during 1951-81. During the 1980s, the rate of growth of per capita GDP in India has risen to about 3.5 percent, a fact that has probably contributed to the indication of a fall in the reported rate of unemployment in rural as well as urban India in general and among the youth between 1987-88 and 1993-94. There is little doubt that both in the medium term and in the long run, the acceleration of the

rate of growth of the economy is likely to prove a potent factor in lowering the rate of unemployment, at least up to a certain level.

Such optimism seems particularly relevant in the context of the traditional Indian apathy towards manual labour, because of which the "educated" or the high school and college graduates seek non-manual work opportunities, particularly in the non-agriculture sector. In recent years, there have been reports from some parts of India such as the Saurashtra region as well as the fertile and prosperous Kheda district in Gujarat state about the scarcity of agricultural labour because of the preference of the young new entrants into the workforce for non-agricultural work, which does not involve soiling the hands. However, the same young workers do not mind relatively skilled and more remunerative work of polishing the rough diamonds. This footloose industry has penetrated the rural areas throughout the state and has led to the diversification of the structure of the workforce. Also, the preference for organised sector employment seems a rational response to the differentials between regular employment on the one hand and the casual work and self-employment on the other, with respect to the security of work and other benefits such as the indexing of salaries and various kinds of paid leave enjoyed by the privileged workers of the formal sector. Some of these differences are a function of the bargaining power of the trade unions formed by the regular workers and the resulting inflexibility of the labour market. The differences would quite probably narrow and not persist if the labour markets were allowed to be guided more by the demand for and the supply of labour. The rents enjoyed by the workers in the organised sector because of their unionisation would have been substantially reduced.

(h) Quality of Education and Employability of the Educated

It is argued also that many of the young unemployed have rather poor qualifications in terms of their performance at the examinations and have little aptitude or the capacity for the type of work that they aspire for. An effort to ascertain the marks obtained by the work-seekers at the last examination passed by them, attempted in the 1993-94 survey, has not been successful. While the possibility of data processing problems remains to be verified, the preliminary indications point to a very high degree of non-response. The employability, however, is a more serious problem and is a major challenge to the entire educational system and the content of the curricula as well as the emphasis on the theoretical as distinguished from practical applied training. The efforts made by the Indian state and policy-makers in this area need to be reviewed carefully; but it is widely believed that these efforts have been inadequate. As in many other matters relating to the social sector, there has been more rhetoric than action; and the implementation of the recommended policies has been woefully unsatisfactory.

The high rates of youth unemployment need serious attention by the policy makers not only to mitigate the frustrations faced by the new entrants into the workforce but also to minimise the likely alienation and widespread evidence of deviant behaviour of the youth throughout the country. The unemployed youth have partly been responsible for the tensions leading to the “sons-of-the soil” movements in different parts of the country and perhaps also the unrest in several of the border states of the country. Several schemes initiated by the Indian planners and policy-makers during the past several decades merit a careful scrutiny to assess and evaluate their impact on the employment situation. We turn to these schemes in the next section.

III. Policies for Promoting Youth Employment in India

Ever since the initiation of planning in India in 1950, the Government has stressed the goal of increasing employment opportunities and eventually eradicating unemployment from the country. Acceleration of the rate of savings and investment and raising of the level of productivity have been prime goals of the successive five year plans of the country. Awareness about the difficulties of eliminating unemployment has, over the past three decades, led the successive governments at the centre and in the states to formulate and implement several schemes for eradicating unemployment and promoting employment. High rates of unemployment among the youth have been recognised by the planners (India, Planning Commission, 1970)[14]. It is generally stressed as the problem of unemployment among the "educated" or those who have passed the high school certificate examination (matriculates) or the higher educated. The problem is seen as part of the overall problem of employment creation or development. Yet, some of the special employment schemes have been aimed specifically at the youth to improve their training and skills and to promote self-employment and entrepreneurship. They included: an effort to reorient the Indian educational system in the direction of Vocational Education; an Apprenticeship Training Scheme supported by legislation passed in 1961 and amended in 1973 and 1986; the centrally sponsored scheme of TRYSEM (Training of Rural Youth for Self-Employment); and a Self-Employment Scheme for Educated Unemployed Youth (SEEUY) in urban areas. These schemes were intended to address the problems of urban youth. Some of the schemes have been modified in the light of experience and the findings of evaluations undertaken by various agencies and institutions on behalf of the government. Yet, the overall problem of high rates of unemployment among the youth continues to be virtually intractable. Despite considerable rhetoric on the subject, the actual action has fallen far short of the requirements. To facilitate a comprehensive policy, the present study seeks to review the main schemes intended to help relieve the problem.

(a) National Employment Service or Employment Exchanges

National Employment Service, operated by the Directorate General of Employment and Training, Ministry of Labour, runs nearly 900 Employment Exchanges in order to bring about a better matching of the demand for and the supply of work opportunities. However, over the years, the number of persons registered with these exchanges each year for help in finding a job has far exceeded the number of placements. During 1995, for example, the 895 exchanges had registered 5.9 million job-seekers, but the number of vacancies notified to them was no more than 386,000; and after 3.6 million submissions, the placements numbered only 215,000. At the end of the year, 36.7 million persons were on the "live register". The Draft Ninth Plan has recognised that “within the public sector, including the government administration, the role of employment exchanges in personnel selection has … practically vanished”. (Planning Commission, 1998, Vol. II, p. 453).

