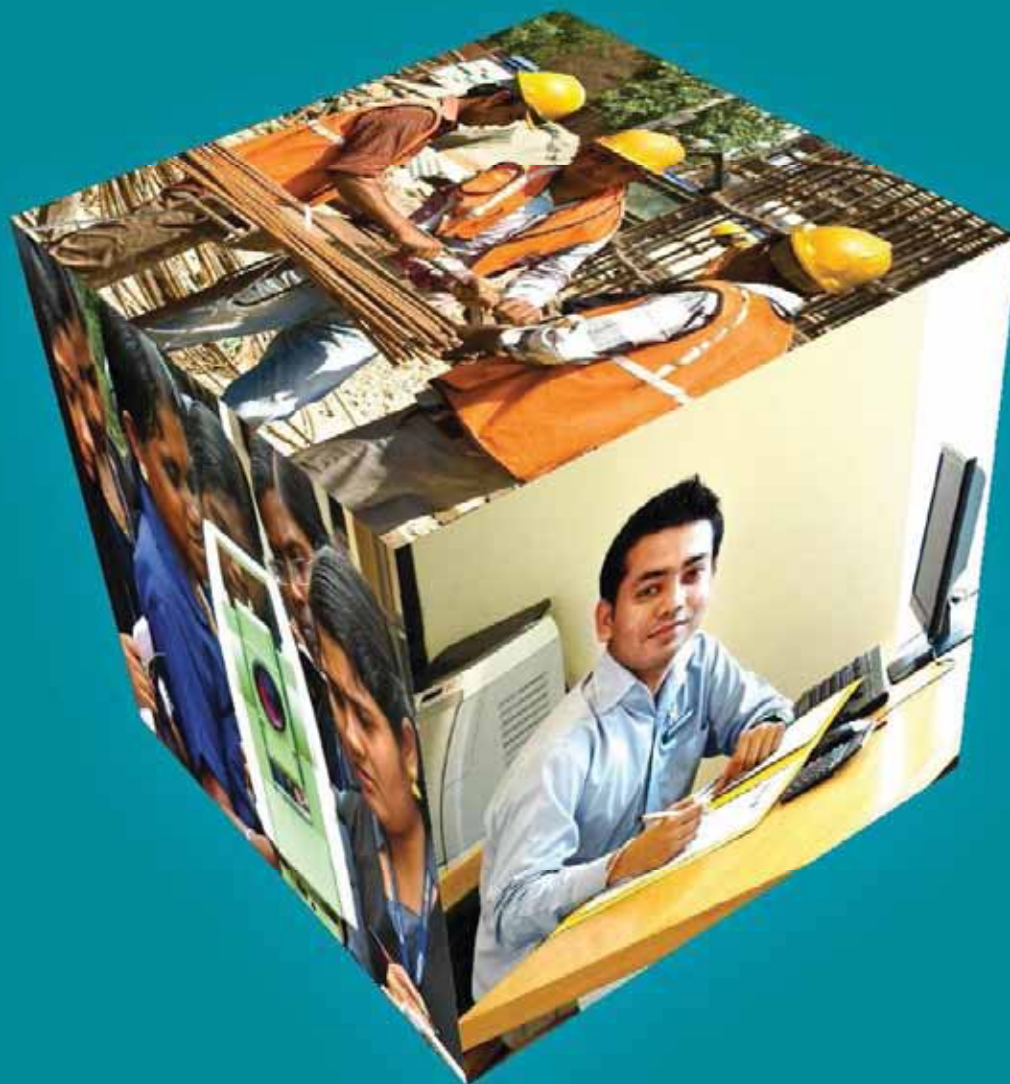


THIRD ANNUAL REPORT TO THE PEOPLE ON EMPLOYMENT

2012



GOVERNMENT OF INDIA
Ministry of Labour and Employment



**THIRD
ANNUAL REPORT TO THE
PEOPLE ON EMPLOYMENT
2012**

**Government of India
Ministry of Labour and Employment**

Appeal to People

We present to the People of India the Third Annual Report on Employment with the objective of generating a healthy public debate on the issue of creating quality employment with distributive justice. We solicit valuable comments and suggestions from the people on major issues highlighted in this Report specially those relating to the employment of youth, women and the disadvantaged groups.

Comments/Suggestions may kindly be sent/forwarded to:

E-Mail Id : **rpemp-feedback@nic.in**

Fax : **011- 23351878, 011- 23350896**

Postal Address : **Director General Employment & Training
Ministry of Labour & Employment
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New Delhi - 110 001**

FOREWORD

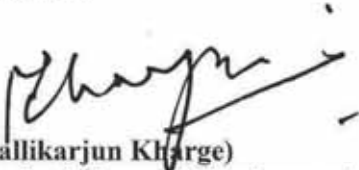
I have great pleasure in presenting the Third Annual Report to the People on Employment prepared as per the directions of the Hon'ble President of India to initiate, inform, and stimulate public discussion on employment and related issues. This report is prepared in continuity with the previous two Annual Reports to the People on Employment. The first report (2010) provided a framework for understanding the emerging issues in Indian labour market in the context of rapid economic growth. The second report (2011) analysed the emerging trends in labour market and highlighted the role of service sector in generating quality employment. The report had also examined the sources and nature of inequalities in the labour market in order to advance the goal of inclusive growth.

This report is presented at a time when the Indian economy is encountering difficult economic situation. The global economic downturn and the consequent crisis in many parts of the world, has not left the Indian economy untouched, even though it was possible to cushion much of the distress signals through strong macroeconomic fundamentals. The main focus of this report is to understand the nuances of youth employment and unemployment and to harness the economy's potential to address the issues of youth employment. Since economies across the world are having to contend with lower output growth as a consequence of global slowdown, how much of this lower growth would adversely affect youth employment remains a matter of concern for all. The report notes that in order to tackle youth unemployment, both demand and supply side issues need to be addressed in a coherent manner. Educational attainment and skill training can create an effective labour supply, but it will become meaningful only in an overall growth promoting environment. With the Government launching a number of innovative schemes to empower the young workforce, the primary challenge lies in the effective implementation of the schemes at the grass root level with active participation from the stakeholders concerned.

Preparation and coordination of the report in the Ministry of Labour and Employment was undertaken by Directorate General of Employment & Training. Research and Technical inputs for the preparation of this report were provided by V.V. Giri National Labour Institute, an autonomous institution under the Ministry of Labour and Employment. I appreciate their professional expertise and inputs in preparing the report.

I present this report to the stakeholders and public in general so that their suggestions and comments can become a part and parcel of government's policy initiative.

Dated: May 2013


(Mallikarjun Kharge)
Union Minister for Labour & Employment

Executive Summary

The Third Annual Report to the People on Employment has been prepared as per the direction of the Honourable President of India in order to generate a public debate on key issues related to employment. The Government of India has shown continuous commitment to ensure productive and sustainable employment for a growing population, which is demographically younger today.

The buoyancy that the Indian economy experienced in the later half of the decade between 2000 and 2010, in spite of the global downturn of 2008, and which continued till 2011, is no longer a reality and the growth projections for 2012-13 have been downscaled to 5.5 per cent. The global economic downturn and the consequent Euro-zone crisis have not left the Indian economy untouched. Although the projected growth rates are still higher than global rates, there is no room for complacency, because if these growth rates continue they will seriously curb the economy's potential to generate greater and quality employment that remains the pre-requisite for achieving faster and more inclusive growth.

A large population can be viewed as a resource rather than a constraint for growth. India's demographic bulge around the age group 15-35 years can translate into a demographic dividend, depending on the ability to develop this human resource into a productive quality workforce, through education and through creation of sustainable employment opportunities. It is a matter of concern that across the world young men and women are finding it increasingly difficult to find decent work. The main focus of this report is to understand the nuances of youth employment and unemployment and to situate the economy's potential to address the issues of youth employment. Since economies across the world are having to contend with lower output rates as a consequence of global transmission effects, how much of this lower growth translates into actual youth unemployment, remains a matter of concern for all.

A look at the labour force participation rates for the age group 15 to 34 years shows a significant reduction in participation rates for both males and females, indicating greater retention of the youth in schools and colleges and a general postponement of entry into employment, and a voluntary desire on the part of women to withdraw from work with rising family incomes. A look at the share of the working youth across work status gives a clear indication of a greater casualisation of labour, both among men and women, rising from 32.1 per cent to 36.2 per cent between 2004-05 and 2009-10, even though the total share of men and women among the youth in jobs has actually declined.

The education attainment data of the Indian youth shows a distinct improvement in overall literacy between 2004-05 and 2009-10, with the number of illiterates amongst the youth declining from 26 per cent in 2004-05 to 18.2 per cent in 2009-10, and a remarkable decline in the number of young female illiterates from 35.9 per cent to 25.6 per cent during the same period.

The 'youth unemployment rates' are generally higher than the adult rates and thereby pose a serious challenge to effective policy intervention. The possibility of social exclusion as a consequence of youth unemployment is a grave problem for the society as whole. The longer the period the young remain unemployed, together with the lack of training and employment experience, the more the rest of their 'working life' and earnings potential in the future are affected.

In order to tackle youth unemployment, both the demand and supply side issues need to be addressed together. Education attainment and skills training can create quality labour supply, but it will become effective only in an overall growth-promoting environment. Therefore, there is an urgent need to design policies that enhance incomes and employment in general. Jobs must exist in the first place for the employable workforce. Policies must include educational support, training, job search assistance and career counseling. The level at which skills training is to be pitched will depend on the already existing levels of skill. The youth groups with specific physical disabilities or low level of skills will require very different levels of skill from the groups who have access to better education and higher skill levels. With the government launching a number of schemes to empower the young workforce, the primary challenge lies in the effective implementation of the schemes at the grass-roots level with equal participation from the stakeholders concerned.

The report also reiterates the need to move towards a situation where increased employment can become a growth strategy in itself. Some of the key strategies to be followed to achieve this objective are given below:

- GDP to be targeted at least at 8 per cent in order to achieve reasonable employment growth;
- Increased investment in social infrastructure sectors, like health care and education to improve the quality of life, productivity and general well-being on the one hand and quality employment on the other;
- Greater reliance on creating new productive employment for sustained poverty reduction rather than short term employment for alleviation of current poverty;
- Focus on inclusion of youth, women and vulnerable groups with their specific needs of training and skill development;
- Greater attention to occupational safety and health, environmental-employment linkages for sustainable livelihoods, entrepreneurship, promotion of appropriate technology and linking of trade and investment policy with employment;
- A greater role to be assigned to active labour market policies. In this perspective, labour market policies need to be seen as instruments of employment promotion – both of the wage and self-employment categories – improving the human capital content of the labour force, raising productivity and use of technologies towards that end, and poverty alleviation, besides of course, ensuring decent working conditions, and employment security;
- While exploring possibilities of securing additional jobs in the service sector, increased investments enhancing the performance of the agriculture sector will go a long way addressing rural unemployment problem and self reliance of the economy;

- A well-focussed policy as well as programmes for the development of micro enterprises ensuring access to inputs, credit, technology, business services and markets to make self-employed adequately productive;
- Collection and compilation of employment/unemployment data on annual basis regularly, giving due emphasis to skills, productivity and earnings;
- Creating a credible Labour Market Information System.

Abbreviations and Acronyms

ATI	Advance Training Institute
BPL	Below Poverty Line
CAGR	Compound Annual Growth Rate
CDS	Current Daily Status
CoE	Centres of Excellence
CSO	Central Statistics Office
DGE&T	Directorate General of Employment and Training
EEMMP	Employment Exchanges Mission Mode Project
EGP	Employment Generation Programme
GDP	Gross Domestic Product
GoI	Government of India
HSRT	Hunar Se Rozgar Tak
ICAR	Indian Council of Agricultural Research
IECT	Information, Electronics & Communications Technology
IMC	Institute Management Committee
ISDS	Integrated Skill Development Scheme
ITI	Industrial Training Institute
KVK	Krishi Vigyan Kendra
LFPR	Labour Force Participation Rate
MES	Modular Employable Skills
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoF	Ministry of Finance
MoL&E	Ministry of Labour and Employment
MoRD	Ministry of Rural Development
NAS	National Accounts Statistics
NCVT	National Council for Vocational Training
NRLM	National Rural Livelihood Mission
NSDC	National Skill Development Corporation
NSQF	National Skills Qualification Framework
NSSO	National Sample Survey Office
OBC	Other Backward Classes

PIA	Project Implementing Agency
PMEGP	Prime Minister's Employment Generation Programme
PPP	Public Private Partnership
RSETI	Rural Self Employment Training Institute
SC	Scheduled Caste
SDC	Skill Development Centre
SDI	Skill Development Initiative
SDP	Sectoral Domestic Product
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHG	Self Help Groups
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SSC	Sector Skill Council
ST	Scheduled Tribe
STEP-UP	Skill Training for Employment Promotion amongst Urban Poor
UPS	Usual Principal Status
UPSS	Usual Principal and Subsidiary Status
VTP	Vocational Training Provider

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1

INTRODUCTION

This report has been prepared in continuity with the previous two *Annual Reports to the People on Employment*. The first report (2010) provided a framework for understanding the emerging issues in the Indian labour market in the context of rapid economic growth. It examined the synergy between economic growth and employment generation, and argued for using employment as a powerful tool for advancing the goal of faster and inclusive growth. The second report (2011) analysed the emerging trends in the labour market and highlighted the role of the service sector in generating quality employment. It also examined the existing inequalities in the labour market in order to advance the goal of inclusive growth. Both these reports were prepared when the Indian economy was very buoyant and was recording high growth rates. However, this report is presented at a time when the Indian economy is encountering difficult external and internal situations. The global economic downturn and the consequent Euro-zone crisis have not left the Indian economy untouched, even though it was possible to cushion much of the distress symbols through strong macroeconomic fundamentals. The current growth outlook does not seem to be very encouraging as the economy could achieve only 6.5 per cent in 2011-12 as against a growth rate of 8.4 per cent in 2010-11. Although this growth rate remains to be significantly higher than the global rates, it is a matter of concern in terms of the economy's potential for generating greater and quality employment.

