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Abstract

India is undergoing demographic transition and it is gaining economically from the changing age structure. Among the age structure, the age between from 15 to 34 is an important human resource for economic development. The youth population in the agegroup 15-34 years is increasing from 353 million in 2001 to 430 million in 2011 and then continue to increase to 464 million in 2021 and finally to decline to 458 million in 2026. Youth population comprises 35 per cent of the urban population and 32 per cent of the rural population. According to 2011 Census 84.5 million young people in India live below poverty line, which is the highest rate worldwide, at 44.2 per cent of the total youth population at the same time there are 44 million Indian youth who are undernourished, which constitutes 23 percent of the youth population of India. The work participation rate among young people has declining from 55.5 percent in 1983 to 46.0 per cent in 2004-2005. In this context this paper examines the Demographic dividend and youth unemployment: Evidence from India and the selected Indian states from 1981 to 2011. The study is mainly based on secondary data sources. The study concluded that in order to achieve inclusive growth and removal of poverty, sufficient employment opportunities should be generated for the young Indians and the phase of demographic dividend holds the key for achieving sustained growth.

Keywords: Demographic Dividend, Youth Unemployment.

Introduction

Young population is an important human resource for development; they are vital elements for social, economic development and technological innovation change. But recent year these resources have facing a major challenge particularly the employment for young labour force. Young people have been disproportionately affected by unemployment, underemployment, vulnerable employment (sum of percentage of unpaid family workers and own account workers in the total employment) and working poverty. Even during periods of robust economic growth, the labour market is often unable to assimilate large numbers of youth. Recent estimates indicate that 73 million youth, or 13 per cent of all young people worldwide, were unemployed in 2014 and 600 million productive jobs would need to be created for young people over the next decade to absorb those currently unemployed and provide job opportunities for the 40 million youth expected to enter the labour market each year.

Although since 2012 there has been a decrease in youth unemployment rates in many regions, this has not been the case everywhere. In 2014, youth unemployment was highest in the Middle East, rising from 27.6 in 2012 to 28.2 per cent in 2014 and in North Africa, rising from 29.7 to 30.5 per cent during the same period. Increases also occurred in South-East Asia and the Pacific (12.7 to 13.6 per cent). Youth unemployment seems to be quite moderate in India conventionally measured as a percentage of the corresponding 'active' labour force; as per 2009-10 nsso data the youth unemployment was around 10 percent, for rural 6.5 and urban 17 percent.

In the International Labour Conference 2005, the discussion on youth employment, it concluded that there were many young workers who did not have access to decent work. A significant number of youth are underemployed, unemployed, seeking employment or

between jobs, or working unacceptably long hours under informal, intermittent and insecure work arrangements, without the possibility of personal and professional development; working below their potential in low-paid, low-skilled jobs without prospects for career advancement; trapped in involuntary part-time, temporary, casual or seasonal employment; and frequently under poor and precarious conditions in the informal economy, both in rural and urban areas (ILO, 2005).

In India the large proportion of young people reach productive age due to transition from high to low fertility, and the proportion of children and the elderly remains small. It is seen as an advantage, even characterised as a "demographic dividend". In 2020, an average Indian is expected to be only 29 years old, as against 37 in China and the United States. His counterpart in Western Europe would be 45 and the average Japanese, 48 years old. Youth have specific socio-economic needs and play an important role in determining the future trend of economic development of any region. Therefore, it becomes extremely important to provide them with adequate educational facilities as well as income-earning opportunities. Based on this back ground this paper examines the Demographic dividend and youth unemployment: Evidence from India and the selected Indian states.