According to some indirect estimates based on the NSS, almost 79 and 84 percent,

[14] The Committee of Experts on Unemployment Estimates had stated as follows in its report: "While the crude incidence of unemployment... may be low, for the age groups 15-24 or 16-26, the incidence of unemployment in urban India reported by the NSS has often exceeded 7 percent. Careful analytical studies of the NSS data could have highlighted this fact, which is of great importance for policy formulation. Even in rural areas, the incidence of unemployment in the ages of entry into the labour force has tended to be significantly higher than that for persons of other ages." (Planning Commission, 1970. p. 25.) The point was emphasised also in some of the subsequent plan documents.

respectively, of the rural and urban persons on the live register of Employment Exchanges tend to be aged 15 to 29. A majority of them are believed to be the youth in the ages 15-24; quite probably, the latter form almost 70 percent of the persons on the live register. Therefore, the activities of Employment Exchanges could have helped to mitigate the problem of unemployed youth, if they were effective. Unfortunately, however, the Employment Exchanges are concentrated in relatively larger towns and cities; and they do not command much credibility among the potential employers. As a result, they hardly serve the interests of the youth. The efforts to raise their training and counselling capacities have not really succeeded. If the sizeable expenditure on the NES is to continue, they need to be equipped to play a much more active role in training and retraining activities for the work-seekers.

(b) Role of Employers' Organisations and Trade Unions

The Indian trade unions have been quite effective in safeguarding the interests of their membership; but they have taken little interest in issues of promoting employment of the unemployed persons seeking work for the first time. The employers have been forced to participate in the efforts to raise the skills of the potential young workforce through training. Many employers recognise such activities to be in their own medium and long term interest and help to identify the skills in short supply or those likely to become important in the years ahead. However, the scale of the problem is much larger than what the employers can grapple with and it needs a larger perspective such as only the development planners and those concerned with educational planning are likely to have.

(c) Role of Legislation

In 1950, India had aimed at providing for free and compulsory primary education for all children up to the age of 14, within a decade; but the actual progress has been far slower than expected. A substantial increase in the number of schools in the country has made the facility available within one km. of almost 98 percent of the villages.[15] According to the 1993-94 survey, the percentage of children aged 5-14 who had never attended a school had dropped to 3 to 4 percent in rural India and 2 to 3 in urban India. However, the school attendance ratios for the age group 10-14 during 1993-94 were 67 percent in rural India and 84 percent in urban India, with the well-known gender differential. About 22 and 41 percent of the rural boys and girls, respectively, in the age group (10-14) had dropped out from the school; the corresponding figures for urban areas were much lower, 12 and 17 percent. (NSSO, Report no. 412, pp. A25-A30).

It has not been possible for the authorities to enforce any minimum age for leaving the schools. For many years, the official school attendance data showed virtually universal enrolments, followed by high drop-out rates; whereas household surveys suggested sizeable non-enrolment and relatively lower drop-out rates. The overall outcome, however, has been a significant proportion of illiterates (26 and 11 percent among rural and urban young men and 53 and 20 percent among young women, both respectively) among the youth and the potential work-seekers, as recently as in 1993-94. (NSSO, Report No. 409, pp. A46-A51).

[15] At the time of the 1991 Census, India (excluding Jammu and Kashmir) had nearly 581,000 villages with a resident population. They were called inhabited villages. In addition, there were some 47,000 villages without any resident population. However, some of the villages are quite spread-out and include more than one and sometimes several inhabitations or hamlet groups. The total number of inhabitations in the country adds up to nearly 1,048,000. About 83 percent of these habitations had a primary school within the habitation or within 1 km from one. The corresponding percentage was 74 in Rajasthan and about 80 in U.P. (Planning Commission, 1998, p. 163).

The Minimum Wages Act of 1948 authorises the central and state governments to fix a minimum wage in different categories of employment including the unorganised sector. By June 1, 1996, minimum wages were being prescribed for 1175 categories or types of employment. There is no separate minimum wage for workers aged 15-24, although provision is made for apprenticeship stipend being paid at a different rate than a wage. However, there is no effective machinery for the implementation of the law relating to the minimum wages, particularly in the agricultural sector. There is a widespread feeling among the planners and policy makers that the provisions of Industrial Disputes Act, as interpreted by the courts, have provided excessive job security to the workers. As a result, the employers have evidently adopted more capital-intensive techniques of production than are justified by the endowments of labour and capital in India. Despite these problems, the real wages of the casual labourers have also shown a tendency to rise during the 16 years between 1977-78 and 1993-94. (See Chapter 1 above).

Given this background, the Indian policies to reorient the educational system, to train the young work-seekers, and to help the unemployed youth to find work merit a careful review.

(d) Vocational Guidance and Education

Since the late 1950s, there has been a widespread recognition of the need to reorient the Indian educational system towards various vocations to minimise the problem of mismatch between the demand for and the availability of white-collar jobs. As noted above, the Employment Exchanges, set up as the agencies operating the National Employment Service, were assigned the task of vocational guidance and employment counselling. By late 1996, 314 of the 895 Employment Exchanges and 84 University Employment Information and Guidance Bureaux were equipped to provide the service. Unfortunately, these bureaux cater to the needs of those who approach them and do not take the initiative to reach the youth through schools and colleges and other informal channels. Also, their outreach remains limited to urban centres and has little rural impact (except insofar as the "educated" in rural areas also register with them for placement assistance).

More importantly, under the National Policy on Education, adopted in 1986 and revised in 1992, high priority has been assigned to "vocationalisation" of secondary education. The goals for 1995 and 2000 envisage the diversion of 10 and 25 percent of the students studying beyond the High School Certificate examination to the vocational stream. The objectives are to enhance the employability of individual students, to reduce the mismatch between the demand for and the supply of skilled manpower and to provide an alternative to those seeking to pursue higher education without a particular interest or purpose.

About 150 vocational courses have been introduced in six major areas of agriculture, business and commerce, engineering and technology, health and paramedical services, home science and humanities. Sixty additional vocational courses have been notified under the Apprenticeship Act of 1961.

