Unemployment in India: Issues and Challenges

Laxmi Rani\textsuperscript{1}, Cyma Anjum\textsuperscript{2}

\textsuperscript{1}Department of Psychology, MSKB College, BRA Bihar University, Muzaffarpur
\textsuperscript{2}Assistant Prof of Education, LNMCBM (Edu. Prog) BRA Bihar University, Muzaffarpur

Abstract:
Youth unemployment poses a significant global challenge, with India increasingly facing this daunting issue. The lack of job opportunities other than the agriculture sector has exacerbated the problem over time. India’s vast workforce remains underutilized, highlighting the pressing challenge of youth unemployment in the current economy. To address this issue, there is a need to enhance educational attainment and skill development among the youth population. Despite improvements in enrolment rates, the declining proportion of youth in the labour force underscores the persistent problem of youth unemployment and underemployment in India. Economic reforms have not been successful in creating sufficient employment opportunities for youth, posing a threat to the country’s future. Effective planning and strategies by the government and private sectors are essential to educate, train, and employ unemployed youths. Multi-faceted approaches are required to tackle youth unemployment and pave the way for sustainable development.

Keywords: - Youth, Unemployment, Challenge, Economy, Government, Labour, Employment, Underemployment.

Introduction: - Young people play a vital role in development, driving social change, economic growth, and technological advancement. However, effectively utilizing these resources has proven to be challenging. The issue of youth unemployment is widely recognized as the most crucial economic development concern of the 21st century. The economic crisis has exacerbated the plight of young workers, with unemployment reaching unprecedented levels. Unemployment refers to a scenario in which a person actively searches for job but is unable to find it. Unemployment is viewed as an important indicator of the economy health. The unemployment rate is the most common way to quantify unemployment. The official definition of unemployment comes from the United States Bureau of Labor Statistics, which states that people are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks, and are currently available for work. According to the Organisation for Economic Cooperation and Development (OECD), unemployment is defined as those over the age of 15 who are not in paid employment or self-employment but are currently looking for work during the reference period. Unemployment is a circumstance in which skilled and capable persons are unable to find gainful employment at a reasonable wage. Unemployment occurs in both rural and urban settings. Rural unemployment is seasonal, whereas urban unemployment is educated. The employment of young individuals serves as an indicator of the future growth of the workforce. The high rate of unemployment among the youth poses a significant obstacle to achieving social equilibrium, leading to economic turmoil and poverty within society. On one hand, India grapples with a substantial
youth unemployment problem, while on the other hand, the nation is undergoing a transitional struggle to redirect its potential toward rewarding alternative employment opportunities. The elevated levels of youth unemployment are directly linked to inadequate education, training, and skills, as today’s job market demands a higher level of education and skills that are not being adequately transmitted across generations.

The increase in the working-age population poses significant opportunities for economic growth and prosperity for a nation. The challenges lie in the labour market entry for young individuals, who often struggle to secure stable employment. The rising number of unemployed youth is a pressing issue for both developed and developing countries. Failing to integrate young people into the workforce can have far-reaching implications for a country’s economic future. As such, addressing youth employment and unemployment is a key priority on the global development agenda. The bulge in the working-age population presents significant opportunities for growth and prosperity for a nation. It is crucial to address the implications and opportunities that come with this bulge, and states are actively trying to respond to this challenge. One of the critical aspects of this challenge is the difficulty that young people face in finding and maintaining decent jobs when entering the labour market. The increasing number of unemployed youth is a daunting problem faced by both developed and developing countries. It is essential to integrate young people into the labour market to ensure future prosperity and economic development. Therefore, youth employment and unemployment have become prominent issues on the international development agenda. The demographic dividend of youth bulge in India is seen as a source of future economic growth. Although the proportion of youth in the labour force has been declining due to increased school and college enrolment rates, high proportions still indicate that youth unemployment and underemployment will remain significant policy concerns for years to come. The demographic dividend is expected to increase the working-age group and reduce dependency, leading to accelerated growth. However, studies have shown that poor employability due to educational and health deficits may hinder the advantages of this demographic dividend.