1.1 APPROACH

Quality employment and enhancing employability are critical for a country like India to reap the advantages of ongoing demographic changes. India's demographic bulge around the age cohort of 15-34 years can translate into a demographic dividend, depending on its ability to utilise the human resources by providing decent and productive employment. This report will primarily focus on the issue of youth employment and some of the key policy responses to it. The extent to which policy responses can be effectively formulated and implemented will depend on a nuanced understanding of the existing and emerging labour market characteristics of the youth, particularly in terms of their employment and unemployment rates, educational attainment and skill levels. It is also critical to understand the labour market characteristics in terms of gender, social groups, and rural-urban

differentials. In developing countries like India, high levels of underemployment and the poor quality of jobs in the informal sector, complicate issues of youth employment and unemployment. Thus, integration of the youth into the labour market emerges as a complex problem. Given the rapid pace at which technological transformation is taking place, it is important to equip the youth with the relevant skills to make them employable and respond to the challenges of change. Innovative skill development initiatives thus become pivotal in promoting and sustaining high levels of quality youth employment. With this approach, the report addresses the following objectives: examine the recent trends in India's economic growth; analyse the emerging labour market characteristics; understand the youth employment and unemployment situation; provide an overview of initiatives taken by the Government of India (GoI) to promote employment, particularly among the youth and the disabled; and identifying key strategies for ensuring faster and sustainable growth of quality employment.

1.2 DATA SOURCES

This report is based on data and information collected from secondary sources. For most of the data related to employment and unemployment, the report uses unit level data and published reports from various rounds of the Employment and Unemployment Survey (EUS) of the National Sample Survey Office (NSSO). The report also uses the Report on Second Annual Employment and Unemployment Survey 2011-12, published by the Labour Bureau. Gross Domestic Product (GDP) and Sectoral Domestic Product (SDP) have been collected from National Accounts Statistics (NAS) as released by the Central Statistical Office (CSO). Additionally, the report uses Census data and related projections made by the Office of the Registrar General & Census Commissioner, Annual Reports of the Ministry of Labour and Employment (MoL&E) and a few other Ministries of the GoI. Five Year Plan documents have also been used for analysing various initiatives taken by the government and documenting the targets and achievements to meet the overall objective of employment growth with distributive justice.

2

ECONOMIC SCENARIO

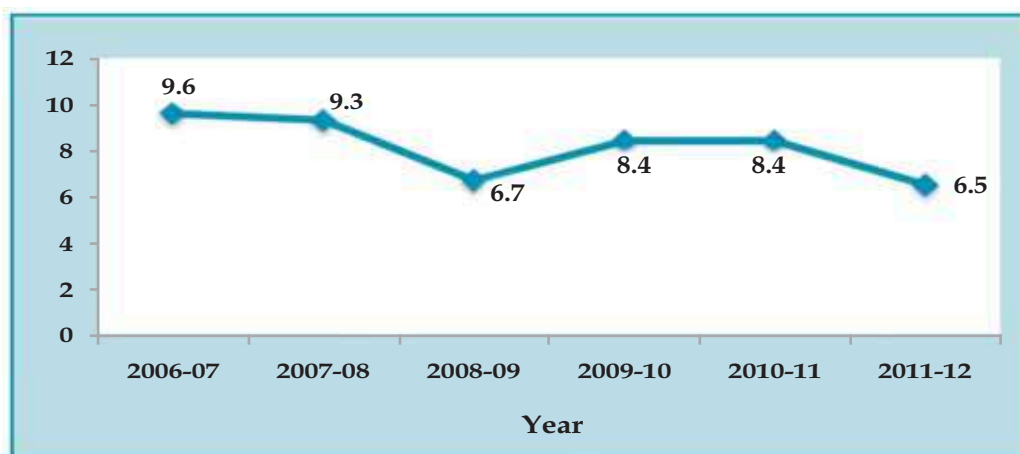
2.1 GLOBAL ECONOMIC ENVIRONMENT

The year 2011-12 saw the unfolding of many new challenges in the global economic environment. During the year, the sovereign debt crisis in the European Union intensified with more countries of the region coming in the grip of it. This pulled down the output growth significantly in the Euro-zone and jolted global growth prospects. Another adverse development was the significant slowdown in the growth momentum even in the emerging market economies, which had so far eluded the recessionary pressures. This was because of both unfavourable external environment and slowing domestic demand owing to policy tightening and capacity constraints. Overall global growth slipped to 3.9 per cent in 2011 from 5.3 per cent in 2010, with growth in both advanced and emerging economies slipping to 1.6 per cent and 6.2 per cent in 2011 from 3.2 per cent and 7.5 per cent respectively in 2010.

2.2 THE INDIAN GROWTH SCENARIO

The Indian economy is currently going through a challenging phase. In 2011-12, GDP growth decelerated significantly to 6.5 per cent from 8.4 per cent in 2010-11 (Figure 2.1). The persistence of the high inflation and the tight monetary stance to curb inflation had a dampening impact on demand, especially investment. The deteriorating fiscal situation during the year due to overshooting of various subsidies led to a higher deficit of 5.9 per cent of GDP for the Central Government against the target of 4.6 per cent of GDP. Consequently, the investments were dampened and gross fixed capital formation growth decelerated from 7.5 per cent in the previous year to 5.5 per cent during the year 2011-12.

Figure 2.1 GDP Growth Rate at Factor Cost (2004-05 Prices)



Source: Central Statistics Office.

The World Bank in its recent forecasts expects India's growth rates not to extend beyond 6.9 per cent, 7.2 per cent and 7.4 per cent in the years 2012-13, 2013-14 and 2014-15 respectively. The Planning Commission has scaled down the growth target for the 12th Five Year Plan (2012-2017) from 9 per cent to 8 per cent.

2.3 SECTORAL TRENDS

The employment scenario needs to be understood in the backdrop of a low growth projection, which presently seems to be a global phenomenon. The sectoral growth trajectories must be examined in order to understand where the employment potential exists and how it can be tapped. At sectoral levels, growth in agriculture and allied activities is estimated at 2.8 per cent, below the expectations of the agriculture sector performing at a sustained level of above 3 per cent (Table 2.1). This downscaling of expectations, particularly from the spectacular growth rate of 7 per cent in 2010-11, has serious implications for job absorption and out migration issues from this sector. The growth in the services sector was 9.4 per cent in 2011-12, as against 9.3 per cent in 2010-11, which is not significantly higher, and therefore the prospects of new job creation will remain limited and will not be able to compensate for the underperformance in the other sectors. The actual slip in the GDP has come from a massive dip in growth in manufacturing from 7.6 per cent in 2010-11 to 2.5 per cent in 2011-12. The domestic tightening of monetary policy in order to contain inflation and to anchor inflationary pressures generally operates through demand compression in the short run. This has significantly slowed down investment and growth, particularly in the industrial sector.

Table 2.1 Sector-wise Rate of Growth of GDP at Factor Cost at 2004-2005 Prices (in %)							
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture, forestry & fishing	5.1	4.2	5.8	0.1	1.0	7.0	2.8
Mining & quarrying	1.3	7.5	3.7	2.1	6.3	5.0	-0.9
Manufacturing	10.1	14.3	10.3	4.3	9.7	7.6	2.5
Electricity, gas & water supply	7.1	9.3	8.3	4.6	6.3	3.0	7.9
Construction	12.8	10.3	10.8	5.3	7.0	8.0	5.3
Trade, hotels, transport & communication	12.1	11.7	10.7	7.6	10.3	11.1	9.9
Financing, insurance, real estate & business services	12.6	14.0	12.0	12.0	9.4	10.4	9.6
Community, social & personal services	7.1	2.8	6.9	12.5	12.0	4.5	5.8
GDP at Factor Cost	9.5	9.6	9.3	6.7	8.4	8.4	6.5

Source: Central Statistics Office.

2.3.1 AGRICULTURE

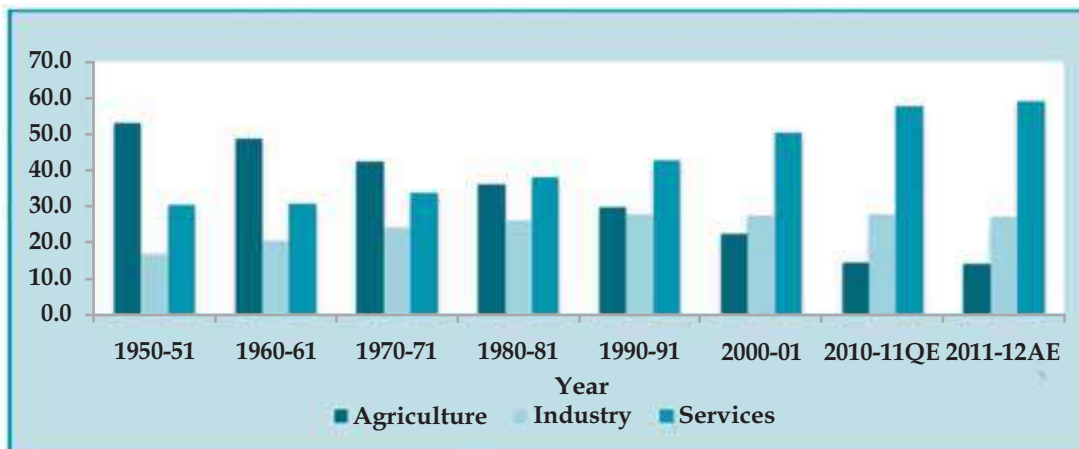
Although the sector's contribution to the overall GDP has been steadily declining, it still occupies a very important place, particularly, in terms of the overall employment share and its critical importance for macroeconomic stability. The share of agriculture and allied activities accounts for 13.9 per cent of GDP at 2004-05 prices in 2011-12, as against 14.5 per cent of GDP in 2010-11. Growth in agriculture is imperative for the realisation of "inclusive growth". Throughout the 11th Plan period, the average annual growth of agriculture has remained at around 3.3 per cent as against a targeted rate of 4 per cent. However, government steps to boost agricultural production helped this sector to clock the highest ever growth rate of 7 per cent in 2010-11, and yet the average annual rate of growth remains at around 3 per cent. Since the contribution of this sector is largely dependent on the vagaries of nature, particularly monsoon rainfall, augmented production from this sector keeps fluctuating. For 2011-12, the Advanced Estimates indicate that food grains production will be around 250.42 million tons, owing to greater production of rice by the major rice producing states of the country. This is a good sign, particularly in terms of containing inflation, but the sector's overall performance does not seem to provide much scope for increased employment potential.

2.3.2 INDUSTRY

The Index of Industrial Production (IIP) has shown extreme fluctuation. A look at the manufacturing figures, from a high of 15.5 per cent in 2007-08, shows an intense

deceleration to 2.5 per cent in 2008-09, largely due to the global meltdown. The next two years saw a steady rise up to 5.3 per cent in 2009-10, and 8.2 per cent in 2010-11. However, global financial crisis kept this recovery limited and fragile and overall growth in this sector has declined drastically to 2.9 per cent during 2011-12. The IIP covers 22 subgroups in manufacturing for which data is processed, of which seven subgroups had in fact negative growth during the same period. The corporate sales data also shows the same picture. Production in eight core industries grew by 0.7 per cent in January 2012 as compared to 6.4 per cent in January 2011. Of the eight core groups, four namely coal (7.5 per cent), fertilisers (4 per cent), cement (10.9 per cent) and electricity (3.2 per cent) showed positive growth whereas the other four namely crude oil (-2.0 per cent), natural gas (-10.4 per cent), refinery products (-4.6 per cent) and steel (-2.8 per cent) registered negative growth.

Figure 2.2 Sectoral Composition of GDP (in %)



Note: QE - Quick Estimates and AE - Advanced Estimates.
Source: Central Statistical Organisation.

2.3.3 SERVICES

The share of services sector is significant at 59 per cent in 2011-12, a modest increase from 57.7 per cent in 2010-11. The service sector growth rate has remained above the GDP growth rate ever since 1996-97, except for the year 2003-04. Trade, hotels, and restaurants as a group, with 16.9 per cent share, is the largest contributor to GDP among the various services sub-sectors, followed by financing, insurance, real estate, and business services with 16.4 per cent share. However, the effect of global downturn is also seen in this sector, with the growth rate almost showing no difference at 9.4 per cent in 2011-12, as compared to 9.3 per cent in the previous year and in fact significantly below the growth of 10.5 per cent achieved in 2009-10. The

2009-10 figure is important because this is the year following the subprime crisis that had left many regions of the world economically distraught.

Historically, the development process entails a shift from agriculture to manufacturing and then to services. In India, the basic structural problem is the slow pace at which labour has moved out of agriculture, as well as of the shift from unorganised manufacturing (and services) to organised one. It is true that in terms of performance, the service sector has been doing reasonably well, and much of the new job additions have come from this sector, but the nature of jobs in this sector is qualitatively different and the modern services sector has limited scope of absorbing relatively unskilled labour displaced from agriculture. The manufacturing sector can actually facilitate large-scale employment and enable high GDP growth, but its poor performance in the last year and a half, has been a cause of concern. It must, however, be noted that the performance of the manufacturing sector in creating employment has always been unsatisfactory, even in those years when the sector was doing relatively well. Thus, even though there is a positive correlation between high growth and employment in general, there is no guarantee that high growth in output will always create sufficient employment.

3

THE EMPLOYMENT - UNEMPLOYMENT SCENARIO

3.1 GROWTH WITH EMPLOYMENT

The search for an employment oriented growth strategy has remained the basic concern of much of India's developmental planning. Reduction in unemployment and poverty alleviation measures are the prerequisites for an "inclusive growth" model. However, during the last two decades, a divergent trend has been experienced in employment and poverty reduction, i.e. even though poverty figures have shown a declining trend, employment growth has been fluctuating. This perplexing scenario calls for efforts to strike greater coherence between economic growth and employment policies. As has been widely accepted, GDP growth, though necessary, is not a sufficient condition for solving the problem of underemployment and unemployment. Thus, in order to formulate effective employment strategies, it is important to know what the current employment-unemployment scenario is like, how past policy interventions have impacted the rate of growth of employment and the composition of the labour force, the performance of the sectors and subsectors and the backlog of unemployment.