The Eighth Plan had adopted a goal of diverting about 1.16 million higher secondary school students to the vocational stream. By March 31, 1994, almost 0.91 million were enrolled in 16,450 vocational sections in 5,701 schools. However, the quality of the vocational courses was a cause for concern. The progress was considered sluggish and the links with industry were weak. A Central Institute for Vocational Education was established at Bhopal in July 1993 to strengthen the activities in the field of vocational education. (Planning Commission, 1996. p. 128.)

(e) Apprenticeship Scheme

In the 1950s, the government attempted to link the young work-seekers with the industrial units in the country in the area of formal training. An Apprenticeship Act was enacted in 1961 to make it obligatory for the employers in specified industries to engage apprentices for training for between six months to four years. The Act came into force on March 1, 1963.

The training was to include both basic skills and on the job or shop floor training according to the standards prescribed by the Government in consultation with the Central Apprenticeship Council. Following amendments in 1973 and 1986, the scheme now covers the training of graduates and diploma holders in engineering and technology, and technician (vocational) apprentices, the latter including those passing out of the vocational higher secondary schools.

So far, 132 trades in 218 industries with about 25,000 enterprises have been covered under the scheme. The number of apprentices being trained under the scheme has risen from just 1200 initially to 129,000 in 1991 and 150,000 during 1995-96. However, there is widespread doubt about the extent to which the employers are willing to train the apprentices whom they are required to support through stipends; many of them do not really offer adequate training. A thorough evaluation of the scheme is necessary.

(f) Training of Craftsmen

Over the past four decades, there has been a steady expansion in the number of Industrial Training Institutes (ITIs) which train the youth aged 15-25 in 42 engineering and 22 non-engineering trades for a period of one or two years. Depending on the trade, the minimum educational qualification varies between the 8th standard and the 12th standard. The number of ITIs has increased from about 59 at the end of the First Plan in 1956 to 2447 at the beginning of the Eighth Plan in 1992 and about 3000 in 1996. The number of seats offered by the ITIs has now risen to 425,000. Admissions to ITIs are in great demand in many states and they fulfil a useful role in training the craftsmen. However, the outdated equipment and the outmoded training skills of the ITI trainers have often invited adverse comment. An attempt is being made to overcome these limitations with the financial assistance from the World Bank.

Overall, however, the quantity and the quality of the output of ITIs do not really meet the needs of the Indian industry. Most firms necessarily rely on on-the-job training and use the earlier training received by their employees as a screening mechanism.

The Government has also set up Advanced Training Institutes to train highly skilled workers and technicians in several advanced and sophisticated skills, a Central Training Institute to train the Crafts instructors, two Foremen Training Institutes, and a Central Staff Training and Research Institute. While these are welcome steps, their impact is not felt widely enough because of the dispersal of the population and the large magnitude of the problem.

(g) Prime Minister's Scheme for Unemployed Urban Youth

Between 1983 and 1993-94, India also had a scheme for Self-employment for Educated Urban Youth, which has now been subsumed under a new scheme called the Prime Minister's Rozgar (Employment) Scheme (PMRY) since 1994-95. Self-employment for Educated Urban Youth was designed to help the urban educated unemployed youth aged 18-35 in non-metropolitan towns and cities (with a population of less than one million), with an annual family income not exceeding Rs. 10,000. The central government provided a capital subsidy of 25 percent of the loan from a bank to take up self-employment ventures in industry, services and business. The entrepreneur was not required to find any margin money for the bank loan. Over a decade, nearly

1.6 million urban youth were given loans amounting to Rs. 31.9 billion. The average amount works out to less than Rs.20,000 per assisted person. (Planning Commission, 1996. p. 84).

Since October 2, 1993, the Government has been implementing Prime Minister's Rozgar Yojana (PMRY) or a Scheme for Educated Unemployed Youth has been implemented to assist one million educated unemployed youth (from both rural and urban areas) by March 31, 1997 (up to the end of the Eighth Plan). The youth are encouraged and helped to set up micro enterprises, covering manufacturing, service and business ventures. The scheme caters to youth aged 18 to 35 from families with an annual income of less than Rs. 24,000, who are expected to propose schemes for setting up small enterprises with a bank loan of up to Rs. 100,000, without any collateral guarantee. If two or more eligible persons join together, more costly projects can also be assisted under the scheme. The entrepreneurs are given a subsidy of 15 percent, subject to a ceiling of Rs.7500/ = , and they are required to bring in 5 percent of the project cost as the margin money, i.e., the amount to be invested by the person seeking a bank loan. The eligible entrepreneurs include youth, who have passed or failed in matriculation examination, or graduates from Industrial Training Institutes or those who have undergone training in a government-sponsored technical course for a minimum of six months. The applicants are expected to be permanent residents of an urban area for three years and are to be assisted by the District Industries Centres (DICs) and/or NGOs with the requisite background. The scheme envisages compulsory training of the entrepreneurs for four weeks after the sanctioning of the loan; a stipend of Rs.300 is paid during the four weeks. The Prime Minister's Office and the Reserve Bank of India monitor the progress of the scheme on a monthly basis and advise all the Indian scheduled commercial banks to meet the targets prescribed at the start of the year.

During 1993-94, the first year of the scheme, about 32,000 youth were granted loans. The target for 1994-95 was to help 220,000 persons. Relative to the SEEUY, PMRY envisaged a larger scale effort but it also covered a much larger territory, including all metropolitan cities and rural areas under its scope. Studies need to be conducted to assess the extent to which these schemes have achieved their goals in terms of the viability of the enterprises set up by the unemployed youth.

(h) Training of Rural Youth for Self-Employment (TRYSEM)

TRYSEM was initiated on August 15, 1979, "to provide basic technical and managerial skills to rural youth from families below the poverty line" to enable them to take up "self-employment and wage employment in the broad fields of agricultural and allied sectors, namely industries, services and business services".