The journey from adolescence to youth is a critical period for individuals seeking employment. While some young people inherit family businesses, the majority embark on their first job search, looking for economic opportunities within their own country. The employment market is a dynamic system, with people constantly entering and exiting. Unemployment exists in all parts of the country, although the rate varies from place to place. Since India gained independence, there has been a policy focus on addressing the concerns of the youth. The Planning Commission of India recognizes the importance of the youth and acknowledges unemployment as one of the challenges they face. Several youth welfare programs, including those promoting sports, have been developed. However, the issue of high youth unemployment has not received sufficient attention. It wasn’t until 1987 that India established a National Youth Policy. The government has always been concerned about the well-being of the youth, as evidenced by various youth development programs implemented after Independence. These programs include the National Cadet Corps (NCC), the National Service Scheme (NSS), Nehru Yuva Kendra Sangathan (NYKS), and schemes providing financial assistance to NGOs involved in youth development. In 1985, during the International Year of the Youth, the Department of Youth Affairs and Sports, Ministry of Human Resource Development, Government of India, proposed the formulation of a National Youth Policy for youth development. There was no National Youth Policy in India until 1987. The Government of India has always been concerned about the youth. Various youth development programs have been implemented by the Union Government post-independence, such as the National...
Cadet Corps (NCC), the National Service Scheme (NSS), Nehru Yuva Kendra Sangathan (NYKS), and schemes providing financial assistance to NGOs involved in youth development. In 1985, during the International Year of the Youth, the Department of Youth Affairs and Sports, Ministry of Human Resource Development, Government of India, proposed the formulation of a National Youth Policy for youth development. This policy was presented in both houses of Parliament in 1988. It is recognized that the most important component of the youth program should focus on removing unemployment, rural and urban, educated and uneducated. Since the inception of planning in India, the youth have been acknowledged as "the most vital section of the community (Planning Commission). However, concrete efforts to address youth unemployment, as outlined in the National Youth Policy of 1988, have been limited. The National Youth Policy of 2003 replaced the previous policy from 1988. This policy reaffirmed the nation’s commitment to the holistic development of the young individuals of India and aims to provide an all-India perspective to fulfill their legitimate aspirations. These individuals are resilient in successfully tackling the challenging tasks of national reconstruction and upcoming social changes. The policy emphasizes Youth Empowerment across various aspects of national life. The policy is designed to guarantee the successful implementation of youth development initiatives that foster personal growth and in still values of good citizenship, dedication to community service, fairness, self-sufficiency, national unity, and compassion. It also emphasizes the uniqueness of the entire universe, as stated in our ancient scriptures.

The National Council for Skill Development (NCSD) was established in 2005 under the leadership of the Prime Minister. The Government of India has given high importance to skill development, particularly for the youth. The President of India emphasized that India’s young population can contribute significantly to the country’s progress if they are equipped with the necessary skills. By investing in skill development, India has the potential to account for a significant portion of the global workforce by 2022, which marks the 75th anniversary of its independence. In February 2014, the National Youth Policy, 2014 (NYP-2014) was launched, replacing the previous National Youth Policy, 2003, on the occasion of 150th birth anniversary of Swami Vivekanand. Swami Vivekananda had a strong belief in the potential of the youth to lead the nation forward. The NYP-2014 recognizes the demographic shift in the country and emphasizes the importance of harnessing the power of the youth for social and national development. It is a comprehensive document that reflects inputs from consultations held across the country on various platforms. The policy aligns with the vision of the Government of India and its related ministries. The NYP-2014 presents a holistic vision for the youth of India, which is to empower them to reach their full potential and enable India to establish its rightful place in the global community. To achieve this vision, the policy outlines five clear objectives and 11 priority areas, along with suggested policy interventions for each priority area. The objectives and priority areas of NYP 2014 are summarized below:

