

## Strategies for promoting youth employment in India

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### ABSTRACT

Among all the threats India faces, unemployment is one of the cruel threats which pose a serious threats to the normality of the Indian social and political structure. Among the unemployed, in the rural areas 40 to 50 percent are youth and in urban areas it is 58 to 60 percent. This can only be averted by ensuring employability of the youth by training them adequately for productive work, by imparting them marketable skills and the flexibility to learn new things to innovate, and by inculcating in them a proper work ethic. Many strategies have been formulated by the government, however this paper insists some essential strategies such as Vocational Guidance and Education, Apprenticeship Scheme, Training of Craftsmen, Role of Employers' Organisations and Trade Unions, Role of Legislation, Prime Minister's Scheme for Unemployed Urban Youth, Training of Rural Youth for Self-Employment (TRYSEM), Special Schemes of State Governments, and some other Special Employment Schemes. The extent to which the youth avail these schemes ensure the effective organization and implementation of those schemes.

**Key words:** White-collar jobs, Paramedical services, On-the-job training, Scheduled commercial banks, Collateral guarantee, Employment Guarantee Scheme.

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### INTRODUCTION

One of the cruel threats that the globe faces nowadays is unemployment problem and India is not an exemption. According to the national estimates at the time of 1991 census, youth has formed about 18.5 to 19 percent of the total national population, and numbered about 159 million. By 2001 it was increased upto 212 million, and the contribution of youth in the labour force to 107 million. It is expected that in the 2011 census it would again escalate. Among the unemployed, in the rural areas 40 to 50 percent are youth and in urban areas it is 58 to 60 percent. This number does not

appear substantially large for a country with nearly 1.0 billion population, but the consequence could pose a serious threat to the normality of the Indian social and political structure. The major challenge before the country is to ensure the employability of the youth by training them adequately for productive work, by imparting them marketable skills and the flexibility to learn new things to innovate, and by inculcating in them a proper work ethic.

It is had that the current educational practices may perhaps been the bottleneck for youth employment. The educational planners though doing well should aim ahead to reorient education to include training relevant to the needs of the current problem. Closer association between the private sector employers and the educational institutions and the training and assistance for self-employment provided to the youth is also limited. Hence the Government has been taking

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serious steps to overcome; some of the steps have been highlighted in this paper.

### **Strategies to Promote Youth Employment in India**

In India during 1950 the initiation of five year plans had the goal of increasing employment opportunities and eventually eradicating unemployment from the country. Over the past three decades the budget outlay of the government for formulating and implementing several schemes for eradicating unemployment and promoting employment is also apparent. Some of the glorified employment schemes have been aimed specifically at the youth to improve their skills and to promote self-employment and some of the schemes have also been modified in the light of experience and the findings of evaluations undertaken by various agencies and institutions on behalf of the government and others.

### **ROLE OF EMPLOYERS' ORGANISATIONS AND TRADE UNIONS**

Indian trade unions have been taking keen interests to promote employment for the unemployed persons. 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 help and to identify the skills in short supply for the future period. Though the intensity of the problem is very serious and much larger it needs a larger perspective to encounter.

### **ROLE OF LEGISLATION**

In 1950, India aimed at providing 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. According to the 1993-94 survey, the percentage of children aged 5-14 who had never attended school accounts to 3 to 4 percent in rural India and 2 to 3 in urban

India. About 22 and 41 percent of the rural boys and girls in the age group (10-14) had dropped out from the school which is much higher than their urban counterparts. To overcome these, the government would enforce minimum age for leaving the schools.

### **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 and the availability of white-collar jobs. 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 and the Eighth Plan had adopted a goal of diverting about 1.16 million higher secondary school students to the vocational stream.

### **APPRENTICESHIP SCHEME**

In the 1950s, the government attempted to link the young job seekers with the industrial units for providing formal training. As a result Apprenticeship Act was enacted in 1961 and came into force on March 1, 1963 to make it obligatory for the employers in specified industries. The training includes both basic

skills and on the job or shop floor training according to the standards prescribed by the Government. So far, 132 trades in 218 industries with about 25,000 enterprises have been covered under the scheme. The number of apprentices trained under the scheme has risen from just 1200 initially to 129,000 in 1991 and 150,000 during 1995-96. A monitoring mechanism is essential to evaluate and ensure since there is widespread doubt about the extent to which the employers are willing to train the apprentices and the stipends offered during training.

### 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. Since the quantity and the quality of the output of ITIs do not meet the needs of the Indian industry, most firms 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. In spite of the above it is not felt widely enough because of the dispersal of the population and the large magnitude of the problem.

### PRIME MINISTER'S SCHEME FOR UNEMPLOYED URBAN YOUTH

Since 1995 Self-employment for Educated Urban Youth (SEEUY), has been subsumed under a new scheme called the Prime

Minister's Rozgar (Employment) Scheme (PMRY) which 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 391.6 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. Since 1993 the Government has been implementing Prime Minister's Rozgar Yojana or a Scheme for Educated Unemployed Youth has been implemented to assist one million educated unemployed youth (from both rural and urban areas) by 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 are made to have 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.

### **TRAINING OF RURAL YOUTH FOR SELF-EMPLOYMENT (TRYSEM)**

TRYSEM was initiated on 1979, to provide basic technical and managerial skills by imparting training through formal institutions, including industrial and servicing units, commercial and business establishments and through master craftsmen 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 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 trainees are eligible for loans from the banks under the Integrated Rural Development Programme, being implemented in all the districts of the country. 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.

### **SPECIAL SCHEMES OF STATE GOVERNMENTS**

Besides the national schemes 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. 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.

### **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).

### CONCLUSION

The schemes listed above add up to a fair amount of effort on the part of the government to relieve youth unemployment. These 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. The extent to which the youth avail schemes is not ensuring dependable age, 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 are not easy to fulfill with a high degree of precision.

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