Rural youth aged 18-35 are eligible; age is relaxed to 16 for inmates of orphanages in rural areas and up to 45 in the case of widows, freed bonded labourers, freed convicts, persons displaced from large development projects, and cured leprosy patients. The programme is expected to cover a minimum of 50 percent of the youth from the scheduled caste and tribe communities and a minimum of 3 percent from the ranks of the physically handicapped.

Training is imparted through formal institutions, including industrial and servicing units, commercial and business establishments and through master craftsmen. The District Rural Development Agency (DRDA) is expected to approve the syllabus for each trade and it is expected to impart not only job skills but also managerial and entrepreneurial capability. Subject to the approval by the State Level Co-ordination Committee, the duration of a course does not exceed six months.

The states bear 50 percent of the expenditure on the scheme, with the central government

covering the rest. (In the union territories, the central government covers the entire expenditure). The government covers the recurring costs towards the stipend paid to the trainees, the honoraria for the trainers, etc.; and also assists the training institutions to develop the requisite infrastructure in the form of building, equipment, and training aids. The trainees are supplied free tool-kits (costing up to Rs. 2000 since 1994-95, and up to Rs.600/= until March 31, 1994) during their training. The tool-kits are supplied to help the trainees to gain the practical experience in the use of their tools. The trainees are eligible for loans from the banks under the Integrated Rural Development Programme, being implemented in all the districts of the country.

Table 3.1 summarises the available data on the number of rural youth trained under TRYSEM and the number of those who had been able to find self or wage-employment during 1980-96. Over the 16 year period, nearly 3.9 million rural youth were trained. Except during 1990-92 (when the eighth plan was being drafted), the reports indicated that the targets relating to training were "very nearly fulfilled". However, only about 53 percent of the trained rural youth were employed; and almost a quarter of them had found work as wage employees rather than as self-employed. The total cost of training was close to Rs. 1535 per trained person (Rs. 1210 or almost 79 percent as recurring cost and the balance on the infrastructure for training). According to the available data, 42 percent of the trained persons were women, and 39 percent were scheduled caste or tribe persons. During the Eighth Plan period 1992-97, nearly 1.5 million youth had been trained under TRYSEM. About 49 percent of the trained youth had been employed, nearly 69 percent as self-employed and the rest as wage-employees. (Planning Commission, 1998. P.56).

During June-August, 1993, the Monitoring Division of the Ministry of Rural development had commissioned a "Quick Evaluation" of TRYSEM by contacting and interviewing 1220 beneficiaries from 122 blocks of 61 districts, drawn from 10 major states of the country. (Government of India, Ministry of Rural Development, 1994). According to the results of the "quick evaluation", only 4 percent of the TRYSEM beneficiaries had received any previous training. About one-third of the beneficiaries were trained in " mechanical & electrical trades", another one- third in handicrafts, about 18 percent in hand-looms, 2 percent each in animal husbandry and food processing/preservation, and 11 percent in other crafts or trades. Excluding those who had "just completed training", about 48 percent of the trained beneficiaries were employed and 52 percent were unemployed; among the employed, the self-employed and employees formed 28 and 20 percent, respectively.

The tabulations based on the study are not necessarily consistent; but according to another table, one-third of the trainees had taken up self-employment, a large majority of them in the trades in which they had received training. (About 62 percent of the self-employed trainees had taken up work in the secondary sector and one-third were engaged in the tertiary sector).

Almost 63 percent of the trainees reported the monthly stipend to be inadequate. However, only 21 percent reported receipt of a tool-kit. Almost 92 percent reported acquisition of vocational/ technical knowledge; the remainder had acquired entrepreneurial knowledge. Over two-thirds of the trainees found the duration of training inadequate; others found the training facility "not satisfactory", practical training "not enough", or training infrastructure "inadequate".

Table 3.1: Some key data about TRYSEM, 1980-96

Period/ Plan	Expenditure (Mill. Rupees)			Number of Youth (in '000)				
	Recurring	Infra. Devt.	All	To be Trained	Trained	Employed as		
						SE	WE	ALL
Sixth Plan								
1980-85	38.8	575.4	614.2	1009	1015	478	102	508
Seventh Plan								
1985-90	1288.5	243.5	1532.0	-	998	464	131	595
Annual Plan								
1990-91	326.9	44.1	310.2	425	236	124	41	165
1991-92	487.9	40.0	527.9	425	307	120	47	167
Eighth Plan								
1992-93	470.4	60.0	550.4	300	276	100	42	141
1993-94	894.5	79.6	974.0	350	304	108	43	151
1994-95	740.3	89.9	830.3	318	282	86	45	131
195-96*	454.4	139.6	594.1	350	267	85	43	127
1980-96	4700.9	1272.2	5973.1	N.A.	3885	1565	495	2060

Notes: * Provisional; Infra Devt. = Infrastructural Development, SE = Self- employed; WE = Wage-employed.
Source: Government of India, Ministry of Rural Areasand Employment, 1996.l Annual Report, 1995-96. New Delhi, pp. 173 and 171.

Overall, almost 42 percent of the trained persons reported themselves to be "incapable" of taking up independent activity as a self-employed person. However, there were marked interstate differences in the percentage of trainees reporting incapability for self-employment; the percentage was much higher (60 or more) in Kerala, Bihar and Uttar Pradesh, and much lower in Andhra Pradesh, Assam, Gujarat, Haryana, Madhya Pradesh, Maharashtra and Orissa. The main reported reason for the incapacity to take up self-employment was "lack of funds" (reported by two-thirds), whereas only one-fifth reported "inadequate training" as the reason.