3.2 EMPLOYMENT-UNEMPLOYMENT TRENDS

The period between 2004-05 and 2009-10 saw a modest employment growth, with an addition of 6.4 million persons to total employment (Table 3.1). The data released by the NSSO (66th Round) for the year 2009-10 reflects that the total employment [Usual Principal and Subsidiary Status (UPSS)] grew from 459.1 million in 2004-05 to 465.5 million in 2009-10 (NSSO, 2011). India has shown remarkable resilience in spite of a global downturn by at least preventing a net job loss in the most difficult times.

3.2.1 CURRENT EMPLOYMENT SITUATION

The sluggish employment growth during the period 2004-05 to 2009-10 is mainly due to the decline in female employment. Total female employment declined by approximately 1 million in urban areas and approximately 19 million in rural areas during the reference period. Male employment during this period, however, increased at an annual rate of 1.21 per cent and 2.45 per cent in rural and urban areas

respectively, leading to an overall male employment growth of 1.6 per cent per annum (Table 3.1). Moreover, despite a decline in female employment, there was a net employment growth of approximately 0.28 per cent per annum.

Certain positive features emerging from the current employment situation deserve mention here. Firstly, a significant share of people—137 million women and 176 million men in 2009-10 – opted not to work in order to continue education. Secondly, as per the *Annual Employment Review 2010* published by Directorate General of Employment and Training (DGE&T), MoL&E, the last five years have witnessed increased female employment in the organised sector, from 49.34 lakh in March 2004 to 55.34 lakh in March 2009—an increase of 13.1 per cent. Currently, the share of women in organised employment is estimated to be around 20 per cent. Thirdly, during 2004-05 to 2009-10 there was a decline in the subsidiary status employment of women workers. A disaggregation of total employment into ‘principal status’ and ‘subsidiary status’ employment indicates that although there was a decline in female employment by both measures, the rate of decline was much higher in the subsidiary status employment category. In the case of male employment, although subsidiary status employment declined by 3.9 per cent per annum, principal status employment grew by 1.7 per cent per annum between 2004-05 and 2009-10. The overall increase in principal status employment was 0.82 per cent per annum during the same period, which is far higher than the growth rate of total employment based on usual status.

Table 3.1 Number of Workers (Millions) in 2004-05 and 2009-10 and Compound Annual Growth Rates (CAGR in %) between the Two Years									
	Principal status workers*			Subsidiary status workers**			All workers***		
	2004-05	2009-10	CAGR	2004-05	2009-10	CAGR	2004-05	2009-10	CAGR
Rural									
Male	213.5	228.0	1.31	4.5	4.1	-1.98	218.5	232.1	1.21
Female	91.4	81.2	-2.34	33.0	24.0	-6.19	123.8	105.2	-3.20
Persons	304.9	309.2	0.28	37.5	28.7	-5.61	342.3	337.9	-0.26
Urban									
Male	90.1	102.8	2.68	1.4	0.7	-11.73	91.6	103.4	2.45
Female	20.4	20.9	0.47	4.8	3.2	-7.80	25.2	24.1	-0.89
Persons	110.5	123.7	2.28	6.2	4.0	-8.61	116.8	127.7	1.80
Rural + Urban									
Male	303.6	330.7	1.73	5.9	4.8	-3.92	310.1	335.5	1.59
Female	111.8	102.1	-1.80	37.8	27.9	-5.89	149.0	130.0	-2.69
Persons	415.4	432.8	0.82	43.7	32.7	-5.63	459.1	465.5	0.28

Note: *measured as Usual Principal Status (UPS); **measured as only subsidiary workers; ***measured as UPSS.

Source: Estimated on the basis of NSSO 2006 and 2011.

The broad trends of employment presented in Table 3.1 indicate that although the overall employment growth during the period 2004-05 to 2009-10 was moderate, the intensity of employment nevertheless reflected respectable growth. Comparatively slower deceleration in employment for the principal status workers necessarily indicates that increasingly larger numbers of workers were able to get employment for a major part of the year rather than working as subsidiary status workers, i.e. for a smaller part of the year. It has been widely noted that the high employment growth during 1999-2000 to 2004-05 was contributed mainly by the phenomenal increase in the subsidiary status employment of the female workforce. In contrast, whatever employment growth occurred during 2004-05 to 2009-10 was largely contributed by growth in principal status workers.

An increased intensity of employment is also reflected by an overall increased availability of employment to workers based on Current Daily Status (CDS) (Table 3.2). The annual growth of employment on CDS basis for the period 2009-10 is more than 1 per cent per annum, i.e. higher than the growth of employment both in terms of principal status and principal and subsidiary status taken together. The annual growth of employment on CDS basis during 2004-05 to 2009-10 was as high as 2.8 per cent per annum for urban male workers. However, the growth of intensity of employment was negative for women workers in rural areas but marginally positive (0.4 per cent) in urban areas. Nevertheless, a fairly high growth of employment intensity among male workers both in rural as well as urban areas led to an overall growth of employment by 1.1 per cent per annum.

In rural areas, the proportion of self-employed declined from more than 60 per cent in 2004-05 to 54.2 per cent in 2009-10. Similarly, urban areas also registered a decline in the proportion of self-employed by more than 4 per cent from 45.4 per cent in 2004-05 to 41.1 per cent in 2009-10. As a result, the proportion of all wage workers in rural areas increased from approximately 40 per cent in 2004-05 to 46 per cent in 2009-10. A similar increase in wage workers is evident in urban areas.

Table 3.2 Employment on CDS basis (Millions) during 2004-05 and 2009-10 and CAGR (in %)			
	Employment in Millions		
	2004-05	2009-10	CAGR %
Rural			
Male	194.7	211.9	1.71
Female	81.5	72.9	-2.22
Persons	276.2	284.7	0.61
Urban			
Male	86.3	99.2	2.80
Female	20.1	20.5	0.37
Persons	106.5	119.7	2.36
Rural + Urban			
Male	281.0	311.0	2.05
Female	101.6	93.4	-1.69
Persons	382.6	404.4	1.11

Source: NSSO 2006 and 2011 and CAGR are estimated.

Despite the increased casualisation of the workforce in 2009-10 compared to that in 2004-05, what is evident is the significant increase in the proportion of the regular workforce, particularly in urban areas (Table 3.3). The proportion of regular workers, which was more or less constant over the last 10 years, has increased by approximately 2 per cent in urban areas. Normally, regular wage-paid workers have better quality employment and income security than workers who engage themselves on a casual or self-employed basis. The increase in the proportion of the regular workforce, hence, essentially indicates increased employment intensity among workers through relatively secure job markets.

Table 3.3 Percentage Distribution of All Workers by Status of Employment – Self-Employed, Regular and Casual Workers – in Rural and Urban Areas in Different Years				
	Years			
	1993-94	1999-2000	2004-05	2009-10
Rural				
Self-Employed	58	55.8	60.2	54.2
All wage workers	42	44.2	39.9	45.9
Regular	6.5	6.8	7.1	7.3
Casual	35.6	37.4	32.8	38.6
Urban				
Self-Employed	42.3	42.2	45.4	41.1
All wage workers	57.7	57.8	54.5	58.9
Regular	39.4	40	39.5	41.4
Casual	18.3	17.7	15	17.5

Source: Various NSSO Rounds.

The increase in the proportion of regular wage workers (16.4 per cent of the total work force) is a welcome development, although it is difficult to expect any massive increase in jobs in this category in the medium to long-term. With increased casualisation and a crunching out of the self-employed category, unemployment rates may rise, unless adequate interventions are made to encourage the self-employed workers to find productive and remunerative work. This will only be possible if a non-inflationary GDP rate of at least 8 per cent is achieved, which can in turn sustain adequate domestic demand for a reasonable period of time.

One of the reasons for the low growth of total employment during 2004-05 to 2009-10 is the decline in the labour force participation rates (LFPR), i.e. percentage of labour force to total population. The year 2004-05 was marked by a significantly high LFPR compared to earlier periods. More specifically, there was a perceptible increase in the female LFPR during this period. However, 2009-10 registered a decline in LFPR by 3 per cent, from 43 per cent in 2004-05 to 40 per cent in 2009-10. In fact, except for the period 1999-2000 to 2004-05, when the subsidiary status employment growth registered an all-time high, LFPR has shown a marginally declining trend. The literature notes that the increasing participation of the population in education and increased income of workers over the years (termed 'education effect' and 'income effect') have led to declining overall LFPR over a long-term period. A decline in LFPR has a direct impact on employment growth in general, but there are other factors to be considered in the overall employment scenario. The current (2009-10) employment data raises a few issues of serious concern:

- The female workforce registered a very significant decline in employment, by more than 20 million
- The decline was sharper in rural areas than in urban areas
- Subsidiary status workers, who usually form the most vulnerable section of workforce, registered the sharpest decline in employment

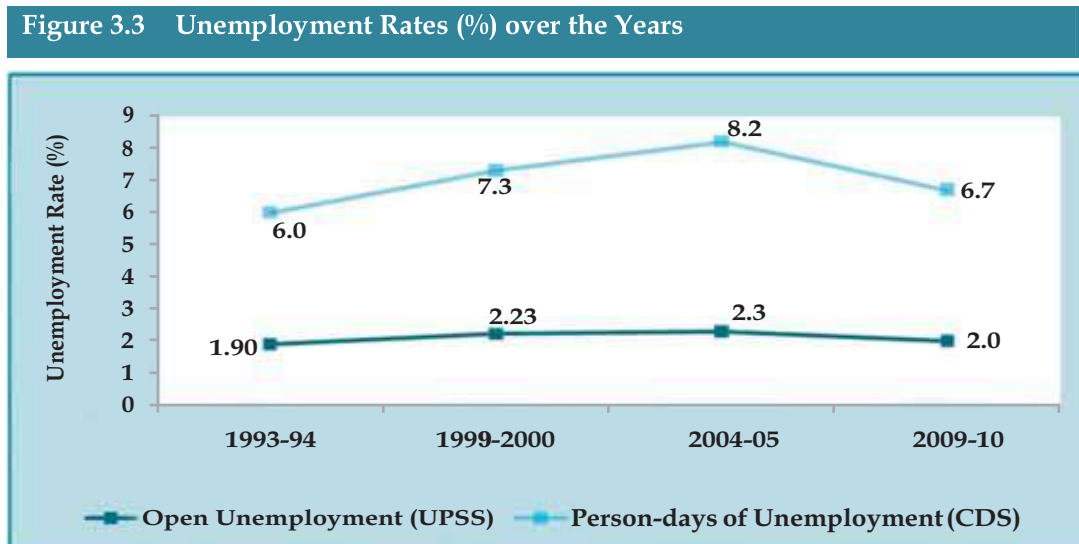
There seems to be a case for attributing such trends to a larger retention of youth in education – “education effect” – and because of higher earnings by men – “income effect” – both indicative of improved economic conditions. However, this argument can at best be treated as an interim one, and it must be recognised that larger numbers of educated youth are soon expected to join the labour force and this will require an accelerated pace of employment creation in the coming years. Moreover, there is a rising segmentation of wages even among the urban educated youth, given the differences of working conditions between the organised and unorganised sectors, clearly highlighting the dichotomies of the urban labour market. The syndrome of intensifying casualisation of labour can in fact be seen not only among intermittent workers, but also among regular workers. The 12th Plan Approach paper

lays stress on skill building as an effective instrument for increased efficiency and contribution of labour to overall production and productivity.

3.2.2 UNEMPLOYMENT SITUATION

The unemployment rate was at an all-time low in 2009-10. Despite a negligible employment growth, the unemployment rate (CDS measure) fell from 8.2 per cent in 2004-05 to 6.7 per cent in 2009-10 (Figure 3.3). Since the CDS approach measures the number of person-days in employed or unemployed categories, the decline in CDS unemployment rates implies that in absolute terms, the total number of unemployed person-days declined by 6.5 million persons, from approximately 34.5 million in 2004-05 to 28 million in 2009-10. In addition, there are also estimates available of the ‘chronically’ unemployed or ‘open unemployment’ rate as measured by principal status (or UPS) of persons in the labour force. This measure provides an estimate of the number of unemployed persons in a year. Obviously, the estimates of open unemployment rates are significantly lower than the unemployment rates estimated in terms of person-days. However, as in the case of person-days of unemployment, the rate of chronically unemployed persons (or open unemployment rates) also declined sharply during 2004-05 to 2009-10.

Medium to long-term trends of unemployment indicate that all through the 1990s and the following period of five years, there was a steady rise in unemployment rates, measured either in terms of person-days or open unemployment rates.



Source: Various NSSO Rounds.

While the rate of chronically unemployed persons (or open unemployment) increased from 2.6 per cent in 1993-94 to 3.1 per cent in 2004-05, the unemployment

rate measured in terms of person-days increased from 6.0 per cent in 1993-94 to as high as 8.2 per cent in 2004-05. The 2009-10 data, however, reflects a sharp fall in unemployment by registering a decline of approximately 1.5 percentage points in person-days and 0.8 percentage points in the open unemployment rate.

4

YOUTH EMPLOYMENT AND UNEMPLOYMENT

Globally, the problem of youth unemployment has acquired alarming proportions and unless there are urgent interventions to stem this trend, the problem will acquire massive dimensions and countries will be unable to reap any demographic dividend from their young population. Several international and national reports recognise this challenge and accept that skill levels have to be raised and job opportunities created so as to not only improve the well-being of the youth but also increase productive potential in a socially cohesive manner. It is also recognised that as a fall-out of the global financial and economic crisis, the youth have borne a disproportionate share of job losses and are continuing to face significant barriers to employment even in the recovery phase.

A higher likelihood of unemployment among the young people can be due to a variety of reasons. The youth entering the labour market for the first time are generally inexperienced, and may find it difficult to find a job quickly. There is also a greater tendency of job-hopping among the young, because they are trying to identify their best option, and these job changes lead to gestational unemployment of small and intermittent spells. Finally, youth are likely to be over-represented in precarious jobs, like temporary and informal jobs, which are normally short duration jobs with limited stability. These are the first jobs to lose out in the face of any adverse economic condition, and the last to be reinstated in the case of an economic expansion. Given such a context, this section provides a detailed account of the prevailing youth employment and unemployment situation.

4.1 ANALYSIS OF YOUTH EMPLOYMENT STATISTICS

Youth are defined here as those belonging to the 15-34 age cohort and the employment estimates based on the 66th Round of NSSO have been used to make some studied observations on the actual youth employment scenario and compare it with the earlier trends.