Objectives

- 1. To understand the level and trends of unemployment among youth in India and selected states.
- 2. To comprehend the relation of youth unemployment with population structure and economic development in India

Data source and Methodology

The present paper is based on various Census of India reports, National Sample Survey rounds on Employment and Unemployment and some of other secondary source from RBI reports and National Commission of Population projection on India and States from 2001 to 2026 by the Registrar General of India. Further, from the census data following three estimations have been made:

- 1. Rate of growth of population and youth population in India and selected states by place of residence.
- 2. Rate of employment and unemployment growth in India and selected states.
- 3. Youth population as a percent to workforce in India and selected states

Concept and Definition Youth

The definition and age grouping of the youth may vary in different socio-cultural contexts across countries. The sociological viewpoint might wish to define "youth" as the transition stage from childhood to adulthood. However, differences continue to exist in the way national statistics programmes in different countries define and measure youth. The Government of India officially defines youth as persons between the ages of 13 and 35 years. For instance, the National Youth Policy (NYP) -2003, 'youth' was defined a person of age between 13-35 years, but in the National Youth Policy (NYP) - 2014, the youth age-group is defined as 15-29 years with a

view to have a more focused approach. In the present paper, both United National and National Youth Policy -2014 definitions are followed.

Demographic Dividend

Demographic dividend refers to a trend that leads to a larger proportion of population in the working age group compared to younger and old age groups.

Unemployment Rate

Unemployment rate is the proportion of the labour force that does not have employment and is seeking and/or available for work. The labour market parameters viz., labour force participation rate (LFPR) worker population ratio (WPR) and unemployment rate (UR) provides an important insight into the labour market conditions. The usual principal & subsidiary status approach is a hybrid one which takes into consideration both the major time criterion and shorter time period (30 days or more in any economic activity). Thus a person who has worked even for 30 days or more in any economic activity during the reference period of 365 days is considered as employed under this approach. In this approach also, the same reference period as taken in the usual principal status approach (UPS) is used. This approach is also called usual status approach.

Importance of Youth for the Demographic Dividend in the Indian Context

India is undergoing demographic transition and it is gaining economically from the changing age structure. Among the age structure, the age between from 15 to 34 is an important human resource for economic development for any country and they are playing significant role for social change and driving force for economic development. Since the 1980s India's growth of about 2 per cent per annum can be attributed to the growing working age population. The youth population in the age- group 15-34 years is increasing from 353 million in 2001 to 430 million in 2011 and then continue to increase to 464 million in 2021 and finally to decline to 458 million in 2026. Youth population comprises 35 per cent of the urban population and 32 per cent of the rural population. According to 2011 Census 84.5 million young people in India live below poverty line, which is the highest rate worldwide, at 44.2 per cent of the total youth population. There are 44 million Indian youth who are undernourished, which constitutes 23 percent of the youth population of India.

Youth in the age group of 15-29 years comprise 27.5% of the population3. India is expected to become the 4th largest economy by 2025, contributing about 5.5%-6% to the world GDP, only after the United States, China and Japan. While most of these countries face the risk of an ageing workforce, India is expected to have a very favourable demographic profile is expected to exceed 1.3 billion by 2020 with a median age of 28 which is considerably less than the expected median ages of China and Japan. The youth population is expected to increase from 195 million in 2001 to 240 million in 2011 and then continue to decrease to 224 million in 2026, pointing to the fact that youth will make a significant contribution to the economic development of the country. This 'demographic dividend' offers a great opportunity to India.

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State of the Economy

The broad patterns of changes in sectoral composition of value added in India and southern states over the last four decades are examined in the light of the objective of attaining pro-poor growth. While, over the years, the value added composition has changed away from agriculture, the structure of the workforce is still dominated by agriculture.

The growth rates of net state domestic product (NSDP) for the selected states and per capita NSDP given in table. The per capita NSDP better reflects development than NSDP; this is one of the most important commonly used economic indicators to measure the growth of the economy. These estimates when studied in relation to the total population of the state indicate the level of per capita net output of goods and services available or the standard of living of the people in the state. These are referred as estimates of per capital income (PCI). The table 1 shows the economic growth of southern states and all India both NSDP and Per capita NSDP gives an positive trend.