TRYSEM is perhaps the largest scheme launched by the Government of India to address the problem of training the rural youth for employment. However, relative to the needs for training of rural youth, its role has been rather modest. According to a rough estimate, the number of rural youth aged 15-24 and in the labour force in India had increased by about 5 to 6 million between April 1, 1992 and April 1, 1997. [16] In effect, therefore, the TRYSEM trainees during the Eighth Plan period formed only about 25 to 30 percent of the net additions to the youth labour force over the period. Of course, we have focused on the age group 15-24, whereas the TRYSEM is open to persons up to the age of 35. The difficulties in proper reporting of ages raise serious

[16] The total population of India on April 1992 and 1997 is estimated at 865 and 955 million respectively. The rural population is estimated to have formed 26 and 27 percent of the total respectively. About 18 percent of the rural population is estimated to have been in the age group 15-24, with a labour force participation rate of 58 percent throughout the period. The figures presented in the text have been rounded up.

problems in sharper targeting; and the shortcomings in the functioning of TRYSEM need to be eliminated, partly by involving the technically better-trained persons available in the various districts or elsewhere as trainers. The Draft Ninth Plan has described the TRYSEM programme as "the weak link in the overall strategy for self-employment"; and has proposed to make training "an integral component" of the Intensive Rural Development Programme. (Planning Commission, 1998. P. 35).

(i) Special Schemes of State Governments

Besides the national schemes listed above, several state governments have been operating self-employment schemes. The Government of Andhra Pradesh has set up a Society for Employment and Training in the Twin Cities (SETWIN) to provide informal training and assistance in taking up self-employment. Similar societies have now been set up also in all the other districts of the state. The Government of West Bengal has been operating a Scheme for Self-employment for the Registered Unemployed (SESRU), i.e., the unemployed registered with employment exchanges. Madhya Pradesh has a soft loan scheme for the purpose; Delhi. Manipur, Maharashtra and Nagaland also have similar schemes. The functioning of these schemes needs a careful evaluation to assess the long-term viability of the enterprises set up by the assisted persons.

(j) Other Special Employment Schemes

The unemployed youth are also eligible for benefits from other employment schemes of the Government of India and the states. These include the Scheme of Urban Micro Enterprises (SUME), under which the eligible beneficiaries in all urban areas are helped to secure technical training and to set up micro enterprises, with the seed money provided by the government as subsidy and bank loan. A Scheme of Urban Wage Employment (SUWE) aims to provide wage employment opportunities to the urban poor through the construction of socially and economically useful public assets in towns with a population of up to 100,000. A Scheme of Shelter and Housing Upgradation (SHAHU) is operated in towns with a population of between 100,000 and 2 million to provide training in construction trades. The trained persons are eligible for loan and subsidy from Housing and Urban Development Corporation (HUDCO) to enable the urban poor to upgrade their shelter with improvements relating to roof, flooring, etc.

In addition to the urban schemes listed above, there is also the Employment Guarantee Scheme (EGS) of Maharashtra, with its counterpart in the National Employment Assurance Scheme (NEAS), launched in October 1993. The latter is the central government's effort to extend the key features of EGS to the entire country. The EAS is demand-driven and seeks to give to a maximum of two adults (18-60) per family, assured unskilled manual work for 100 days during the lean agricultural season. The scheme initially covered 1,775 identified backward blocks in 261 districts, located mainly in drought-prone areas, desert areas, tribal areas and hill areas; but subsequently, its scope was widened to cover an additional 668 blocks (or a total of 2446 blocks), including flood-prone blocks.[17] Effective January 1, 1996, the 120 districts (722 blocks) covered by the second stream of Jawahar Rozgar Yojana were brought under the EAS. With effect from April 1, 1997, rural areas of the entire country have been brought under the EAS. (Planning Commission, 1998, pp. 17-21.).

Since its inception and up to March 31, 1997, a total of Rs. 65 billion had been released

[17] The term "blocks" refers to the "community development blocks", identified in the 1950s as encompassing a population of around 100,000. According to the 1991 Census, there were 5,886 community development blocks.

and Rs. 53 billion had been utilised for the scheme. Nearly 26 million persons had registered themselves for employment under the scheme and almost 10.7 billion person-days of employment had been generated. (Ibid.) The Ninth Plan drafted by the outgoing Planning Commission envisaged that the EAS would be the main wage employment programme in rural India. The Jawahar Rozgar Yojana, however, was to continue as a means of creating the rural infrastructure through the Panchayats. (Ibid., p. 41)

The extent to which the youth avail of these schemes has not been identified and given the difficulties of ensuring dependable age reporting, any effort in this direction is not likely to succeed easily. Similarly, the various criteria such as the income norm prescribed under some of the schemes listed above are not easy to fulfil with a high degree of precision. Despite their laudable and justifiable rationale, they generate a fair amount of paper work and raise the power of the local bureaucrats, who must certify the implementation of the prescribed conditions of different schemes.

The schemes listed above add up to a fair amount of effort on the part of the government to relieve youth unemployment. Yet, they really meet only a part of the large problem. The adoption of a wide age band of 18-35 rather than 15-24, used in most of the world, limits the impact of the schemes on the problem of youth unemployment. It is likely that in practice only the unemployed in the age group 15-24 take advantage of these schemes, but that is by no means certain and the wide age band opens up some possibilities of misuse of the loan and subsidy elements of the employment generation schemes. These problems need to be tackled effectively in order to meet the training needs of the growing number of Indian youth seeking a productive niche in the economy.

IV. Unemployment among Indian youth: An overview

The preceding review of the Indian efforts at formulating the policies to mitigate youth unemployment has highlighted the difficulties of attacking the problem in a continental country. It has indicated that it is difficult to obtain precise estimates of the number and proportion of the youth in the country and the level of unemployment among them. The widespread errors of age reporting, which result from the high level of illiteracy and the lack of awareness about the date of birth, are a serious problem.