4.1.1 LABOUR FORCE PARTICIPATION RATE (LFPR)

The LFPR has declined for the age group 15-34 years, from 79.6 per cent among males and 40.5 per cent among females in 2004-05 to 72.9 per cent and 29 per cent respectively in 2009-10 (Table 4.1). This echoes the general trend of a significant withdrawal of women workers. The greatest reduction of male participation rates have occurred in the age cohort of 15-24 years, indicating greater retention of the young in schools and colleges and perhaps a voluntary desire to acquire higher education to strengthen their employability base.

Age	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
15-19	48.8	28.1	39.3	35.5	16.4	27.1
20-24	85.4	38.5	61.9	77.1	28.0	52.4
25-29	97.4	45.8	71.5	96.6	35.1	65.0
30-34	98.8	51.9	74.2	98.9	37.8	67.7
Total	79.6	40.5	60.3	72.9	29.0	51.4

Source: NSSO, 2006 and 2011.

The same trend is applicable to the LFPR among all social groups. As noted earlier, reduction in LFPR in India can mainly be attributed to increase in educational enrolment at the secondary and higher secondary levels. Viewed in this perspective, it becomes evident that the government's affirmative action has given various social groups, particularly the socially disadvantaged, greater access to education.

The shrinking of youth participation rates is visible in both rural and urban areas, and a part of it can be explained as a postponement of entry into the labour market, but the significant declining proportions of rural and urban LFPR in the age group 25-34 years is a clear indication of non-availability of jobs, both in rural and urban areas (Table 4.2). Such a trend highlights two clear policy requirements: (a) enhancement of opportunities for all social groups, particularly socially disadvantaged, to access education; and (b) adequate investment to generate the requisite level of quality employment opportunities.

Table 4.2 LFPR for Youth (15-34 Years) in India by Rural-Urban: 2004-05 & 2009-10 (in %)						
Age	2004-05			2009-10		
	Rural	Urban	Total	Rural	Urban	Total
15-19	43.7	27.3	39.3	30.4	18.3	27.1
20-24	65.6	52.6	61.9	55.8	45.0	52.4
25-29	75.0	62.6	71.5	67.5	59.1	65.0
30-34	77.6	65.1	74.2	70.3	61.6	67.7
Total	64.0	50.6	60.3	54.1	44.9	51.4

Source: NSSO, 2006 and 2011.

4.1.2 SHARE OF THE YOUTH IN WORKING POPULATION

This is an important indicator for assessing how the youth are faring in terms of employment. It is evident from the data that the youth between 15 to 34 years constitute the major proportion in the total working population being around 54.9 per cent in 2004-05 and around 54 per cent in 2009-10 (Table 4.3). The numbers clearly outline India's demographic bulge towards a younger population, and this implies that concrete action is required to provide the youth gainful and sustainable employment. In all the social groups (SCs, STs and OBCs), the same trend is noticeable, with the youth population hovering around 54 per cent to 55.5 per cent of the total working age population during both 2004-05 and 2009-10.

The share of the youth in terms of their place of residence has been equally distributed between the rural and urban areas, being around 54.6 per cent in rural areas and 55.7 per cent in urban areas in 2004-05 and 53.3 per cent and 54.5 per cent respectively in 2009-10. On the other hand, in 2004-05, 48.1 per cent of the total jobs were with the youth (male and female taken together) and this percentage had declined to 45.7 per cent in 2009-10 (Table 4.4). The figures indicate that the sharpest reduction has happened for both males and females in the age group of 15-19 years, indicating perhaps the postponement due to greater access to education. It is amply evident that the youth who are about 55 per cent of the total working age population have a share of less than 50 per cent in the jobs across gender and all social groups, and this share has fallen in the recent years.

Table 4.3 Share of Youth (15-34 years) in Working Age Population (15-64 years) in India: 2004-05 & 2009-10 (in %)

Age	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
15-19	16.8	14.8	15.8	17.1	14.1	15.6
20-24	14.1	14.6	14.3	13.2	13.8	13.5
25-29	12.4	12.9	12.7	12.1	13.3	12.7
30-34	11.3	12.9	12.1	11.4	12.4	11.9
35-39	11.5	11.9	11.7	11.3	12.1	11.7
40-44	9.7	9.3	9.5	9.6	9.4	9.5
45-49	8.6	8.0	8.3	8.8	8.5	8.7
50-54	6.5	6.1	6.3	6.7	6.2	6.4
55-59	5.0	5.0	5.0	5.2	5.3	5.3
60-64	4.2	4.6	4.4	4.6	5.0	4.8
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

Table 4.4 Share of Working Youth (15-34 years) in Working Age Population (15-64 years) in India: 2004-05 & 2009-10

Age	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
15-19	9.0	9.1	9.0	6.8	6.5	6.7
20-24	13.3	11.8	12.8	11.6	10.6	11.4
25-29	13.9	12.9	13.6	13.9	13.4	13.8
30-34	13.1	15.0	13.7	13.8	13.8	13.8
35-39	13.4	15.1	14.0	13.7	15.7	14.3
40-44	11.2	11.5	11.3	11.7	12.2	11.8
45-49	10.0	9.5	9.8	10.7	10.5	10.6
50-54	7.3	6.7	7.1	7.9	7.7	7.8
55-59	5.3	5.0	5.2	5.8	5.7	5.8
60-64	3.6	3.4	3.6	4.2	4.0	4.1
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

4.1.3 WORK STATUS OF YOUTH

Looking at the share of working youth across work status, there is a clear indication of a greater casualisation of labour among both males and females significantly rising from 32.1 per cent in 2004-05 to 36.2 per cent in 2009-10 (Table 4.5).

Table 4.5 Distribution of Working Youth (15-34 years) across Work Status in India: 2004-05 & 2009-10 (in %)						
Work Status (UPSS)	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
Self-employed	25.2	14.2	21.5	23.3	14.1	20.8
Unpaid helper in household enterprise	25.0	45.4	31.7	21.6	37.7	26.0
Regular salaried/wage employees	17.7	8.6	14.7	19.1	11.8	17.1
Casual wage labour	32.2	31.8	32.1	36.1	36.5	36.2
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

Amongst the SCs and STs, the trend towards greater casualisation is more clearly discernible, as around 53.8 per cent SC and 47.6 per cent ST of the working youth are engaged as casual labour (Table 4.6).

Table 4.6 Distribution of Working Youth (15-34 years) across Work Status in India by Social Groups: 2004-05 & 2009-10 (in %)										
Work Status (UPSS)	2004-05					2009-10				
	ST	SC	OBC	Others	Total	ST	SC	OBC	Others	Total
Self-employed	14.5	16.3	22.2	27.2	21.5	13.7	16.1	22.4	24.8	20.8
Unpaid helper in household enterprise	35.0	20.8	35.7	32.6	31.7	31.3	16.2	28.4	28.1	26.0
Regular salaried/wage employees	6.3	12.3	13.1	22.1	14.7	7.4	13.9	15.7	25.7	17.1
Casual wage labour	44.2	50.6	29.0	18.1	32.1	47.6	53.8	33.5	21.5	36.2
Total	100	100	100	100	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

This proportion is much higher than the share of OBCs (33.5 per cent) and others (21.5 per cent). Such a trend clearly underscores the fact that a lot more needs to be done towards improving the labour market outcomes of the less privileged social groups. Earlier, it was observed that all social groups have been affected almost

equally by job reduction but a greater casualisation amongst the SC and ST working youth requires continuous policy interventions to improve their disadvantaged social status, through greater access to education and skill attainment. During the same period youth casual workers increased from 36.3 per cent to 41.7 per cent in the rural areas around expected lines, given the seasonal nature of agricultural employment and the falling share of agriculture in total GDP; however, increased casualisation, up from 17.7 per cent to 19.7 per cent, can also be seen amongst the urban youth indicating that most of the new employment is of casual nature even in urban areas (Table 4.7). In the last eight to ten years, most of the job addition has occurred in the informal sector, but even within the formal sector a greater contractualisation of labour has taken place. As long as contractual labour is able to find continuous employment and has skill levels that can be flexibly adapted to changing situations, increase in casual labour trends may not be particularly bothersome, but if this category is unable to find not just 'decent work' but also decent remuneration, they will create similar pressures as the unemployed youth.

Table 4.7 Distribution of Working Youth (15-34 years) across Work Status in India by Rural-Urban: 2004-05 & 2009-10 (in %)

Work Status (UPSS)	2004-05			2009-10		
	Rural	Urban	Total	Rural	Urban	Total
Self-employed	20.2	26.1	21.5	20.0	23.0	20.8
Unpaid helper in household enterprise	36.1	16.6	31.7	30.2	13.4	26.0
Regular salaried/wage employees	7.4	39.6	14.7	8.1	43.8	17.1
Casual wage labour	36.3	17.7	32.1	41.7	19.7	36.2
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

4.1.4 SECTORAL SHARE IN YOUTH EMPLOYMENT

The share of agriculture in total youth employment has steadily declined from 55.4 per cent in 2004-05 to 49.6 per cent in 2009-10 while youth employment has increased in sectors like construction, including electricity, gas and water supply, 6.8 per cent to 11.3 per cent; transport, storage and communications from 4.8 per cent to 5.6 per cent and real estate, etc. from 1.9 per cent to 2.8 per cent during the same period (Table 4.8). This explains that the nature of new jobs is changing, clearly pointing towards specific skill requirements, but the sectors which are showing increased youth employment are also, at least partially, those which require a casual workforce.

Table 4.8 Distribution of Working Youth (15-34 years) across Industry in India: 2004-05 & 2009-10 (in %)						
Industry	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
Agriculture, Hunting and Forestry, Fishing	47.1	72.0	55.4	43.6	65.6	49.6
Mining and Quarrying, Manufacturing	14.6	14.0	14.4	13.9	13.8	13.9
Electricity, Gas and Water Supply, Construction	9.2	2.0	6.8	13.5	5.4	11.3
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods, Hotels and Restaurants	14.9	3.3	11.0	14.0	3.7	11.2
Transport, Storage and Communications	6.8	0.6	4.8	7.3	0.9	5.6
Real Estate, Renting and Business Activities, Public Administration and Defence; Compulsory Social Security	2.4	0.8	1.9	3.1	1.7	2.8
Education, Health and Social Work	2.5	4.3	3.1	2.4	6.0	3.4
Other Community, Social and Personal Service Activities, Private Household with Employed Persons, Extra-Territorial Organisations and Bodies	2.5	3.0	2.6	2.2	3.0	2.5
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

4.1.5 EDUCATION ATTAINMENT AMONG THE YOUTH

The educational attainment data of the Indian youth shows a distinct improvement in overall literacy, between 2004-05 and 2009-10, with the number of illiterates amongst them declining from 26 per cent in 2004-05 to 18.2 per cent in 2009-10, and a remarkable decline in the number of young female illiterates from 35.9 per cent to 25.6 per cent during the same period (Table 4.9). Yet, both among the men and women, the bulk of the youth population drops out within the middle school level and access to higher education, i.e. beyond high school has remained negligible – 7.4 per cent in 2004-05 and 9.4 per cent in 2009-10. Amongst the SCs and the STs, the picture is even more serious. There is an urgent need to keep a watch over the school dropout ratio, to make higher education accessible, not only by opening up many more institutions of higher learning, both in rural and urban areas, but also by keeping such education affordable, and to opening up centres for vocational training and skill development.

There is also a need to recognise that many amongst the youth are actually not able to postpone their entry into the labour market, because there is a pressure to find some kind of job, underpaid or whatsoever, in order to supplement the family income; in some extreme cases they are the only source of income. The government has recently banned all forms of child labour, which is a welcome step and through the Right to Education Act (RTE), the Gross Enrolment Ratio (GER) in schools should see a qualitative improvement necessary to create an essential literacy foundation for any kind of skill development. This will mean additional responsibility on the part of the State to create meaningful and productive employment for the large youth population who would be ready to enter the labour market.

Table 4.9 Distribution of Youth (15-34 years) across Education Attainment in India: 2004-05 & 2009-10 (in %)

Education Attainment Level	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
Not literate	16.3	35.9	26.0	11.0	25.6	18.2
Literate without formal schooling (EGS/ NFEC/ AEC, TLC, others)	1.9	1.9	1.9	0.3	0.4	0.3
Literate below primary	7.5	7.1	7.3	6.5	7.6	7.0
Primary	15.4	13.1	14.3	13.8	13.8	13.8
Middle	24.8	18.1	21.5	24.6	19.1	21.9
Secondary	15.6	11.1	13.4	20.0	15.1	17.6
Higher secondary	9.6	6.8	8.2	13.4	10.1	11.8
Diploma/certificate course	1.9	1.0	1.4	1.8	0.9	1.3
Graduate	5.7	3.9	4.8	7.0	5.7	6.4
Postgraduate and above	1.3	1.1	1.2	1.7	1.7	1.7
Total	100	100	100	100	100	100

Source: NSSO, 2006 and 2011.

4.2 YOUTH UNEMPLOYMENT

A look at the youth unemployment rates as per UPSS estimates shows that the overall rate of unemployment has not significantly changed between 2004-05 and 2009-10, with a marginal reduction in 2009-10 from 4.4 per cent to 4.3 per cent (Table 4.10). So far as social groups are concerned, there has been a fall in the unemployment rates for the SCs and the OBCs, that too a considerable one; however, the unemployment rates of the STs has witnessed a significant rise from 1.72 per cent to 3.2 per cent (Table 4.11). Since STs are generally rural concentrated, it clearly indicates that job additions and the assistance to look for new jobs have not been forthcoming in rural areas.

Table 4.10 Unemployment Rate of Youth in India by Gender: 2004-05 & 2009-10 (in %) (UPSS)						
Age	2004-05			2009-10		
	Male	Female	Total	Male	Female	Total
15-19	7.2	4.6	6.4	9.0	5.8	8.2
20-24	6.5	8.1	7.0	6.7	8.6	7.3
25-29	2.6	4.6	3.3	2.6	4.8	3.2
30-34	1.0	2.1	1.4	5.5	1.4	7.8
Total	4.2	4.8	4.4	4.1	4.9	4.3

Source: NSSO, 2006 and 2011, calculated from unit level data.