Table 1 Economic Growth: a Comparison with Southern States and all India

State	Growth	of NSDP (0 billio	_	Growth of per capita income (in rupees)				
	1981	1991	2001	2011	1981	1991	2001	2011
Andhra Pradesh	73.24	135.80	1260.35	1860.41	1380	2060	16574	37707
Karnataka	55.87	91.12	911.36	2408.17	1520	2039	17352	40699
Kerala	38.23	52.62	629.09	1671.78	1508	1815	19809	50146
Tamil Nadu	72.18	124.23	1263.49	3599.61	1498	2237	20319	53507
All India (NDP)	7273.63	12191.54	21043.65	43482.32	10712	14330	20418	36202

Source: RBI, Handbook of Statistics on the Indian Economy.

Characteristics of Youth in India Size of the Youth Population

In order to understand the situation of young people in India, it is important to understand the rapid demographic changes that produced the historically unprecedented numbers of young people. These demographic changes potentially have important implications on the labour market opportunities, access to public resources, and access to family resources for youth. The size of the youth population has increased three fold during last four decades of the 20th century. It increased from 73.22 million in 1961 to 234 million 2015. The share of youth population in the total population in India increased from 16.7 per cent in 1961 to 18.3 per cent in 2015. Both the size and share of youth population is increasing in India and it is a clear indication of increasing in youth population in the country.

Table 2 Population and Decadal Growth: State-Wise

	Tota	l Populat	ion in (Mil	lions)	Decadal variations					
State	1981	1991	2001	2011	1971- 81	1981- 91	1991- 2001	2001-2011		
Andhra Pradesh	53.55	66.51	76.21	84.67	10.05	12.96	9.7	8.46		
Karnataka	37.14	44.98	52.85	61.13	7.85	7.84	7.87	8.28		
Kerala	25.45	29.10	31.84	33.39	4.11	3.65	2.74	1.55		
Tamil Nadu	48.41	55.86	62.41	72.14	7.22	7.45	6.55	9.73		
All India	688.33	846.39	1028.61	1210.19	140.18	158.06	182.22	181.58		

Source: Census of India 1981, 1991, 2001 and 2011.

The population of India, at the beginning the twentieth century, was only around 238.4 million. This has increased by more than four times in a period of one hundred and ten years to reach 1210 million in 2011. Table 2 presents the population of India as recorded to 1981 to 2011 for all India and southern states in absolute terms; the population of India has increased by about 181.58 million during the decade 2001-2011. Although, the net addition in population during each decade has increase consistently but the changes in net addition in the state level has shows a marginal fluctuation trends over the decades starting from 1981. Kerala shows negative decadal variations among the southern states from 1981 to 2011.

Table 3 Youth Population as Percent of Total Population

	Youth	Populat	tion in (M	illions)	Decadal variations					
State	1981	1991	2001	2011	1971-81	1981-91	1991- 2001	2001-2011		
Andhra Pradesh	18.99	18.24	19.05	19.58	2.65	-0.75	0.81	0.53		
Karnataka	18.77	18.90	19.43	19.23	1.60	0.13	0.53	-0.2		
Kerala	22.11	21.07	18.74	15.85	1.84	-1.04	-2.33	-2.89		
Tamil Nadu	19.08	19.50	19.21	20.65	1.78	0.42	-0.29	1.44		
All India	18.26	18.31	18.47	20.00	1.74	0.05	0.16	1.64		

Source: Census of India 1981, 1991, 2001 and 2011.

Estimate of the number of youth population 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. The above table-3 summarises the decennial census data on the number of youth population and decadal variations from 1981 to 2011. The data shows that the growth rate of youth population is faster an compared to any other age group. Youth population for all India increased from 18.26 million to 20 million, at the same time the data for the southern states shows a positive trend except Kerala (negative trend). However according to the UN Population Division in India will begin to decline from the year 2025, while the census of India states that the decline may begin on early 2015.

