

Youth unemployment bucks India's rapid growth

Nation's 'demographic dividend' will only be a boon if there are enough jobs



Indian police detain unemployed youths during a protest rally in Hyderabad © AFP

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Three years ago, Rashmi Kathuria decided she was fed up with the number of children leaving the school where she worked in north Delhi and not being able to find decent employment — so she decided to do something about it.

5 Ms Kathuria, a maths teacher at the Kulachi Hansraj Model School, set up a young enterprise scheme to help pupils set up their own businesses and gain some real-life experience of the skills they might need in the workplace. The scheme was operated under the auspices of Teach a Man to Fish — an international non-governmental organisation that sets up similar programmes across the world.

10 “It is hard for many of these children to find a job in India,” Ms Kathuria says. “Those who are good academically will try and get a good job with a corporation or in government but, even then, many of them fail because they lack the skills they need and cannot get past the interview.”

With two-thirds of its 1.2bn people under the age of 35, India has the world's largest youth population — something that is both a blessing and a curse for the nation.

15 The more optimistic predictions about the future of the economy cite the potential of this army of young and relatively cheap labour, which is helping to propel the country's growth. At a time when many nations are looking after ageing populations, the proportion of dependants in India among the population as a whole is forecast to fall until 2040. But this so-called "demographic dividend" will only amount to a boon
20 if there are enough jobs for the nation's young people. And those jobs are proving difficult for politicians and businesses to provide.

In a recent survey of about 6,000 young people aged between 15-34, New Delhi's Centre for the Study of Developing Societies (CSDS) found that 18 per cent of respondents cited unemployment as India's biggest problem, while 12 per cent
25 mentioned poverty and inequality. More than 70 per cent said they were anxious about their own job situation.

India does not measure youth unemployment on a regular basis, but the latest data available, from 2012, show that just over 10 per cent of Indian people aged from 15 to 24 were out of work. This figure does not capture the very high percentage of
30 workers in self-employment and informal labour, however. A 2016 survey from the labour bureau found that almost 80 per cent of India's total labour force was either self-employed or working as casual labour. The CSDS study also found that self-reported unemployment rates are higher among graduates than among those without degrees.

35 Experts are beginning to worry that India's rapid growth — its GDP is increasing by around 7 per cent per year — is coming without any significant addition of jobs. "We all know that not enough jobs are being created," says Dharmakirti Joshi, chief economist at Crisil, the Indian rating agency. "Part of that is because the sectors that employ the most people — manufacturing and construction — have not been doing
40 well, and part of it is because processes are becoming more efficient."

Mr Joshi points out that in 2001-02 it took 11 people to produce Rs1m of real output, but 10 years later, it took just 6. That trend is likely to accelerate as automation replaces some of the low-skilled work on which millions of Indians rely.

"Automation is coming and technology is affecting workplaces around the world,"
45 says Sher Verick, deputy director of the International Labour Organisation in India. "India will have to focus on moving up the value chain in terms of the products that are being manufactured."

Over the years, successive Indian governments have launched schemes to both increase the number of new jobs being created and young people's ability to do them. One of the largest of these is the Mahatma Gandhi National Rural Employment Guarantee Act, which guarantees 100 days of work a year to every adult in a rural area willing to perform unskilled manual labour for the public sector. Other schemes are more focused on specific skill development, such as the Skill India Mission, launched by India's prime minister Narendra Modi in 2015, which aims to provide training to 400m people by 2022 through various government initiatives.

But for all the policy activity, experts say that young Indian workers still do not have the kinds of skills needed to give them the kind of high-value manufacturing jobs that will help to increase people's incomes.

Jayshree Sengupta, senior fellow at the Delhi-based Observer Research Foundation, considers youth unemployment to be the biggest problem facing India. "The last Budget had no specific schemes for youth unemployment, except the old skill development scheme, which has not been very successful," she says. "Today most youths are absorbed in low-paid jobs in the informal sector. They have little education to get higher-paid jobs in the organised [economy]."

Ms Kathuria says it is often left to volunteers to provide the kind of job training the state struggles with: "Children are being trained to pass exams, but they are still not getting the kind of skills training they need to satisfy job requirements."