Table 4.11 Unemployment Rate of Youth in India by Social Groups: 2004-05 & 2009-10 (in %) (UPSS)										
Age	2004-05					2009-10				
	ST	SC	OBC	Others	Total	ST	SC	OBC	Others	Total
15-19	2.8	7.1	5.8	8.4	6.4	7.7	8.6	7.4	9.3	8.2
20-24	2.7	6.7	6.5	9.5	7.0	5.0	6.2	6.9	9.4	7.3
25-29	1.0	2.6	3.1	4.8	3.3	1.9	2.2	3.0	4.8	3.2
30-34	6.4	1.2	1.4	2.0	1.4	3.0	5.1	7.1	1.3	7.8
Total	1.7	4.3	4.1	5.8	4.4	3.2	3.9	4.0	5.5	4.3

Source: NSSO, 2006 and 2011, calculated from unit level data.

Table 4.12 Unemployment Rate of Youth in India by Rural-Urban: 2004-05 & 2009-10 (in %) (UPSS)						
Age	2004-05			2009-10		
	Rural	Urban	Total	Rural	Urban	Total
15-19	5.1	1.2	6.4	7.3	1.2	8.2
20-24	5.1	1.3	7.0	5.7	1.2	7.3
25-29	2.2	6.4	3.3	2.3	5.7	3.2
30-34	1.0	2.8	1.4	4.6	1.7	7.8
Total	3.2	8.1	4.4	3.5	6.7	4.3

Source: NSSO, 2006 and 2011, calculated from unit level data.

As far as rural-urban trends in unemployment are concerned, urban unemployment has remained significantly higher than rural unemployment in both 2004-05 and 2009-10. However, rural unemployment has gone up and urban unemployment has declined during the same time. The issue of underemployment is quite common in rural areas, and the lower unemployment rate could be explained due to this tendency. At the same time, open unemployment is often considered to be an

essentially urban phenomenon, but it should not be surmised that the underlying difficulties are in any way an exclusively urban setting problem, or that the solution lies in developing employment opportunities in urban areas alone. The substantial rural to urban migration has serious consequences too. In the case of developing countries looking at the open unemployment figures may be problematic. The link between unemployment and poverty may not be as direct as expected. Extremely poor people can ill afford to remain unemployed and scrape a living somehow by being either self-employed or engaged in some low paying work. Moreover, the “youth unemployment problem” is often seen as an issue related to the educated unemployed alone. In India, the extent to which this argument is valid will depend upon the reliability of the unemployment/poverty relationship and the actual predominance of educated youth among the unemployed.

The “youth unemployment rates” are significantly higher than the adult rates and thereby pose a serious challenge to effective policy intervention. The possibility of social exclusion as a consequence of youth unemployment is a grave problem for the society as a whole. The longer the period for which the young remain unemployed, together with the lack of training and employment experience, the more the rest of their working life and earning potential can be affected.

General economic conditions, global and domestic, affect employment in general and youth employment, in particular. Inadequate aggregate demand in the economy leads to unemployment in general but renders the youth extremely vulnerable, because in times of recession younger workers are the first to be dismissed as they can be laid off at the least cost.

5

POLICY INITIATIVES FOR ENHANCED EMPLOYMENT GENERATION

5.1 DESIGNING POLICIES FOR THE YOUTH

To promote youth employment and to ensure employability through skill development, the Government has undertaken a series of proactive initiatives. For an effective policy design, the Government has kept in mind, the following considerations:

- In order to tackle youth unemployment both the demand and supply side issues must be addressed together. Education attainment and skills training can create an effective labour supply, but it will become effective only in an overall growth-promoting environment. Therefore, there is an urgent need to design policies that enhance income and employment levels in general.
- In terms of policy directives, public works and employment subsidies serve an important purpose and may even be more effective than expensive programmes containing a substantial off-the-job training component. In any case, programmes must comprise both off-the-job training and work placements in enterprises. This balance is crucial and it is worth stressing that of skills training alone does not create jobs and in fact sometimes very high level skills training may actually create unrealistic job expectations which the system will be unable to sustain during recession. Skills training must be directed towards the existence and creation of effective market opportunities.
- Policies must include educational support, training, subsidised work, job search assistance and career advice. Policies must create conditions to give the young and the inexperienced some foothold in the labour market. Self-employment initiatives are extremely crucial and policies must ensure that there are no obstacles when unemployed young people want to set up enterprises on their own. As has been mentioned earlier, self-employment

should not become synonymous with under-employment, and should be able to sustain 'decent work' levels.

- Moreover, programmes must be devised keeping in mind the various target groups, even among the youth. The level at which skills training is to be pitched will depend on the already existing levels of skill. The youth groups with specific physical disabilities or low level of skills will require very different levels of skill from the groups who have access to better education and higher levels of skills.
- Special attention may be given to design programmes for the disadvantaged groups such as those belonging to ethnic/social minorities and the youth with special needs. Very often, targeted programmes are not created to address special needs of these groups and well-meaning programmes lose their efficacy due to the lack of targeted approach.
- The collection and dissemination of information about various labour market indicators must be done on a regular basis and the information must be put to maximum use. This is crucial to design any effective employment programme. Proactive policy intervention should never replace individual or other societal initiatives, and should only complement all efforts at all levels.
- As regards the existing policy initiatives of the Government of India and some private sector initiatives, it will become clear that employment policies, and youth employment policies, in particular, need to be closely linked to the education policy of the State. Many developing countries have a strong opinion that the school curricula need to reflect the requirements of young people once they enter the labour market. Youth employment programmes must incorporate proper mechanisms for monitoring and mentoring the implementation of all such programmes, right from the design stage and in as inclusive a way as possible with the participation of its active stakeholders, including the workers themselves.
- Presently only 8 per cent, formal and informal included, of the total workforce in India has undergone skills training. It is hoped that India can become the worldwide sourcing hub for skilled workers. The challenges for India are big, as it needs to reach out to millions of workers. With the Government launching a number of schemes to empower the young workforce, the primary challenges lie in the effective implementation of the schemes at the grass-roots level with equal participation from the concerned stakeholders.

5.2 POLICY INTERVENTIONS

Within the framework highlighted above, a number of interventions have been initiated to address critical concerns such as promotion of employment and enhancing employability. Although many of these interventions are targeted at the entire workforce, a large majority of the beneficiaries belong to the age cohort of 15-34. This is especially true for the various initiatives aimed at skill development. These interventions can be examined at two levels: (i) Employment Generation Programmes; and (ii) Skill Development and Employability. The key objectives of these initiatives along with their impacts and implications are detailed below:

5.2.1 EMPLOYMENT GENERATION PROGRAMMES (EGPs)

In recent years, EGPs have emerged as an important employment policy tool, particularly, in developing countries like India. This policy envelope includes a wide range of activities intended to increase labour demand (e.g. direct job creation); improve the quality of labour supply (e.g. training and retraining); or enhance the matching of workers and jobs (e.g. job search assistance). Significant economic and social benefits are expected to accrue from these measures. More recently, the case for EGPs has also emphasised the potential social benefits in the form of inclusion and participation that comes from productive employment. EGPs target employment creation directly and can serve equity objectives as well, particularly when programmes are targeted at vulnerable and disadvantaged groups. The major programmes that are currently in operation are: Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarnajayanti Gram Swarozgar Yojana (SGSY), Swarna Jayanti Shahari Rozgar Yojana (SJSRY), and Prime Minister's Employment Generation Programme (PMEGP).

5.2.1.1 MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

The MGNREGA aims at enhancing the livelihood security of people in rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA makes the government legally accountable for providing employment to those who ask for it and thereby goes beyond providing a social safety net towards guaranteeing the Right to Employment. A very significant feature of this Act is that if a worker who has applied for work under MGNREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act.

Apart from providing an immediate safety net, the scheme has served to create village assets, check distress migration, empower women etc. The scheme actively addresses the issue of gender inequalities, one of the major concerns in the Indian labour market. Men and women are to receive equal wages, one-third of all beneficiaries should be women, and worksite crèches are to be provided to enable women with young children to participate in the labour market.

The major achievements under MGNREGA during 2011-12 are highlighted in Table 5.1.

Table 5.1 Mahatma Gandhi National Rural Employment Guarantee Act: Performance Highlights, 2011-12	
Employment provided to households (in crore)	5.05
Person days of employment (in crore)	
Total	216.89
SCs	47.72 (22.0%)
STs	39.82(18.36%)
Others	129.35 (59.64%)
Women	103.73 (47.83%)
Total works taken up	81.42 lakhs
Works completed	20.24 lakhs
Works in progress	61.18 lakhs
No. of disabled persons working	3.92 lakhs
Person days generated by disabled workers	96.05 lakhs

Source: Ministry of Rural Development.

One of the most pronounced impacts of MGNREGA has been on wages in rural areas. Wages for rural workers under MGNREGA have increased in all the states and the impacts have been more visible in poorer states. For instance, wages in Bihar have increased from ₹ 68 in 2007-08 to ₹ 124.92 in March 2012; in Madhya Pradesh, from ₹ 58 to ₹ 119.02; in Odisha, from ₹ 52 to ₹122.24. Such wage increases are emerging as an enabling factor for growth in rural wages.

5.2.1.2 SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

Swaranjayanti Gram Swarozgar Yojana (SGSY)/National Rural Livelihood Mission (NRLM) for self-employment of the poor is an important anti-poverty programme operating in rural areas of all districts of the country. SGSY has a specific objective to bring the assisted Below Poverty Line (BPL) families above the poverty line by ensuring appreciable increase in income over a period of time through income

generating assets by Government subsidy and bank credit. The programme aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area. This scheme targets mainly Self Help Groups (SHG). It is a holistic programme for the rural poor to enable them to organise into SHGs for training, marketing support, backward-forward linkages etc. SGSY has now been restructured as the National Rural Livelihood Mission (NRLM)/Aajeevika following a demand-driven strategy.

One of the decisive aspects of the programme is its emphasis on social mobilisation of the poor. Social mobilisation has enabled the poor to build their own organisations (SHGs), in which they participate fully and directly and take decisions on all issues which enable them to come out of the vicious circle of poverty.

Special Projects

With a view to ensuring inclusion of the rural poor in the growth process, the Ministry of Rural Development (MoRD), Government of India has formulated several schemes and special projects to try alternative strategies. The emphasis under special projects has been to try out new and innovative initiatives which are in the nature of pioneer projects, capable of triggering much needed growth impulses and thereby indicators of possible alternative strategies.

Since 2004-05, within the special project component, the Ministry had been taking up placement-linked skill development projects on a pilot basis through public private partnership (PPP). The success of the pilot projects has prompted efforts to up scale the skill development programme as it was felt that regular wage employment for at least one member of a rural BPL family will enable it to come out of poverty. With this perspective, from 2006-07 onwards only placement-linked skill development projects are being considered and sanctioned.

Objectives

The objective of each Special Project for Skill Development would be to ensure a placement-linked, short duration training and capacity building programme for bringing a specific number of BPL families above the poverty line through regular salaried employment. The salient features of this programme are:-

Strategy & Approach

- **Placement Linked:** Assured placement for at least 75 per cent of the trainees. This is a demand-driven programme and one of its main pre-requisites is the

commitment of the Project Implementing Agencies (PIAs)/industry to employ trained persons.

- **Physical Infrastructure:** No new infrastructure creation is supported by the MoRD under the programme. Leveraging and utilisation of existing infrastructure and facilities for the operation of training centres is the fundamental principle. This enables appropriate use of under-utilised infrastructure and helps the immediate start of the training programme in decentralised locations.
- **Machinery and Equipment:** The PIA has to arrange for requisite machinery and equipment on its own or from the prospective employers to the extent possible on lease/rent or as contribution/participation of employer/PIA.

Training

- **Training Content:** The PIA has to ensure innovative content development with inputs from the industry to ensure employability as per current industry practices. The course/curriculum should preferably be designed jointly with prospective employers/industry. Translation of training and course content into local languages has to be ensured to enable better absorption by BPL youth who may not have exposure to English.
- **Skill Sets:** The objective of the programme is to impart skills necessary for regular employment, so that the initial wages are not less than the prescribed minimum wages. In addition to technical skills, soft skills are also to be imparted to beneficiaries to face the transition challenges of moving from an agrarian backdrop to the industrial environment.
- **Training Partners:** Partnership with training agencies and employers which have the aptitude and capability to conduct training and placement of rural BPL youth after certification acceptable to the industry is solicited.
- **Course Duration:** Preferably short duration of up to three months so that the opportunity cost of being away from productive work opportunities during the training period is minimised.
- **Certification and Assessment of Trainees:** Independent certification and assessment by third party agencies acceptable to the industry or employers is mandatory to ensure high quality standards and employment.
- **Trainee Accommodation:** Wherever necessary, boarding and lodging facilities are to be provided to the trainees by the PIA so that BPL youth in remote locations can be covered. In other cases, trainees are to be provided with to and from transport and food.
- **Mobilisation and Selection of Trainees:** All the trainees in the age group of 18-35 years with requisite aptitude depending upon the trade or job requirements are to be selected from rural BPL families, as per the list

maintained by the District Rural Development Agencies (DRDAs)/State Government. The Project Implementing Agency (PIA) will organise appropriate awareness and publicity campaign in the local electronic/print media as well as meetings especially in SC, ST and minority pockets in rural areas for the selection of beneficiaries. The PIA will also ensure that out of the total beneficiaries covered, a minimum of 50 per cent will be from SCs/STs. Women and minority categories are to be accorded priority in the selection of candidates depending on demographic profile and trade requirements.

Funding Pattern

Placement-linked skill development projects are being implemented through the PPP model. The Ministry provides financial support to the PIAs by way of grants to the extent of 75 per cent of the total cost of the project. The remaining 25 per cent is borne by the PIA or the concerned State Government.

Focus Areas

As part of the strategy to place special emphasis on remote and difficult areas while sanctioning new placement-linked skill development projects, the MoRD has identified IAP/LWE districts, Jammu & Kashmir and north-eastern areas as priority areas.

Current Status

The notable success of placement-linked skill development projects initiated on a pilot basis in 2004-05 has encouraged the Ministry to sanctioning such projects from 2005-06. Upto November 2012 the Ministry has sanctioned 182 placement-linked skill development projects. So far 7.8 lakh rural BPL beneficiaries have been trained out of which 6.22 lakh (i.e. 79 per cent) have also been provided with placement.