Work Force Participation Rate

One of the most obvious economic implications of changes in the absolute and relative numbers of young people is in the youth labor market. The way in which the increasing youth population is absorbed into or adjusted in the labour market is a matter of concern Work Force Participation Rate (WFPR) indicates the supply of labour and is an important input for production of goods and services.

Table 4 Percentage of Workforce Participation Rate

State	Gene	eral part	ticipation	rate	Youth participation rate					
	1981	1991	2001	2011	1981	1991	2001	2011		
Andhra Pradesh	45.76	45.05	45.78	51.50	33.63	32.00	31.63	40.40		
Karnataka	40.252	41.99	44.60	45.62	35.00	33.50	32.20	43.00		
Kerala	30.53	31.43	32.32	36.30	38.44	34.42	30.00	20.60		
Tamil Nadu	41.73	43.31	44.78	45.60	35.20	31.67	30.14	34.50		
All India	36.71	37.46	39.26	39.80	34.00	33.02	32.50	36.90		

Source: Census of India 1981, 1991, 2001 and 2011.

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Table 4 includes the workforce participation rate, constructed from census data. In principle, a higher workforce participation rate should also have a positive impact on economic growth. The work force participation rate both general and youth population in southern states and all India shows since 1981 the general workforce participation rate between 15 to 59 years increased in percentage for all India from 36.71 to 39.80 during the period 1981 to 2011. This is quite surprising because during the last twenty five years, with the economic reforms were in progress and the economy was reaping an average growth rate of between 6 – 7 percent per annum, the WPR of the youth was declining. This could be either due to increasing participation in the education or disappearance of the traditional jobs. The southern states sows that an increasing trend except Kerala and Karnataka shows an high participation rate from 35 percent to 43 percent during the same period.

Employment and Unemployment among the Youth Labour Force

According to United Nations Declaration of Human Rights Article 23 gives, everyone a right to work, to free choice in employment, to just and favorable conditions of work, and to protection against unemployment (United Nations, 1948).

India's significant record on employment growth has, however, not been adequate in view of a faster growth of labour force. Further, there are a few disconcerting features of employment growth in recent years. First, employment growth has decelerated. Second, employment content of growth has shown a decline. Third, sectors with higher employment potential have registered relatively slower growth. Fourth, agriculture, despite a sharp decline in its importance in gross domestic product, continues to be the largest employer as the non-agricultural sectors have not generated enough employment to affect a shift of workforce. Fifth, most of the employment growth has been contributed by the unorganised, informal sector which is characterised by poor incomes and conditions of work. And, sixth, employment growth in the organised sector which seems to have picked up in recent years has been mostly in the categories of casual and contract labour (Papola, 2013).

Addressing youth unemployment is difficult because the problem is multidimensional in nature. It is driven by both job scarcity and skill scarcity (skill mismatches and shortages). Too few jobs are being created for new entrants to the labour market, and many young people, including those with a tertiary education, do not possess the skills required to meet today's labour market needs The proportion of informal workers among employed youth rises to 80 per cent in India.

In India many of the youth remain unemployed and some chronically unemployed. The employability will be low with lack of education and skills. Young women in India face a higher risk of unemployment than men, in particular in urban areas. The problem of youth unemployment particularly that of educated youth, is gradually becoming a major concern. Even in India, unemployment rates are rising. This can largely be attributed to a failure of the agriculture sector that forces workers to migrate and be part of the unorganized sector. Nor are employment opportunities in the manufacturing and service sectors growing. In India, young people are withdrawing from the labour force for the sake of education (Rangarajan, 2011).

Impact of Unemployment

Apart from financial impact, unemployment has many social impacts like theft, violence, drug taking, crime, health as well as it leads to psychological issue and poverty that is directly linked with unemployment as well as inequality. Long term unemployment can actually ruin the family and the society. Table-5 presents the dimensions of youth unemployment in southern states and all India level from 1993-94 to 2009-10. The percentage of youth unemployment rate in India shows that the urban unemployment rate is high compare with rural unemployment. The table clearly shows that unemployment is most serious problem of Kerala particularly educated unemployment among the southern states followed by Tamil Nadu.