**Objectives:**
- Foster a productive workforce that can contribute sustainably to India’s economic development.
- Cultivate a resilient and capable generation prepared to tackle future challenges.
- In still social values and encourage community service to foster national ownership.
- Promote participation and civic engagement at all levels of governance.
- Provide support to at-risk youth and create equal opportunities for disadvantaged and marginalized individuals. Priority Areas:
• Education Employment and skill development  
• Entrepreneurship  
• Health and promoting a healthy lifestyle  
• Sports  
• Advocacy for social values  
• Engaging with the community  
• Encouraging participation in politics and governance  
• Involving youth in decision-making processes  
• Ensuring inclusion for all individuals  
• Upholding social justice.

Methodology:  
The nature of the study is analytic and based on secondary data. The relevant data was collected from different publications of Government of India, census data, Five year Plans, books, journals, magazines, news papers, bulletins and websites.

The incorporation of the Right to Work as a basic entitlement carries significant consequences. Essentially, it implies that all individuals, regardless of their employment status, should have the ability to seek out work. This could serve as a viable method for achieving key goals such as poverty eradication, reduction of inequality, and sustaining a robust economic growth rate. Unfortunately, the economic policies implemented by the authorities have not succeeded in generating sufficient job prospects for the youth in India.

The inclusion of the Right to work as a fundamental right carries significant consequences from a constitutional standpoint; it implies that every citizen, regardless of their current employment status or willingness to work, should have the ability to seek employment. This approach would effectively address the primary goals of eradicating poverty, reducing inequality, and sustaining a robust economic growth rate. Unfortunately, the government’s economic reforms have not succeeded in generating sufficient employment prospects for the youth of India.

The implementation of the Right to Work Act, also known as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA, 2005), has proven to be beneficial for rural youth in terms of their upward mobility and employment transitions in the labour market. The Act introduced the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in February 2006, which was later extended to the entire country in 2008. This scheme provides opportunities for rural youth to engage in unskilled and manual work; emphasizing the participation of women, the scheme of the future of rural youth. The primary objective of MGNREGS is to improve the livelihoods of unskilled youth residing in rural areas of the country. Youth can be understood through three different perspectives. Firstly, from a psychological standpoint, youth is not simply an age group, but rather a state of mind. Secondly, from a biological perspective, youth is the period that spans from the onset of puberty to full biological maturity. Lastly, youth can also be defined as the phase of life in which an individual prepares themselves to adapt and settle into adulthood, encompassing considerations such as education, training, vocation, and marriage. In terms of age, youth generally ranges from 12 years old to around 30 years old, although it can extend slightly beyond that. However, it is important to note that there is no universal definition of youth, as it is challenging to establish clear boundaries and age limits for this stage of life. The concept of youth varies across different societies and evolves over time.
Ultimately, youth is a transitional phase situated between childhood and adulthood in demographic terms. Traditionally, the phase from adolescence to middle age is commonly referred to as the youth period. Age serves as the defining factor in determining youth according to various organizations. The United Nations has adopted the age range of 15 to 24 to define youth. In Sub-Saharan Africa, the term youth is associated with young men aged 15 to 30 or 35. In Nigeria, individuals between the ages of 18 and 35 are considered youth. In Brazil, the term youth encompasses both males and females aged 15 to 29. In India, the National Youth Policy initially defined youth as individuals between the ages of 13 and 35 in 2003. However, the revised National Youth Policy; can be defined as a phase of change from the reliance on childhood to autonomy and in 2014 expanded the definition of youth to include individuals aged 15 to 29 consciousness of interdependence as individuals in a society. It is a flexible classification rather than a rigid age group (UNESCO, 2015). Government Initiatives for Addressing Youth Unemployment in India the Indian government has introduced various employment schemes over the years to tackle the issue of unemployment in the country. One of the significant programs aimed at the youth is the Training of Rural Youth for Self-Employment (TRYSEM). The Indian government, through the Ministry of Rural Development, launched the National Scheme of Training of Rural Youth for Self-Employment (TRYSEM) on August 15, 1979. The objective of this is to equip rural youth from families below the poverty line with essential technical and managerial skills. This will enable them to pursue self-employment or wage employment in various sectors such as agriculture, industries, services, and business services. Eligibility for this scheme is limited to rural youth aged between 18 and 35. However, the minimum age requirement is relaxed to 16 for individuals residing in orphanages, while the upper age limit is extended to 45 for widows, freed bonded labourers, freed convicts, persons displaced by large development projects, and cured leprosy patients. The program aims to include at least 50 percent of youth from Scheduled Caste (SC) and Scheduled Tribe (ST) communities, with a minimum of 40 percent representation from women. Additionally, there is a provision for a 3% reservation for persons with disabilities. Priority for selection is given to scheduled caste and scheduled tribe individuals, ex-servicemen, and those who have completed at least a middle-level education. The program was a collaborative effort between the central and state governments, with the central government providing funding and administrative support. The responsibility of implementing the program at the grassroots level was given to the state governments. Formal institutions, such as industrial and servicing units, commercial and business establishments, and master craftsmen, were involved in providing training. The syllabus for each trade was approved by the District Rural Development Agency (DRDA), which aimed to impart not only job skills but also managerial and entrepreneurial abilities. The duration of the course, subject to approval by the State-Level Coordination Committee, was a maximum of six months. Trainees received a stipend of Rs. 250/- per month if the training took place in their village, and Rs. 500/- per month if it was conducted elsewhere. The amount of the stipend varied between Rs. 250 and Rs. 500, depending on the trainee’s place of residence. Upon successful completion of the training, the youths received a combination of subsidies and institutional credit under the IRDP.