SGSY has had a significant impact in improving the economic and social well-being of the poor and the disadvantaged, especially in backward regions of the country. Since its inception, 42.69 lakh SHGs have been formed in rural areas and it is extremely important that women's groups account for a significant proportion (70 per cent) is accounted for by women's groups. It is also striking that nearly 47.46 per cent of the total swarozgaries assisted till date belong to the SCs/STs group. A special initiative has also been taken up under SGSY to set up Rural Self Employment Training Institutes (RSETIs), one in each district of the country, for skill development training of rural BPL youth to enable them to undertake micro enterprises and wage employment. The RSETIs are being set up in partnership with public sector banks. 500 RSETIs were to be set up in the country during the 11th Five

Year Plan. The MoRD has approved setting up of RSETIs in 300 districts. Out of this, 264 have received a grant from the Ministry and have started functioning. Besides these, about 210 RSETIs have been set up by banks on their own initiative. During 2011-12, 16.77 lakh swarozgaries and 2.43 lakh SHGs were assisted.

5.2.1.3 SWARNA JAYANTI SHAHARI ROZGAR YOJANA (SJSRY)

Rise in urban unemployment and underemployment, especially among the youth, is emerging as one of the major problems confronting the Indian labour market. Such tendencies, apart from depriving the youth of opportunities to improve their livelihood options, also lead to widening inequalities in the labour market. One of the major government programmes to address these concerns is the SJSRY. It provides gainful employment to the urban unemployed and underemployed poor by encouraging the setting up of self-employment ventures by the urban poor and by providing wage employment and utilising their labour for the construction of socially and economically useful public assets.

SJSRY was modified with effect from 1 April 2009 and the revamped scheme has five components:

- Urban Self-Employment Programme (USEP) which targets the individual urban poor for setting up of micro enterprises
- Urban Women Self-help Programme (UWSP) which targets urban poor women's SHGs for setting up of group enterprises and providing them assistance through a revolving fund for thrift and credit activities (T&CS)
- Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) which targets the urban poor for imparting quality training so as to enhance their suitability for self-employment or better salaried employment
- Urban Wage Employment Programme (UWEP) which seeks to assist the urban poor by utilising their labour for the construction of socially and economically useful public assets, in towns having a population of less than 5 lakh as per the 1991 Census
- Urban Community Development Network (UCDN) which seeks to assist the urban poor in organising themselves into self-managed community structures so as to gain collective strength to address the issues of poverty and participate in effective implementation of urban poverty alleviation programmes

Under the revamped SJSRY, the component of "Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)" especially focuses on providing

assistance for skill formation/upgradation of the urban poor to enhance their capacity to undertake self-employment or access better salaried employment.

STEP-UP: This targets the urban population below the poverty line, as defined by the Planning Commission from time to time. Under STEP-UP component:

- The percentage of women beneficiaries shall not be less than 30 per cent
- SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population below poverty line
- There is to be 3 per cent reservation for the differently abled
- 15 per cent of the physical and financial targets at the national level are earmarked for the minority communities
- Average per capita ceiling of expenditure is ₹ 10,000/-

Skill training has been linked to accreditation and certification and is preferably to be done on PPP mode with the involvement of reputed institutions like IITs, NITs, Industry Associations, etc.

Table 5.3 Targets and Achievements under SJSRY		
Component wise beneficiaries	2011-12	
	Targets	Achievements
No. of beneficiaries assisted for setting up Individual Micro Enterprises (USEP)	75000	79804
No. of beneficiaries assisted for setting up Group Micro Enterprises (UWSP)	50,000	40494
No. of beneficiaries assisted through Revolving Fund for T&CS under UWSP	1 lakh	1.17 lakh
No. of beneficiaries provided skill training (STEP-UP)	2.75 lakh	3.64 lakh

Source: Ministry of Housing & Urban Poverty Alleviation.

Although the number of beneficiaries under the programme may be insignificant when compared to the overall size of the urban labour market, the programmes are increasingly providing opportunities to urban youth to emerge as job providers rather than remaining job seekers.

5.2.1.4 PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

The Government of India merged the Rural Employment Generation Programme (REGP) with the Prime Minister's Rozgar Yojana (PMRY) and introduced a new scheme called the Prime Minister's Employment Generation Programme (PMEGP) with effect from 1 April, 2008. Micro enterprises are increasingly being viewed as a catalyst for enhancing the income earning capacities of the youth. PMEGP is a credit-linked subsidy programme for the generation of employment opportunities through the establishment of micro enterprises in rural and urban areas. The scheme targets the generation of 37.4 lakh employment opportunities from 2008-09 to 2012-13. The specific objectives of the programme are:

- To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/ micro enterprises
- To bring together widely dispersed traditional artisans/rural and urban unemployed youth and give them self-employment opportunities to the extent possible, in their place of residence
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help check distress migration of rural youth to urban areas

Year	Margin Money Utilised (₹ in crore)	Employment opportunities created (in lakh persons)
2011-12	1058.51	4.72

Source: Ministry of Micro, Small & Medium Enterprises

5.2.2 SKILL DEVELOPMENT AND EMPLOYABILITY

Skill development is key to improving labour market outcomes of the youth. Considerable emphasis is being laid in India on evolving pragmatic strategies to upgrade and enhance the relevant skill training and to improve access to skills for workers as a means to move to a cycle of higher productivity, higher employability, higher income levels, and faster and sustainable economic growth.

5.2.2.1 NATIONAL SKILL DEVELOPMENT POLICY

In 2009, MoL&E formulated a National Skill Development Policy that targets the creation of 500 million skilled workers by 2022, with the following vision:

- Harnessing inclusivity and reducing economic and social divisions among the Indian workforce particularly across rural-urban, male-female, organised-unorganised and traditional-contemporary segments
- Matching the emerging demands for skills across various industries and economic enterprises
- Evolving a National Vocational Qualification Framework comparable with international standards
- Developing a standard certification system by recognising and including quality skills acquired through any informal system of learning
- Greater and more active role for workers' organisations, industry, civil society, Panchayati Raj institutions and other professional bodies
- Greater reduction of poverty through enhanced earnings of skilled workers

5.2.2.2 INSTITUTIONAL STRUCTURE GOVERNING SKILL DEVELOPMENT MISSION

A three-tier institutional structure consisting of (i) the Prime Minister's National Council on Skill Development, (ii) the National Skill Development Coordination Board (NSDCB) and (iii) the National Skill Development Corporation (NSDC) has been set up to take forward the skill development mission. The Prime Minister's National Council has outlined the core operating principles, which, inter alia, advocate the need for co-created solutions for skill development based on partnerships between states, civil society, and community leaders. The emphasis is on making skills bankable for all sections of society, including the poorest of the poor. The issue of optimum utilisation of the existing infrastructure available in the States for skill development and using the same for skill training is also emphasised. So far 26 States and 5 Union Territories have set up Skill Development Missions. As a next step, all these States/UTs need to assess the skill gaps in the major sectors and formulate action plans for bridging them (MoF, 2011). Skill gap studies have already been done by states like Maharashtra, Himachal Pradesh, Punjab, etc.

5.2.2.3 EXPANSION OF SKILL DEVELOPMENT INSTITUTIONS

Considerable efforts have been made in recent years for operationalising new Government and private Industrial Training Institutes (ITIs). The number of Government and private ITIs has doubled from 5114 in 2006-07 to 10,000 as on 31 August, 2012. Considering that ITIs mainly cater to the skill development requirements of the less disadvantaged income and social groups, the notable

growth in ITIs along with the increase in total seating capacity is a significant step towards further improving the access of the disadvantaged sections to skill development initiatives.

5.2.2.4 UPGRADATION OF 500 ITIs THROUGH DOMESTIC FUNDING AND WORLD BANK ASSISTED VOCATIONAL TRAINING IMPROVEMENT PROJECT

With domestic funding, existing 100 ITIs have been upgraded into “Centres of Excellence (CoE)” for producing multi-skilled workforce of world standard. Under the scheme, multi-skilling courses are offered during the first year, followed by advanced and specialised modular courses in the second year by adopting industry-wise cluster approach, multi-entry and multi-exit provisions and the concept of PPP in the form of Institute Management Committees (IMCs) to ensure greater and more active involvement of industry in all aspects of training. The scheme was completed in March, 2011 and an amount of ₹ 115 crore (central share) was released for upgradation of 100 ITIs through domestic funding.

The World Bank assisted Vocational Training Improvement Project envisages upgradation of 400 ITIs. The total project cost is ₹ 1581 crore out of which ₹ 1231 crore is the central share, which is funded by the World Bank. The funds are released to 33 States/UTs for upgradation of 400 ITIs by the introduction of multi-skilling CoE courses, setting up of Instructor Training Wings (ITWs) in 9 States to produce trained instructors, development of Instructional Media Packages (IMPs) for 21 sectors of multi-skilling CoE courses. The infrastructural facilities of Advance Training Institutes (ATIs) are also being strengthened to impart training to instructors from ITIs. The training programme includes courses under multi-skilling and modernisation with latest tools, equipment and machinery. More than 9000 instructors have been trained from States/UTs during the implementation of the project. During the last five years from 2007-08 to 2011-12, ₹ 926.63 crore was released as central share under the scheme.

5.2.2.5 SCHEME OF UPGRADATION OF 1396 GOVERNMENT ITIs THROUGH PUBLIC PRIVATE PARTNERSHIP

This scheme was launched in 2007-08 to improve the employment prospects of graduates from the vocational training system, by making the delivery of training more demand responsive. Under the scheme, an Institute Management Committee (IMC), headed by an industry partner, is constituted in the ITI and registered as a Society. An interest-free loan of up to ₹ 2.50 crore is provided by the Central Government directly to the IMC Society, which is given financial and academic autonomy. The interest free loan is repayable by the IMC with a moratorium of 10

years and thereafter in equal annual installments over a period of 20 years. During the 11th Five Year Plan (2007-08 to 2011-12), 1227 Government ITIs were covered and ₹ 3067.50 crore was released.

5.2.2.6 SKILL DEVELOPMENT INITIATIVE (SDI) SCHEME

The SDI scheme, based on the Modular Employable Skills (MES) framework, has been operationalised from May, 2007 to provide vocational training for early school leavers and existing workers, especially in the unorganised sector. It seeks to improve their employability by optimally utilising the infrastructure available in government and private institutions and industry. The total cost of the scheme is ₹ 550 crore. One million persons were required to be trained or their existing skills tested and certified, over a period of five years and one million persons every year thereafter. During the past five years from 2007-08 to 2011-12, 6951 Vocational Training Providers (VTPs) were registered to provide training under the scheme adopting flexible delivery mechanism (part-time, weekends, full-time, onsite/off site) to suit the needs of the various target groups. 1402 demand-driven short-term training courses based on Modular Employable Skills (MES) have been developed and approved by National Council for Vocational Training (NCVT) and about 13.69 lakh persons trained/tested under the scheme. 36 organisations were empanelled as assessing bodies for testing of skills of trainees so that assessment is objective. The expenditure incurred till March, 2012 was ₹ 407.99 crores.

Table 5.5 Skill Development Initiative Scheme: Targets and Achievements, 2011-12		
Activity	Target	Achievements
No. of MES course modules developed & approved by NCVT	40	137
No. of Vocational Training Providers (VTPs) registered	300	618
No. of candidates trained/tested	3 lakh	2.14 lakh

Source: Ministry of Labour and Employment.

5.2.2.7 ENHANCING SKILL DEVELOPMENT INFRASTRUCTURE IN NORTH-EAST STATES AND SIKKIM

A major development objective for the North East Region (NER) is the strengthening of its human resource base, particularly the youth, in order to make them more skilled and employable. The North Eastern Region Vision, 2020 has stated that despite expansion of the education infrastructure, and a satisfactory literacy rate and

pupil-teacher ratios in the region, the skills and knowledge base of the youth in NER is inadequate to equip them to compete at national and international levels for employment or entrepreneurial activities. The vision for the region, therefore, envisages a vast expansion in the availability of opportunity for acquiring skills and competencies. However, there are, for example, only 68 ITIs in NER, with a seating capacity of 10,308 as against the total seating capacity of 14.08 lakh in the country. The number of ITIs in NER constitutes less than 1 per cent of the total ITIs in the country. Such a scenario highlights the urgent need to draw up specialised programmes to expand the base of skill development institutions in NER.

A new centrally sponsored scheme “Enhancing Skill Development Infrastructure in NE States and Sikkim” to enhance the skill development of youth of the region has been approved at a cost of ₹ 57.39 crore. The scheme consists of the following three components:

- Upgradation of 20 ITIs at a cost of ₹ 30.18 crore
- Supplementing deficient infrastructure in 28 ITIs at a total cost of ₹ 24.24 crore
- Establishment of Monitoring Cells at Centre and eight State headquarters at a total cost of ₹ 2.97 crore

₹ 2733.50 lakh has been released to Arunachal Pradesh, Mizoram, Meghalaya, Nagaland, Sikkim, Assam and Tripura during 2010-11 and 2011-12.

5.2.2.8 ENHANCING SKILL DEVELOPMENT INFRASTRUCTURE IN JAMMU & KASHMIR

5.2.2.8.1 TRAINING OF 8000 YOUTH OF JAMMU AND KASHMIR

Following an announcement by the Hon'ble Prime Minister during his visit to Jammu & Kashmir (J&K) during 28-29 October 2009, this Scheme is being implemented to provide training under SDI scheme to 8000 youth of the State for their gainful employment in the year 2010-11 and 8000 youth in 2011-12.

In this scheme, the first strategy was to identify sectors with tangible employment potential and second, focus on placement-oriented training based on the experience of J&K and the rest of India. For this, the selected sectors were tourism, handicraft, IT & IT Enabled Services (ITES), agriculture, horticulture and health. The State has also identified VTPs registered under SDI scheme to conduct courses in the trade/sectors. In order to enhance their employability and realise the goal of inclusive socio-economic growth, the youth are trained inside as well as outside the State of J&K. A total of ₹ 10.20 crore was released to the State in 2010-11 as an advance to the State Government to meet expenses of trainees for their boarding and lodging support, training fees to the VTPs and assessment fees to assessing bodies.

9478 candidates have been trained during 2010-11 and 2011-12 and their details are as under:

- Number of candidates trained outside the State of J&K: 5478
- Number of candidates trained in the State of J&K: 4000

The State Government is in the process of deputing the remaining candidates for training in 35 VTPs, identified by the DGE&T, outside J&K.