Table 5 Percentage of Youth Unemployment Rate in Southern States and All India in Place of residence

State	1993-94		2001-2002		2004-05		2009-2010	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Andhra Pradesh	1.7	9.0	2.3	10.0	2.7	9.1	3.4	8.8
Karnataka	2.7	10.1	1.7	7.3	2.2	7.1	1.8	7.5
Kerala	25.2	26.8	25.8	28.8	33.5	39.4	26.9	22.0
Tamil Nadu	5.3	13.3	5.7	10.8	5.1	9.2	6.6	9.8
All-India	4.4	12.4	4.6	12.4	5.7	11.9	5.7	9.6

Source: Various Rounds of NSSO Employment and Unemployment Surveys.

Table -6 summarises the estimates of the unemployed youth according to the place of residence, separately for rural area, the data shows that the both male and female youth unemployment for all India is creased from 4.8 percent to 5.5 percent and 3.2 percent to 6.5 percent respectively between 1993-94 and 2009-10. Southern states shows that an increasing trend in both male and female youth unemployment in rural area.

Table 6 Percentage of Youth Unemployment rate in Southern States and All India by sex (Rural)

State	1993-94		200	1-2002	20	04-05	2009-2010	
	Male	Female	Male	Female	Male	Female	Male	Female
Andhra Pradesh	2.5	0.7	2.9	1.5	3.4	1.9	3.5	3.3
Karnataka	3.3	1.6	2.2	0.7	2.1	2.5	1.9	1.7
Kerala	19.2	39.4	17.8	45.1	19.1	58.9	13.5	51.6
Tamil Nadu	7.0	3.0	7.6	2.8	4.7	5.6	5.9	7.5
All-India	4.8	3.2	5.1	3.7	5.2	7.0	5.5	6.5

Source: Various Rounds of NSSO Employment and Unemployment Surveys.

Table 7 presents the percentage of urban youth unemployment rate in southern states and all India urban areas shows that the unemployment rate of urban male declined between 1993-94 and 2009-10. But it emerges from the above that the unemployment rate for the urban females is the mixed trend, except Karnataka, Tamil Nadu and All India show declined from 16.6, 18.4 and 19.4 to 11.9, 16.4 and 17.2 respectively.

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Table 7 Percentage of Youth Unemployment Rate in Southern States and
All India by Sex (Urban)

GL-1-	1993-94		2001-2002		2004-05		2009-2010	
State	Male	Female	Male	Female	Male	Female	Male	Female
Andhra Pradesh	8.3	11.3	10.1	9.7	8.6	10.5	7.0	14.0
Karnataka	8.0	16.6	7.0	8.5	5.1	14.1	6.3	11.9
Kerala	19.0	45.2	18.4	50.8	21.6	71.1	10.0	46.0
Tamil Nadu	11.4	18.4	9.4	14.8	7.5	13.4	7.5	16.4
All-India	10.8	19.4	11.5	16.6	10.0	19.9	7.9	17.2

Source: Various Rounds of NSSO Employment and Unemployment Surveys.

Government Supports to Youth Unemployment Eradication

Government of India spends a considerable amount of money on youth development through various Ministries that have schemes targeted at the youth and schemes that target the general population of the country. Currently invests more than Rs 90,000 Crores per annum on youth development programmes and approximately Rs 2,710 per young individual per year, through youth-targeted (higher education, skill development, healthcare etc.) and non-targeted (food subsidies, employment etc.) programmes. In addition, the State Governments and a number of other stakeholders are also working to support youth development and to enable productive youth participation (NYP 2014, p.3.).