The government of India implemented the Prime Minister’s Rozgar Yojana (PMRY) or a Scheme on October 2, 1993 for educated unemployed youth, which 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). These youths are encouraged and helped to set up microenterprises, covering manufacturing, services, and business ventures. The educated, unemployed youth who would benefit
from this scheme must be between 18 to 35 years of age. The upper age limit is 40 years for those educated unemployed youth who belong to Himachal Pradesh, the North Eastern States, and Uttarakhand. Similarly, for those educated unemployed who belong to Scheduled Castes and Tribes, ex-servicemen, physically handicapped, or women, the upper age limit is 45 years. The minimum educational qualification necessary to qualify in this scheme is passing the 8th standard. Earlier, the minimum educational requirement was appearing on the Secondary School examination (whether passed or failed). Preference is given under the scheme to people who are already training for any trade through a government-recognized or approved institution for a minimum duration of 6 months. A ceiling of income of Rs. 1,00,000/- per family per annum would be a criterion for eligibility under the scheme supported by an affidavit to be given by a beneficiary (as per guidelines issued by the Reserve Bank of India). The eligibility condition is that the beneficiary has lived permanently in the region for at least three years projects up to Rs. 2. lakh for business and Rs. 5. lakh for other sectors; if two or more eligible persons join the partnership, projects up to Rs. 10. lakh are covered. The beneficiary should not be a defaulter to any bank, financial institution, or cooperative bank to avail of this scheme. In addition, individuals who have already received assistance through any other government subsidy program will not be eligible for this particular scheme. The subsidy provided is limited to 15 percent of the total project cost, with a maximum amount of Rs. 7,500 per beneficiary. To ensure that the total subsidy and margin money amount to 20 percent of the project cost, banks are permitted to collect margin money from the entrepreneur, ranging from 5% to 16.25% of the project cost; However, in certain regions such as the North Eastern States, Himachal Pradesh, Uttarakhand, and the maximum subsidy amount is Rs. 12,500 per entrepreneur, and in other regions, it is Rs. 15,000. Priority should be given to vulnerable sections of society, including women, under this scheme. The scheme also includes a reservation of 22.5% for SC/ST and 27% for Other Backward Classes (OBC). If suitable candidates from these categories are not available, the State/UT government has the authority to consider candidates from other categories under the PMRY.

The Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) was introduced by the Ministry of Rural Development (MORD) on September 25, 2014, with the goal of empowering rural youth to become economically self-sufficient and globally competitive. As part of the National Rural Livelihood Mission (NRLM), it aims to enhance the income diversity of rural families and fulfill the career aspirations of rural youth. The scheme is designed to provide socio-economic rights to eligible citizens, with specific criteria in place: it is exclusively for rural youth aged between 15 and 35, with exceptions for SC, ST, women, and PVTG/PWD candidates who can benefit until the age of 45. Eligible individuals must hold a below-poverty-line card, a BPL public distribution scheme card, a Rashtriya Swayamsevak BimaYojana certificate, or equivalent. The DDU-GKY Initiative operates through a 3-tier model: the DDU-GKY National Unit at MORD oversees policy-making and technical support, State Missions provide implementation assistance, and Project Implementing Agencies (PIAs) carry out skilling and placement projects. This centrally sponsored scheme allocates funding to all states (excluding the Northeast) at a ratio of 75% from the central government and 25% from the state government, while the North-eastern States receive 90% central funding and 10% state funding. The scheme has increased funding from Rs. 25,696 to over Rs. 1 lakh per person. The type of project, whether it is residential or non-residential, as well as the duration, determines the funding requirements. The funding encompasses a wide range of business sectors, such as healthcare, construction, retail, gems, plumbing, leather, and
many others. It includes expenses for training, post-placement support, transportation, and career advancement.

The primary requirement is that vocational training should be driven by demand and result in the placement of at least 75% of trainees. DDU-GKY enforces two types of training for each course: Generic Training for Soft Skills, English, and Information Technology, and Trade Specific Skills. The duration of the training varies, with options of 3 months, 6 months, 9 months, and 12 months, corresponding to 576 hours, 1152 hours, 1728 hours, and 2304 hours respectively. Additionally, the training plan includes On-the-Job training (OJT) as a part of the module, with a maximum duration of 30 days for a 3-month course, 60 days for a 6-month course, 90 days for a 9-month course, and 120 days for a 1-year course. The training content must align with the standards set by the National Council for Vocational Training (NCVT) or Sector Skill Councils (SSC). DDU-GKY also requires independent, third-party certification to evaluate the skills, knowledge, and attitude of each trainee. Furthermore, the scheme emphasizes social inclusion by mandating the coverage of socially disadvantaged groups, including SC/ST (50%), minorities (15%), women (33%), and persons with disabilities (3%).

Mahatma Gandhi National Rural Employment Guarantee Act 2005, also known as MGNREGA, is a significant social welfare initiative in India that was enacted on 23 August 2005. It was first piloted in Anantapur District of Andhra Pradesh in February 2006. Initially, the program was launched in 200 of the most underdeveloped districts in 2006, and by 2007, it had expanded to over 130 districts. Within a year, it was implemented nationwide, covering all districts in India except those with a fully urbanized population. The primary objective of MGNREGA is to enhance livelihood security in rural areas by providing a minimum of 100 days of wage employment per year to at least one member of every household willing to engage in unskilled manual labour, with a mandatory one-third participation of women from SC/ST and OBC categories at equal wages. This act is the first of its kind globally to ensure wage employment on such a large scale. On 2nd October 2009, the Indian government officially renamed the program as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The Ministry of Rural Development oversees the implementation of this scheme in collaboration with state governments. Gram Panchayats play a crucial role in planning and executing the program, focusing on creating sustainable assets for rural development at the grassroots level. The involvement of contractors is strictly prohibited, as is the use of machinery. Individuals seeking employment under MGNREGA must be provided with work within 15 days of application; failure to do so entitles the individual to unemployment benefits. The program’s mechanism holds states accountable for offering employment opportunities to rural applicants. Adults who are at least 18 years old are entitled to employment within a 5-kilometer radius of their residence, with minimum wages guaranteed. The funding structure of the scheme includes full funding for unskilled labour and 75% coverage of material costs by the Central Government, while the State Government is responsible for the remaining 25%. The act stipulates a minimum wage and material ratio limit of 60:40.