5.2.2.8.2 UDAAN PROJECT

The programme is a unique partnership between the NSDC and the corporate sector. ‘Udaan’ seeks to bring about a change in the employment and skills space in J&K through special industry initiatives. The scheme was approved in July, 2011. Since the approval of the scheme, 31 companies have come forward till 20 March, 2013 to train youth from J&K. 694 youth are undergoing training under the scheme with various corporates. Training of 221 candidates has been completed; out of them, 110 candidates have been offered employment and 85 have accepted the employment offer. 10,500 youth are registered in the Udaan web portal.

5.2.2.8.3 HIMAYAT - A JOURNEY TO EMPOWERMENT THROUGH EMPLOYMENT

Himayat is a placement-linked skill development initiative for training and placement of 1 lakh J&K youth in the next five years. It is part of the Skill Empowerment and Employment Scheme of the Prime Minister’s Office (PMO). The project envisions support for the youth of J&K by providing them vocational training linked to placement in various sectors such as ITES, customer service and sales, hospitality to name a few. The MoRD acts as the nodal agency for the project.

Table 5.6 Himayat Project: Training Status till September, 2012

Enrolled	Completed	Dropped Out	Placed	Placement in Progress	Not take Placement	Undergoing Training
1130	977	153	447	37	493	00

5.2.2.9 SETTING UP OF ITIS AND SKILL DEVELOPMENT CENTRES (SDCs) IN LEFT WING EXTREMISM AFFECTED STATES

There is regional imbalance in terms of skill development infrastructure in districts affected by left wing extremism. Therefore, the youth are vulnerable and may easily fall prey to groups propagating extremism and destructive activities. To wean them away from violence, the MoL&E has formulated a scheme “Skill Development in 34

Districts affected by Left Wing Extremism (LWE)" for the youth of the affected districts a cost of ₹ 232.95 crore.

The scheme has two pronged strategy:

- As an immediate measure, skill training programme for
 - 1000 youth in long term training @ 30 per district
 - 4000 youth in short term training @ 120 per district
 - 340 youth in instructor training @ 10 per district

- Additional infrastructure will be created for:
 - 34 Industrial Training Institutes (ITIs) @ 1 per district
 - 68 Skill Development Centres (SDCs) @ 2 per district

In order to ensure timely implementation of the scheme, a monitoring unit at a cost of ₹ 4.58 crore will be established.

It is expected that with the systematic implementation of the proposed action, it will be possible to impart quality training to young men and women from these areas and provide them skills to improve their employability so that they can earn a decent livelihood.

The total fund released to 34 districts covering 9 States, namely, Andhra Pradesh, Bihar, Chattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Uttar Pradesh and West Bengal is ₹ 6842.19 lakh (₹ 328.59 lakh for skill training and ₹ 6153.60 lakh for establishment of ITIs and SDCs).

5.2.2.10 NEW SCHEMES

In order to comply with the announcement of Hon'ble Prime Minister on 15 August, 2007 to set up 1500 ITIs and 50,000 SDCs, the MoL&E is in the process of formulating following schemes:

a) Setting up of 1500 ITIs

1500 new ITIs in PPP mode preferably in un-serviced blocks are proposed to be set up. The State Government will provide land with basic infrastructure (i.e. electricity, road, communication etc.). The Central Government will participate by providing capital expenditure support upto 75 per cent and full recurring cost of training of select trainees upto 500 while a private player will take the lead role in the establishment of the institutes. S/he can admit another 500 trainees for which s/he may charge fee. The approval process for the scheme is in progress.

b) Setting up of 5000 Skill Development Centres

Although the Hon'ble Prime Minister announced the setting up of 50,000 SDCs, the Planning Commission accorded "in principle" approval for setting up of 5000 SDCs. Accordingly, the MoL&E has formulated the scheme for establishment of 5000 SDCs in PPP mode. The approval process for the scheme is in progress.

c) Establishment of 27 Advance Training Institutes (ATIs)

There is acute shortage of trained instructors in the country. The present requirement of instructors is around 70,000 and additional annual requirement is around 20,000. The present instructor training capacity of the country is about 2,000. To meet the gap, the MoL&E has formulated a scheme to establish 27 Advance Training Institutes (ATIs) in PPP mode. The approval process is underway.

5.2.2.11 MODERNISATION OF EMPLOYMENT EXCHANGES FOR CREATING A LABOUR MARKET INFORMATION SYSTEM

The National-e-Governance Plan (NeGP) has identified modernisation and upgradation of Employment Exchanges as one of the Mission Mode Projects (EEMMP). The EEMMP aims to support all State Governments in the country to make effective use of IT in various activities of employment services. EEMMP's strategic objective and vision is to increase the employability of the youth through effective employment counselling and an automated skill match exercise to be offered through Employment Exchanges.

5.2.2.12 DEVELOPMENT OF NATIONAL SKILLS QUALIFICATION FRAMEWORK (NSQF)

As mandated by the National Policy on Skill Development, the MoL&E has initiated the setting up of NSQF. The background work for carrying out occupational mapping in selected sectors has already started and technical assistance from the European Union has been sought for the development of NSQF. An MoU has been signed with EU for technical assistance on NSQF. The framework will provide market-linked, quality assured, and relevant qualification comparable with international standards.

NSQF enables horizontal and vertical mobility between general and technical education, and recognition and certification of competencies irrespective of the mode of learning. NSQF, with an open/flexible system, will permit individuals to accumulate their knowledge and skills, and convert them through testing and certification into higher diplomas and degrees. It will provide various quality

assured learning pathways with standards, comparable with any international qualification framework. It will also support lifelong learning, continuous upgradation of skills and knowledge.

5.2.2.13 INSTITUTIONAL FRAMEWORK

The DGE&T has proposed two major steps towards systematic reform: setting up of the “National Board for Trade Testing and Certification and re-engineering of the National Council for Vocational Training (NCVT). The National Board for Trade Testing Certification (NBTTTC) will be entrusted with responsibility of trade testing and certification of all skill development in MoL&E while NCVT will work as a regulatory institution.

5.2.2.14 SETTING UP OF SECTOR SKILLS COUNCILS

To make the skill development system relevant to needs of industry, it has been decided to constitute Sector Skill Councils (SSCs) with the support of all major players of that sector. The NSDC has been mandated to constitute the SSCs. 13 SSCs have already been approved and 18 are in process. SSCs have been entrusted with the responsibility of conducting skill-wise, region-wise research, identifying skill gaps and maintaining sectoral Labour Market Information System (LMIS). They are also expected to partner with various institutes to train the trainers and upgrade the skill sets of existing industry workers.

SSCs are expected to design standards for competencies, course content, examination and certification. They are also expected to have inter-face with skill development institutes to ensure consistency and acceptability of standards.

5.2.2.15 INDUSTRY INITIATIVES

The private sector has been taking various initiatives on its own and in collaboration with the government and international entities, to upgrade in-house training facilities and also to provide training to potential employees to make them job ready.

Many large companies, such as Larsen & Toubro, Bharti Group, Hero Group, Maruti, ITC, Infrastructure Leasing & Finance Services Ltd. etc., have established training facilities that offer world class training programmes that create an environment of e-learning and innovation.

5.2.3 SKILL DEVELOPMENT AND EMPLOYABILITY - MORE INITIATIVES

5.2.3.1 HUNAR-SE-ROZGAR TAK- A TRAINING INITIATIVE OF THE MINISTRY OF TOURISM TO CREATE EMPLOYABLE SKILLS

The Ministry of Tourism (MoT) launched a special initiative called Hunar Se Rozgar Tak (HSRT) in 2009-10, for the creation of employable skills amongst youth belonging to economically weaker strata of the society. The programme is fully funded by the MoT. The basic objective was to reduce, through this initiative, the skill gap that afflicts the hospitality and tourism sector. Another objective was to put in place a dispensation to ensure that the economic benefits of the growing tourism industry reached the poor. Initially, the initiative covered only two trades, food production and food & beverage services. Trades, such as housekeeping and bakery were added later. Apart from the above mentioned hospitality related trades, the HSRT now offers training related to driving skills. This is in response to the huge demand for trained and tourist friendly drivers for the tourism transport sector. Extending its scope and sweep, the HSRT also offers training programmes to: (i) revive the languishing skill of heritage conservation and stone masonry; and (ii) to impart golf caddying skills.

The features common to the training programmes under the HSRT are: (i) The trainees should be in the age group of 18-28 years (prior to 11 November, 2010, this was 18-25 years); (ii) Each training programme is of short duration - from 4 weeks to 8 weeks; (iii) No fees are chargeable to the trainee; (iv) Each trainee is entitled to incentives such as free lunch, a set of uniforms and a stipend; (v) Training cost is met by Ministry of Tourism; and (vi) The implementing institutes are entitled to a payment of 5-10 per cent of the respective programme costs to cover their administrative expenses.

5.2.3.2 INTEGRATED SKILL DEVELOPMENT SCHEME (ISDS) - SKILL DEVELOPMENT PROGRAMMES FOR YOUNG PEOPLE UNDERTAKEN BY MINISTRY OF TEXTILE

The Integrated Skill Development Scheme (ISDS) was introduced as a pilot scheme in the last two years of the 11th Five Year Plan with an outlay of ₹ 272 crore including ₹ 229 crore as Government contribution with a physical target of 2.56 lakh persons. The scheme is part of the Government's focus on creating skills that are needed to enhance the competitive advantage of India in the manufacturing and textiles sector.

The pilot phase of the scheme has met with considerable success. One of the best schemes to emerge in recent times, it has helped in shoring up the available workforce in terms of talent and skill for the textile sector, particularly in the apparel

subsector. The scheme has been implemented by leveraging existing institutional strength and training experience within the Ministry by dual mode: Component-I utilises the training institutes within the Government sector; and Component-II draws on private sector participation through a PPP Model. During the pilot phase, 30 projects with an outlay of ₹ 594.84 crore targeting 5.87 lakh trainees were sanctioned.

Achievements during Pilot Phase -

(i) Component I

Approved Projects: Under Component I of ISDS, 18 projects have been approved so far. The Implementing Agencies (IAs) are the Textile Research Associations, Apparel & Textile Design Centres, institutions under Development Commissioner (DC) Handicrafts, DC Handlooms, Textile Committee, Office of the Textiles Commissioner, Central Silk Board etc. A total of 4, 37,177 candidates are proposed to be covered under the scheme over a period of five years. The total cost of the approved projects is ₹ 434.84 crore, out of which ₹ 323.15 crore is the grant assistance under the scheme.

Pan India Coverage: The scheme has pan India coverage ; approved projects have commenced in 21 States, namely, Andhra Pradesh, Assam, Bihar, Chattisgarh, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal. Till August 2012, 58,136 persons have been trained.

Sector Coverage: To address the trained manpower needs of textiles and related segments, the approved projects cover all the sub-sectors under textiles viz. apparel/garmenting, power looms, handicrafts, handlooms, sericulture, jute, technical textiles, etc.

Course Coverage: The approved courses are demand-driven courses ranging from Basic Training, Skill Upgradation, Advanced Training in Emerging Technologies, Training of Trainers, Orientation towards Modern Technology, Retraining, Managerial Skill, Entrepreneurship Development etc. in the various textile sub-sectors.

The courses are designed to cater to a wide range of skill sets—operator level, supervisor level and entrepreneur level. Structured curriculum has been developed keeping industry requirements in mind for each of the courses being implemented.

Trainers: A trainers' pool has been developed by conducting Training of Trainers programme by the implementing agencies. Apparel Training and Design Centre (ATDC), one of the IAs, has established the Training of Trainers Academy (ToT Academy) to train their trainers.

Online Management Information System (MIS): A dynamic web-based Management Information System (MIS) has been developed to capture the progress and information on projects being executed under Component I.

All the IAs of the scheme are required to feed data into the online system, which is then analysed and accessed by the Ministry of Textiles and Project Management & Monitoring Consultant (PMMC). The website: <http://www.isds-mot.com>

(ii) Component II

In the pilot phase of ISDS Component-II, 12 projects have been awarded to 7 Lead Implementing Agencies (LIAs). A Memorandum of Understanding (MoU) has been signed with these LIAs and detailed project reports have been approved. Component II of ISDS has begun operations from the current financial year.

5.2.3.3 TRAINING & EMPLOYMENT INITIATIVE OF MINISTRY OF MICRO SMALL & MEDIUM ENTERPRISES TO CREATE EMPLOYABLE SKILLS

The Ministry of Micro Small & Medium Enterprises (MoMSME) is providing necessary support to encourage entrepreneurship and self-employment in the segment. Entrepreneurship development and training is one of the key elements for the development of micro and small enterprises (MSEs), particularly, the first generation entrepreneurs. To undertake this task on a regular basis, the Ministry has set up three national-level Entrepreneurship Development Institutes (EDIs)— National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, the National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad and the Indian Institute of Entrepreneurship (IIE), Guwahati. Further, the Ministry has been implementing an important scheme, the Scheme for Assistance to Training Institutions. The main objectives of the scheme are the development of indigenous entrepreneurship from all walks of life for developing new micro and small enterprises, enlarging the entrepreneurial base and encouraging self-employment in rural as well as urban areas, by providing training to first generation entrepreneurs and assisting them in setting up of enterprises.

Additionally, in order to improve the success rate of the EDP trainees in the establishment of new enterprises, the Ministry has launched the Rajiv Gandhi Udyami Mitra Yojana” (a scheme for the promotion and handholding of micro and small enterprises). The main objective of this scheme is to provide handholding support to first generation entrepreneurs, through designated lead agencies i.e. ‘Udyami Mitras’. Under this scheme, the ‘Udyami Mitras’ provide guidance and assistance to the potential entrepreneurs registered with them in the preparation of project report, arranging finance, selection of technology, marketing tie-ups with buyers, installation of plant and machinery as well as obtaining various approvals, clearances NOCs etc. For providing this handholding assistance to the new entrepreneurs, the ‘Udyami Mitras’ are paid handholding charges under the scheme. The MoMSME is training more than 4 lakh persons every year to enable them for self/wage employment.