Under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which targets offering 24 lakh Indian youth meaningful, industry-relevant, skill-based training and a government certification on successful completion of training along with assessment to help them secure a job for a better future, 5.32 lakh persons have already been enrolled. Of this number, 4.38 lakh have successfully completed training throughout India. In addition, the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), a placement-linked skill development scheme for rural youth who are poor, as a skilling component of the National Rural Livlihood Mission (NRLM) has also been launched. During 2015-16, against a target of skilling 1.78 lakhs candidates under the DDU-GKY, a total of 1.75 lakh have been trained and 0.60 lakh placed till November 2015 (Economic survey 2015-16, p.202).

Youth-Barriers in the Labour Market

In order to implementing a appropriate policies to promote better labour market outcomes for youth, it is necessary to understand the specific barriers faced by the young people in India.

Skills Mismatches

In India between the skills that employers require and those that the potential working population has hinder the chances of finding employment. This problem can result from inadequate educational systems, through which youth do not acquire the specific skills that are needed to take up productive work in particular economic sectors. However, mismatches in basic and non-technical skills, such as numeracy, literacy, soft and life skills, are also increasingly recognized as key barriers to employing youth.

Young Employers Suffer Disproportionately from Economic Fluctuations

Many young people faced disproportionate difficulties in securing a job during the economic fluctuations. These vulnerabilities, in turn, translate into higher probabilities of working part time or informally and receiving lower wages than adults. In addition, youth labour force participation is often highly sensitive to shifts in labour market situations. These kinds of economic fluctuations affect not only youth unemployment but also the morale of young people and their attitude toward work and responsibilities in general.

Job Search Barriers

The information gaps between jobseekers and potential employer's leads to sub-optimal job allocations, especially among the most disadvantaged jobseekers that lack access to job networks. In many developing world, acquiring a degree does not mean much in the labour market if employers are not aware of what the degree means in terms of skills levels.

Barrier s to the Creation of Young Entrepreneurs

Many young people are faced my entrepreneurial constraints, particularly in financial, physical, and social capital, negatively affects young entrepreneur's ability to secure decent self-employment opportunities. Young entrepreneurs face numerous barriers to starting a business, especially when their initiative is driven by necessity rather than choice.

Conclusion and Suggestions

To concluded that demographic dividend and youth have played an important role in the development of every advanced nation. Therefore, it is the duty of the parents, elders and leaders to look into the problems of our youth and channelize their boundless energy for nation-building activities. Otherwise, their energy maybe dissipated in wrong direction creating chaos in the country. To check unemployment among the youth in India, various measures have been initiated and there is a need to learn others' experiences, their employment programmes, understand the nature of unemployment and measures to enhance employability and employment opportunities. The following suggestions can be reduce the youth unemployment problem in India.

- Government should step up their efforts to support skill and retraining activities to address
 the gaps between demand and supply of work skills and qualifications and to address longterm unemployment.
- 2. There is a need to huge investment training and skills amongst the youth. It means "a complete overhaul of our education system closely integrating it with an effective apprenticeship regime, Create a productive workforce that can make a sustainable contribution to India's economic development.
- 3. Policies should ensure that the education systems prepare young people for the skill demands of employers through outreach programmes, training, apprenticeships, and access to job-search assistance measures.

ISSN No: 2319-961X Vol. 5; No. 2; March – 2017

- 4. Many young people have also quit blaming someone else for their lack of opportunities. Youth should rely on their own entrepreneurship skills and create opportunities for themselves.
- 5. Many self-employment and wage-employment programmes have been launched in India with limited success. For various reasons their full potentialities are not realised. Involvement of youth in the implementation of programmes for distribution of job-cards, ration-cards, Aadhar cards etc, along with Officials would reduce the leakages to a great extent.
- 6. Youth must be made to realize their power and responsibility. Youth must be encouraged in all possible manners to start their own business. They should become entrepreneur that is job-providers and not mere job- seekers. India has a great opportunity to meet worldwide demand for work force.

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