(a) Facts of the Situation

There are marked differences between estimates of the number and proportion of youth based on the decennial censuses and the sample surveys, as well as the Sample Registration System. The projections made by different agencies such as the Office of the Registrar General on behalf of the Planning Commission and the United Nations also differ with respect to the number and relative share of the youth in the population.

However, according to the best national estimates, the youth formed about 18.5 to 19 percent of the national population in the early 1990s, and numbered about 159 million at the time of the 1991 Census. Over 53 percent of them (85 million) were in the labour force. By 2001, the number of youth is projected to rise to 212 million, and the number of youth in the labour force to 107 million (almost 23.6 percent of the projected total labour force of 453 million).

The data provided by the National Sample Survey Organisation confirm that the rate of unemployment among the youth, measured according to alternative concepts, exceeds the average for the general population by between 100 to 200 percent. The unemployed youth formed 40 to 50 percent of all the rural unemployed and 58 to 60 percent of the urban unemployed in terms of the weekly status. The range of estimates based on three alternative concepts indicated that the absolute number of unemployed youth was between 5.5 and 8.6 million in 1987-88 and between 5.2 and 8.9 million in 1993-94. If the unemployment rate in terms of usual status (taking due account of subsidiary activities) were to remain unchanged through 2001, the number of unemployed youth would rise to about 6.2 million. Prima facie, this number does not appear alarmingly large for a country with nearly 1.0 billion persons, but the resulting frustration can indeed pose a serious threat to the stability of the Indian social and political structure.

While this paper has focused on the national situation, given the size of the country and its population, much of the effective action has to be at the state level. Unfortunately, the NSS data at the state level are based on relatively small number of youth in the sample, and the estimates are subject to a wide margin of error. The rates of unemployment among the youth in different states have recently become available from the 1993-94 survey of the NSS. The small size of the sample justifies due caution in their use. However, the rates based on the current weekly status concept suggest that the problem is much more acute than in the country as a whole in the rural areas of states of Kerala, Jammu region of the state of Jammu and Kashmir, Orissa, West Bengal, Haryana, Maharashtra and Tamil Nadu. (The survey could not be conducted, because of the field problems, in the nine districts that form part of the Kashmir region of the state of Jammu and Kashmir). In urban areas, besides these same states, Bihar and Madhya Pradesh also face a serious problem

(NSSO, 1997, Report no. 409, pp.137-144.).[18]

High rates of youth unemployment are observed throughout the world. The contributory factors include the high rate of population growth, and of labour force growth, a result of the welcome decline in mortality in excess of the decline in fertility. Fortunately, the rate of population growth in India has begun to decline and now stands at 1.9 percent. In urban India, the rate of natural increase seems to have dropped to 1.5 to 1.6 percent, but the number of urban youth grows partly through rural-urban migration.

Contrary to the indications provided by official population projections, no dramatic decline in the rate of growth of the population of India is likely to occur during the current decade (Census of India, (1991), (1996).[19] The most optimistic estimate would place it at about 1.8 percent during 1991-2001 and 1.6 to 1.7 percent in the next quinquennium. The youth who will join the labour force over the next 15 years are already born. Their participation rates might decline, particularly those of the teenage youth, if they continue in schools and colleges for a longer period than they do now.

The major challenge before the country is to ensure the employability of the youth by training them adequately for productive work, by imparting to them marketable skills and the flexibility to learn new things and to innovate, and by inculcating in them a proper work ethic. All these goals are necessary conditions for survival and growth in the changing economic environment in which even a large country is a small part of a global village. If the frequent articulation of these goals is not to remain a mere rhetoric**,** the requisite investments will need to be made by the state to eliminate illiteracy and to ensure high quality education for all.

(b) Role of Macro-Economic Policy

The recent decline in the rates of open unemployment between 1987-88 and 1993-94 raises an interesting question whether and how far a rise in the rate of economic growth in the country can contribute to the alleviation of the problem of youth unemployment. While the special schemes noted in the previous section receive a fair share of the public funds and attention, their implementation in a large country with over 580,000 villages is naturally difficult. The TRYSEM programme to train the rural youth for self-employment has, over the Eighth Plan period, trained about 1.5 million persons in the age group 15-35, but they formed only about 25 to 30 percent of the total population of rural youth aged 15-24.

The macro-economic policies, therefore, have an important role to play, even though their impact may be indirect and not easily identifiable. As noted in Chapter 1, during the post-1991 period, India seems to have embarked on a high growth path and despite the slowdown during 1997 = 98, economic growth rates are unlikely to fall below 5 percent. With the prospective decline in the rate of population growth, the growth of per capita incomes will be higher than was observed during the 30 years between 1950 to 1980. This should, therefore, facilitate reasonably high rates of growth of work opportunities.

(c) Education, Preferences and the Labour Market

Over a period of time, the young work-seekers adapt to the nature of the labour market faced by them and adjust their aspirations and work preferences. The process seems to have begun already between 1987-88 and 1993-94, in the form of greater absorption of the young workers in

[18] The names of states with a relatively very small sample have not been listed here.

[19] These projections estimate a sharp decline in the rate of natural increase of population to 1.5 per cent during 1996-2006.

self-employment. It would probably be a mistake to attribute the change to the new economic policies, which had been in operation for only two years prior to the survey. However, the process can be facilitated further by a well-targeted dissemination of the relevant information about the ongoing changes in the nature of the labour market through the educational institutions and the media. The National Employment Service can also help to handle the task.

A majority of the unemployed youth consists of persons with no prior work experience — new entrants into the workforce. The high rates of youth unemployment have probably contributed to the rise in the proportion of youth attending schools and colleges, but the latter do not provide any work experience. The extent to which education in the schools and colleges of India raises the productivity of the educated in the subsequent work opportunities is not clear. The unsatisfactory quality of their education has partly been the bottleneck. The educational planners have aimed to reorient education to include training relevant to the needs of the economy through vocationalisation, but it has not been possible to implement the proposed policies.