The Prime Minister’s Employment Generation Program (PMEGP) was approved by the Indian government in August 2008. It is a credit-linked subsidy program designed to create self-employment opportunities by establishing micro-enterprises in the non-farm sector with the assistance of traditional artisans and unemployed youth. PMEGP is a central sector scheme managed by the Ministry of Micro, Small, and Medium Enterprises (MSME) and overseen by the Khadi and Village Industries Commission (KVIC) at the national level. At the state level, the program is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIIBs), District Industry Centers (DICs), and
Scheduled Commercial Banks (SCBs). KVIC disburses subsidies under the scheme through identified commercial banks to the beneficiaries or prospective entrepreneurs. Projects above Rs. 10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector are eligible under this scheme. The maximum project cost is Rs. 25 lakh for the manufacturing sector and Rs. 10 lakh for the business/service sector. Beneficiaries must have at least an eighth-grade educational qualification. Subsidies are provided by the government at a rate of 15% of the project cost for urban beneficiaries and 25% for rural beneficiaries in the general category. Special category beneficiaries, including SC/ST/OBC/Women/Minority/Physically Handicapped/Hill and border areas/NER/Ex- Serviceman, receive subsidies at a rate of 25% for urban beneficiaries and 35% for rural beneficiaries. The beneficiary’s contribution is 10% of the project cost for general categories and 5% of the project cost for special categories such as NER, Hill and Border areas, SC/ST/OBC, Minorities/Women,

Physically Handicapped, Ex-Servicemen, etc

The Rural Self Employment Training Institute (RSETI) was established by the Ministry of Rural Development in 2009 to provide skills training and skill upgrades to rural youth in India. This initiative aims to help unemployed individuals between the ages of 18 to 45, regardless of their background, to secure regular wage employment or self-employment. The RSETIs offer free short- duration residential training programs and assist trained candidates in starting their own businesses. The Lead Bank in each district is responsible for setting up an RSETI with support from the state and central governments. The Government of India has allocated funds for infrastructure development, while state governments are expected to provide land free of charge. Sponsoring banks are required to cover the operational costs of the institutes and ensure credit linkage for RSETI-trained candidates. Every Rural Self Employment Training Institute (RSETI) conducts skill development programs annually, enrolling 25-30 young individuals in each batch. These programs typically last between 1 to 6 weeks. Selection criteria include ensuring that a minimum of 70 percent of participants are from rural areas classified as below the poverty line (BPL) by the District Rural Development Agency (DRDA). Additionally, special consideration is given to individuals from SC/ST communities, minorities, persons with disabilities, and women.

In conclusion, the issue of unemployment among Indian youths is a pressing concern that has been on the rise in recent years. The lack of suitable employment opportunities has led to a cycle of low- quality jobs, inadequate pay, and limited access to education and healthcare for many families. This situation hinders the overall development and growth prospects of the country. With a growing number of skilled and unskilled young people competing for a limited number of jobs, many are left either underemployed or completely jobless. The absence of formal social security further exacerbates the challenges faced by Indian youth, who struggle to survive and find avenues for personal growth. It is crucial to harness the potential of our nation’s youth by providing them with targeted policies and action plans that cater to their specific needs. By engaging young people in various sectors such as the economy, education, agriculture, and industry, we can leverage their energy and skills for the benefit of the country’s development. The successful implementation of youth employment initiatives is essential for India to progress in the global economy. While efforts have been made to address youth unemployment, it is imperative for the government to demonstrate the political will to effectively tackle this issue. Despite ongoing policy measures, India continues to grapple with the challenge of youth unemployment and underemployment, highlighting the need for sustained action and commitment from all stakeholders.
References:
1. Bihar Economic Survey 2023-24; PRS