Again, the question of availability of adequate resources for investment in education and training seems quite important. The example of Kerala suggests that private investments in high quality education may be quite important and education policies need to be flexible enough to permit private sector educational institutions to operate. Closer association between the private sector employers and the educational institutions can also help to minimise the gap between the needs for and the supply of skills. The Indian educational institutions also need to inculcate a habit of innovation and/or creative thinking among the students. This could play an important role in augmenting the contribution of the youth to raising the productivity of investments. This intangible factor is crucial for helping India to overcome the constraints of limited natural resources in the face of continuing population growth.

Practical work experience and training emerge as the most important policy objectives. However, these objectives are extremely difficult to achieve, particularly in rural areas and in small towns. The infrastructure for high quality training for marketable skills is quite weak and good trainers are difficult to locate. Considerable investments for this purpose will yield rich dividends. The experiment of setting up a "Land army" attempted in the 1970s in Karnataka to raise the level of skills among the youth, has not been studied adequately and seems to merit a careful re-examination.

(d) Limits of State Action and the Importance of Infrastructure

While considering policy initiatives to combat the problem of unemployment among the youth, we need to place in perspective the limits of state action in a country as large as India. The functioning of the democratic form of government in India has invited the criticism that it is a "soft state". However, it is not adequately realised that in a continental country with almost 587,000 villages, population is widely dispersed and implementation of rules and laws is extremely difficult. Even in 1991, after 40 years of a rather high rate of population growth, 67 percent of India's villages had a population of less than 1000 persons; over three-fifths of these villages (42 percent or 245,000) had less than 500 persons each. Albeit, these villages accounted for only 26 and 9.5 percent of the rural population, but they included higher proportions of scheduled tribes than is the average for the nation, and were located in remote, inaccessible areas. In villages with less than 500 population, the number of youth would be less than 100 each. Of these, the number in the labour force would be less than 60 or so and the number of unemployed would probably be no more than 3 to 4. It is also not easy to monitor the manner in which the various schemes, rules or laws would be implemented in these places.

More importantly, 98 percent of Indian villages and 85 percent of nearly a million habitations or hamlets have a school within 1.5 km (assumed to be a walking distance). However, many of them are one-teacher schools and it is not easy to ensure that the teacher really performs the tasks assigned to him/her. Therefore, the extent to which the prescribed training or assistance for self-employment can be provided to the youth is limited. The problems should be much less serious in the larger villages or in the 4500 towns and cities in which the urban youth reside. It is possible that concentrated attention and thought about the problems of the youth will generate some new innovative ideas to overcome the constraints.

The Indian administrative machinery is much better at the formulation of schemes than at their effective implementation. The special schemes outlined in the preceding chapter have not focused sufficiently on the problems and needs of the youth in the age group 15-24. Despite the obvious problems in effective implementation of a narrow age limit of 10 years (in place of a broad range of 20 years), a sharper focus in the training and schemes to promote entrepreneurship would prove useful.

In addition, the general tendency in India to under-fund the programmes leads to compromises with quality. This sobering fact and the failure to recognise fully the real costs of many of the planned activities largely explain the delays in the achievement of the goals relating to vocational education. However, the expected acceleration of the rate of economic growth in the country could indeed generate endogenous pressures for raising the training of youth in skilled activities and thereby help to moderate, if not eliminate, the problem of their absorption in productive economic activities.

The United Front, consisting of 13 political parties, that ruled India for nearly 20 months since June 1996, had, in its Common Minimum Programme, referred to the idealism of the "millions of young men and women" and had proposed to "harness the energies of the youth". It had proposed to set up a Development Corps and deploy the youth "in a large number of public works like afforestation, repair and restoration of canals, waterways and irrigation systems, etc". (Unsigned paper in Kapila, 1996, p. 156.) This ambitious proposal was not implemented, probably because it would have required a major organisational effort to initiate such a development corps in a large country such as India and was, therefore, unworkable. The same objective has once again been reiterated in the National Agenda for Governance adopted by the new coalition government led by the Bharatiya Janata Party (BJP) that has taken charge of the reins of government since March 1998. The BJP may be better able to handle the organisational problems of mobilising the youth because of its experience with the National Volunteer Corps. However, we need to wait and watch the developments as they take place.

To raise the capacity of the Indian society to grapple with some of the long-standing problems, we need to adopt a structure of incentives and sanctions that would put premium on efficiency and growth rather than on palliatives of subsidies or reservations and quotas for specific groups. A meritocratic society will almost certainly create some tensions; but it is more likely to transform the functioning of the Indian society and economy in a short period of time than the continuing compromises to achieve amorphous or conflicting goals. Multi-disciplinary dialogues and discussions on the ways and means of raising the capacity of the Indian society to confront and alleviate the problem of poverty and unemployment need to be organised on a priority basis to tackle the problems of youth as well. The present review is only a beginning and highlights the need for a comprehensive analysis of all the evidence on the subject.

Appendix

Table A.1: Estimates of population and workers for mid-points of survey period, by sex and rural-urban residence, 1972-73 to 1993-94 (in millions)

Round/Reference Date		India			Rural india			Urban India		
		Persons	Males	Females	Persons	Males	Females	Persons	Males	Females
(a) Population										
27	Apr. 1, 1973	573.05	296.84	276.21	455.21	233.56	221.66	117.83	63.28	54.55
32	Jan. 1, 1978	637.57	329.98	307.59	496.14	254.43	241.72	141.42	75.55	65.87
38	Jul. 1, 1983	718.12	371.70	346.42	546.65	280.61	266.04	171.46	91.09	80.38
43	Jan. 1, 1988	790.65	409.91	380.74	593.43	305.51	287.92	197.22	104.40	92.82
50	Jan. 1, 1994	895.10	464.56	430.54	657.31	339.36	317.95	237.78	125.20	112.59
(b) Workers										
27	Apr. 1, 1973	233.41	156.90	76.51	194.40	125.20	69.20	39.01	31.70	7.34
32	Jan. 1, 1978	265.87	176.79	89.08	217.21	138.41	78.80	48.66	38.38	10.28
38	Jul. 1, 1983	302.32	200.13	102.19	243.94	153.49	90.45	58.38	46.64	11.74
43	Jan. 1, 1988	324.61	217.50	107.11	257.67	164.67	93.00	66.94	52.83	14.11
50	Jan. 1, 1994	374.39	252.76	121.63	291.95	187.66	104.29	82.44	65.10	17.34

Table A.2: Estimated number of unemployed persons according to alternative concepts, by gender and rural-urban residence, for 1972-73 to 1993-94

Concept /Year	India			Rural India			Urban India		
	P	M	F	P	M	F	P	M	F
Usual Status									
1972-73	3.88	3.07	0.81	1.82	1.48	0.34	2.06	1.59	0.47
1977-78	7.10	4.00	3.10	3.47	1.82	1.65	3.63	2.18	1.45
1983	5.92	4.70	1.22	2.81	2.21	0.60	3.11	2.49	0.62
1987-88	9.21	5.98	3.23	5.36	3.06	2.30	3.85	2.92	0.93
1993-94	7.54	5.46	2.08	3.66	2.71	0.95	3.88	2.75	1.13
Weekly Status									
1972-73	10.03	5.78	4.25	7.39	3.82	3.57	2.64	1.96	0.68
1977-78	11.15	7.72	3.43	7.32	4.90	2.42	3.83	2.82	1.01
1983	12.25	8.79	3.46	8.26	5.57	2.69	3.99	3.22	0.77
1987-88	14.36	10.37	3.99	9.60	6.72	2.88	4.76	3.65	1.11
1993-94	12.94	8.94	4.00	7.97	5.43	2.54	4.97	3.51	1.46
Daily Status									
1972-73	18.58	11.17	7.41	15.02	8.55	6.47	3.56	2.62	0.94
1977-78	19.18	13.20	5.98	14.28	9.52	4.76	4.90	3.68	1.22
1983	21.68	15.42	6.26	16.24	11.04	5.20	5.44	4.38	1.06
1987-88	17.84	12.13	5.71	11.65	7.33	4.32	6.19	4.80	1.39
1993-94	20.40	14.69	5.71	14.31	10.18	4.13	6.09	4.51	1.58

Table A.3: India: Percentage of young people in the population according to SRS during 1972-73 to 1993-94 by sex and rural-urban residence

	Round/Year/Age-Group		Rural India		Urban India	
			Males	Females	Males	Females
27	1972-73	15-19	9.88	9.21	10.85	10.84
		20-24	7.46	7.92	9.58	9.58
		15-24	17.34	17.13	20.43	20.42
32	1977-78	15-19	11.20	10.69	11.03	11.33
		20-24	8.56	8.37	9.90	10.25
		15-24	19.76	19.06	20.93	21.58
38	1983	15-19	10.77	10.08	10.93	10.99
		20-24	8.31	8.70	9.71	10.27
		15-24	19.08	18.78	20.64	21.26
43	1987-88	15-19	11.05	9.93	10.55	10.40
		20-24	8.85	9.30	9.75	10.50
		15-24	19.90	19.23	20.30	20.90
50	1993-94	15-19	10.62	9.70	10.35	10.15
		20-24	9.20	9.55	9.65	9.70
		15-24	19.82	19.25	20.00	19.85

Table A.4: India: Estimates of young people aged 15-24 for mid-points of NSS survey periods by gender and rural-urban residence, 1972-73 to 1993-94 (in millions)

Round/Reference Date		Persons			Males			Females		
		15-19	20-24	15-24	15-19	20-24	15-24	15-19	20-24	15-24
(a) Estimates of youth population					Rural India					
27	Apr. 1, 1973	43.45	34.98	78.43	23.09	17.44	40.53	20.41	17.54	37.95
32	Jan. 1, 1978	54.34	41.99	96.33	28.50	21.77	50.27	25.84	20.22	46.06
38	Jul. 1, 1983	57.04	46.47	103.51	30.22	23.32	53.54	26.82	23.15	49.97
43	Jan. 1, 1988	62.41	53.82	116.23	33.76	27.04	60.80	28.65	26.78	55.43
50	Jan. 1, 1994	66.81	61.58	128.39	35.97	31.22	67.19	30.84	30.36	61.20
					Urban India					
27	Apr. 1, 1973	12.78	11.29	24.07	6.87	6.06	12.93	5.91	5.23	11.14
32	Jan. 1, 1978	15.79	14.23	30.02	8.33	7.48	15.81	7.46	6.75	14.21
38	Jul. 1, 1983	18.79	17.10	35.89	9.96	8.84	18.80	8.83	8.26	17.09
43	Jan. 1, 1988	20.66	19.93	40.59	11.01	10.18	21.19	9.65	9.75	19.40
50	Jan. 1, 1994	24.39	23.00	47.39	12.96	12.08	25.04	11.43	19.92	22.35
					India					
27	Apr. 1, 1973	56.23	46.27	102.50	29.96	23.50	53.46	26.32	22.77	49.09
32	Jan. 1, 1978	70.13	56.22	126.35	36.83	29.25	66.08	33.30	26.97	60.27
38	Jul. 1, 1983	75.83	63.57	139.40	40.18	32.16	72.34	35.65	31.41	67.06
43	Jan. 1, 1988	83.07	73.75	156.82	44.77	37.22	81.99	38.30	36.53	74.83
50	Jan. 1, 1994	91.20	84.58	175.78	48.93	43.30	92.23	42.27	41.28	83.55

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