5.2.3.4 TRAINING & EMPLOYMENT INITIATIVE OF ICAR, MINISTRY OF AGRICULTURE TO CREATE EMPLOYABLE SKILLS

The Indian Council of Agricultural Research (ICAR) undertakes various training programmes through various subject matter divisions, which directly lead to employment generation and empowerment of rural youth. It has established a network of 630 Krishi Vigyan Kendras (KVKs) in the country aiming at assessment, refinement and demonstration of technology/products and their dissemination through training of farmers and extension personnel. These KVKs organise training programmes to benefit farmers, both men and women, to upgrade their knowledge and skill in farming. Besides, the KVKs impart skills to rural youth through training programmes on commercial ventures, including nursery management, protected cultivation of vegetables, commercial fruit production and orchard management, production of organic inputs, mushroom production, sericulture, repair and maintenance of farm machinery, production and value-addition, small-scale processing, tailoring and stitching, rural crafts, production of quality animal products, dairying, sheep and goat rearing, piggery, rabbit farming, poultry production, ornamental fisheries, composite fish culture, freshwater prawn culture, shrimp farming, pearl culture, cold water fisheries, fish harvest and processing technology, fry and fingerlings rearing, etc. In the past many training programmes and vocational trainings have been organised for rural youth interested in developing their own vocations related to crop production & management, post-harvest technology & value-addition, production of bio-agents, bio-pesticides and bio-fertilisers. This also included training on farming systems, crop improvement, seed production, sericulture, mushroom cultivation, agricultural para workers and para vets, livestock production and management, fisheries, income generation activities, capacity building and group dynamics.

The repair and maintenance of farm machinery and implements has become a very essential component of farm mechanisation. Under this category, the following training programmes are proposed to be taken up during the 12th Plan.

- Training of farmers and rural entrepreneurs in the maintenance and operation of farm machines
- Training of village artisans in the fabrication of new tools and implements
- Setting up of farm machinery resource centres
- Training of custom hiring service providers
- Facilitating the establishment of farm machinery manufacturing units

All these training programmes are expected to generate more employment avenues for rural youth and discourage migration to urban areas.

5.2.3.5 TRAINING ACTIVITIES OF THE DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY

The National Institute of Electronics and Information Technology (NIELIT; formerly the DOEACC Society), an autonomous scientific society under the administrative control of the Department of Electronics & Information Technology, Ministry of Communications and Information Technology, Government of India, was set up to carry out human resource development and related activities in the area of Information, Electronics & Communications Technology (IECT). The Institute is engaged both in formal & non-formal education in the area of IECT besides development of industry-oriented quality education and training in the state-of-art areas; establishment of standards as the country's premier institution for examination and certification in the field of IECT. Targets and Achievements with respect to some of the major programmes of the NIELIT are presented in Table 5.7.

Table 5.7 National Institute of Electronics and Information Technology: Performance			
Sl. No.	Activities	Targets No. of students to be trained	Achievement (as on 31.12.2012) (trained / under training)
I. Training Target of NIELIT Centres			
1.	Long Term Courses: To Conduct Training for formal sector Long Term Courses (M.Tech, MCA, BCA, PGDCA, Diploma, Diploma in Electronics Engg. & Computer Science etc.)	1,900	1,722
2.	To conduct training for non-formal Sector Long Term Courses O/A/B/ Level Course, Bio-informatics O/A Level Courses, Hardware Courses O/A Level	15,250	7,672
3.	Short Term Courses: Training for Short Term Courses of duration less than 1 year	14,700	32,812
II. National Level Certification Scheme (O/A/B/ level Scheme)			
4.	To Accredit Training Institutes	60	28
5.	To conduct National Level Examination	-	-
6.	Registration of the Candidates	57,750	24,851
7.	Conduct of Examination	1,10,000	81,699
III. IT Literacy Programme			
8.	IT Literacy Programme (CCC course)	1,00,000	1,39,623
9.	IT Literacy Programme (BCC course)	20,000	72,321
	TOTAL	2,09,600 (excludes targets given at Sl. No. 4 & 7)	3,00,409

5.2.3.6 CENTRAL SCHEMES FOR SKILL DEVELOPMENT

As noted, the Central Government has initiated a large number of schemes for skill development under various ministries for achieving the target of creating 500 million skilled persons by 2022. Details pertaining to the various schemes under different ministries along with the targets and achievements for 2011-12 and targets of 2012-13 are presented in Appendix Tables 5.1A, 5.1B and 5.1C.

6

BRINGING YOUTH EMPLOYMENT TO CENTRE STAGE

Assigning national priority to youth employment means that overarching policy agendas such as national development frameworks and plans must contain a set of coherent economic and social policies addressing youth employment and defining specific objectives. This priority needs to be made explicit through the establishment of realistic targets, measurable policy outcomes and expected results. If this priority is to be converted into action, appropriate resources also have to be allocated for implementation.

India has a younger population not only in comparison to advanced economies but also in relation to the large developing countries. As a result, the labour force in India is expected to increase by 32 per cent over the next 20 years, while it will decline by 4.0 per cent in industrialised countries and by nearly 5.0 per cent in China. This 'demographic dividend' can add to the country's growth potential, provided two conditions are fulfilled. First, higher levels of education and skill development must be achieved. Second, an environment must be created in which the economy not only grows rapidly, but also enhances good quality employment/livelihood opportunities to meet the needs and aspirations of the youth.

The draft National Youth Policy, 2012 aims to put young people at the centre of the country's development. It reaffirms India's commitment to the rights and holistic development of the young people of the country and aims to reinforce existing policies and programmes that continue to have relevance, as well as propose new strategic policy and programme intervention, keeping in view the changing scenario in the country due to globalisation, rapid technological advancement during the last two decades, and the emergence of India as a global economic power. The Central and the State Governments, in partnership with other stakeholders of the society – voluntary organisations, civil society groups and the corporate sector – should ensure that equal opportunities for growth are extended to young people for their overall development, growth and empowerment.

It has been the felt need to design policies such that, through a sustained programme of education and training and appropriate support services, young people become

economically self-reliant and productive units of the country, either by taking up employment or by setting up their own business enterprises. The proposed policy also states that in order to promote entrepreneurship among young women and men, there is a need to set up a quality network of training institutions or agencies providing technical and/or entrepreneurship training; financial institutions; voluntary organisations engaged in youth entrepreneurship programmes; and the corporate sector to prepare young people for taking up ancillaries, small business enterprises and related activities. There is a need for strengthening coordination among these agencies for optimal utilisation of resources.

It is now well documented that India is not insulated from the adverse impacts of the global downturn and the Euro-zone crisis. However, sustained economic growth can be achieved with assertive policy interventions and with rapid growth the problems associated with youth unemployment can also be countered. Promoting the skill formation of young people and the quantity and quality of jobs are important considerations for addressing the issue of youth unemployment.

Many labour market policies directed towards the youth are a complement to formal education and training systems and are remedial in nature, i.e. they attempt to bridge the gaps in education and training systems to integrate young people into employment. The most common types of policy interventions are those aimed at promoting wage and self-employment among the young and those targeted towards disadvantaged young people.

The challenge of bringing youth employment to centre stage and providing quality employment to the youth is a major challenge in India as there are huge skill gaps in various sectors. With an expectation that around 75 per cent of the new jobs will be “skill based”, there is a distinct shortage of adequately qualified and employable people. The quality of education and training provided through the formal institutional structures of universities and vocational training institutes is highly variable and lacks standards. There is little or no link of training with the specific skill requirements of the sectors, and finally, with work being concentrated in the unorganised sector, there is a non-recognition of the true value of skilled workers. If the skill gap is actually plugged, India will become the hub for skilled manpower. India’s large young population, currently not employed, carries with it the potential to evolve as a world’s skill capital and also meet its continuous increasing domestic demand.

Although the Indian economy has consistently exhibited fundamental resilience in the face of global adversities, the apparent inability of high rates of output growth to translate into opportunities for quality employment continues to be a cause of

concern. The surpluses created by using labour saving technologies, must be mobilised (directly through taxation or indirectly by creating right incentives) and transferred to those activities that can use more labour. If the surplus labour increasingly remains outside employment, sustainable demand cannot be generated and high output growth will be difficult to maintain. There is, therefore, a need to move towards a situation where more employment can become a growth strategy in itself.

Attending to the challenges related to employment and employment needs of the youth, women and vulnerable groups require well-planned and coordinated efforts involving all concerned stakeholders. The following strategies and targets could serve as indicators for ensuring concerted efforts and directed actions.

Strategies and Targets

- GDP to be targeted at least at 8 per cent in order to achieve reasonable employment growth;
- Increased investment in social infrastructure sectors, like health care and education to improve the quality of life, productivity and general well-being on the one hand and quality employment on the other;
- Greater reliance on creating new productive employment for sustained poverty reduction rather than short term employment for alleviation of current poverty;
- Focus on inclusion of youth, women and vulnerable groups with their specific needs of training and skill development;
- Greater attention to occupational safety and health, environmental-employment linkages for sustainable livelihoods, entrepreneurship, promotion of appropriate technology and linking of trade and investment policy with employment;
- A greater role to be assigned to active labour market policies. In this perspective, labour market policies need to be seen as instruments of employment promotion – both of the wage and self-employment categories – improving the human capital content of the labour force, raising productivity and use of technologies towards that end, and poverty alleviation, besides of course, ensuring decent working conditions, and employment security;
- While exploring possibilities of securing additional jobs in the service sector, increased investments enhancing the performance of the agriculture sector will go a long way addressing rural unemployment problem and self reliance of the economy;

- A well-focussed policy as well as programmes for the development of micro enterprises ensuring access to inputs, credit, technology, business services and markets to make self-employed adequately productive;
- Collection and compilation of employment/unemployment data on annual basis regularly, giving due emphasis to skills, productivity and earnings;
- Creating a credible Labour Market Information System.

APPENDIX

Table 5.1A Summary of Various Central Schemes for Skill Development

Ministry/Department/ Organisation	Scheme covered and monitored
Ministry of Labour & Employment	<ol style="list-style-type: none"> 1. Craftsmen Training Scheme (CTS, through IIT/ITCs) 2. Modular Employable Skills (SDI-MES) Scheme 3. Apprenticeship Training Scheme (ATS)
Ministry of Micro, Small & Medium Enterprises	<ol style="list-style-type: none"> 1. Entrepreneurship Development Programme Scheme (IMC/EDP/ESDP/MDP) 2. Business Skill Development Programme (BSDP) 3. Entrepreneurship Skill Development Programme (Biotechnology) 4. Skill Development through Tool Rooms & other autonomous MSME Institutes (Central Footwear Training Institutes, Product & Process Development Centres) 5. Skill Development through KVIC & Coir Board
Ministry of Agriculture	<ol style="list-style-type: none"> 1. National Food Security Mission-Farmers Field Schools 2. National Horticulture Mission 3. National Project on Management of Soil Health and Fertility 4. National Scheme on Promotion & Strengthening of Agriculture Mechanisation through training, testing and demonstration 5. Establishment of Agriclincs & Agribusiness Centres Scheme 6. Diploma in Agriculture Extension Services for Input Dealers 7. Support to State Extension Programmes for Extension Reforms (ATMA, Farm Schools)
Ministry of Rural Development	<ol style="list-style-type: none"> 1. SGSY (Swarnajayati Gram Swarojgar Yojana) Scheme 2. Skill Development through R-SETIs
Department of Higher Education	<ol style="list-style-type: none"> 1. Community Development through Polytechnics
Ministry of Women & Child Development	<ol style="list-style-type: none"> 1. Women Empowerment & Livelihood programme in the mid Gangetic plain - Priyadarshini scheme 2. Support to training and employment programme for women (STEP) 3. Advanced Diploma in Child Guidance and Counseling (NIPCCD) 4. Training courses in Home Scale Preservation of Fruits and Vegetables and Nutrition (FNB) 5. Short Stay Home (SSH) 6. Condensed Course of Education for Women (CSWB) 7. Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA) - formerly Kishori Shakti Yojana Scheme

Ministry of Housing & Urban Poverty Alleviation	1. SJSRY (Swarna Jayanti Shahari Rozgar Yojana) Scheme
Ministry of Tourism	1. Hunar Se Rozgar Tak scheme
Ministry of Social Justice & Empowerment	1. Skill development through 4 corporations (National Scheduled Caste Finance and Development Corporation (NSFDC), National Backward Classes Finance and Development Corporation (NBCFDC), National Safai Karamcharis Finance Development Corporation (NSKFDC) and National Handicapped Finance and Development Corporation (NHFDC) and 7 national institutes 2. Skill development to be further opened up through Babu Jagjivan Ram Chhatrawas Yojana and Scheme of Special Central Assistance (SCA) to Special Component Plan for the Scheduled Castes
Ministry of Textile	1. Integrated Skill Development Scheme (SDS)
Department of Heavy Industries	1. Skill development through CPSEs
Department of IT	1. Training through C-DAC (Centre for Development of Advanced Computing) 2. Training through NIELIT
National Skill Development Corporation	NA
Ministry of Chemicals and Fertilizers	1. Trainings through own institutes - CIPETs
Ministry of Development of North Eastern Region	NA
Ministry of Food Processing Industries	1. National Mission on Food Processing (through states)
Ministry of Road Transport and Highway	1. Scheme for setting up Institutes on Driver Training & Research (IDTRs)
Ministry of Tribal Affairs	1. Vocational Training Centre in Tribal Area (VTC) scheme 2. Skill development through grant-in-aids to NGOs

Table 5.1B Thrust Area on Skill Development Training Report on Persons Trained in the Financial Year 2011-12 till the end of March 2012

(Figures are in lakh persons)

Ministry/Department/ Organisation	Target for 2011-22	Target for 2011-12	Achievement by 31.3.2012	Balance target for 2011-12	Cumulative achievement for 2011-12 by the end of the reported month	
					Number	% of annual target
Ministry of Labour & Employment	1004.41	19.91	19.52	0.39	19.52	98.0
Ministry of Micro, Small & Medium Enterprises	136.66	4.78	4.29	0.49	4.29	89.7
Ministry of Agriculture	100.00	8.75	7.77*	0.98	7.77	88.8
Department of Rural Development	252.50	2.50	3.18	-	3.18	127.2
Department of Higher Education	46.52	1.20	2.20	-	2.20	183.3
Ministry of Women & Child Development	22.70	1.03	0.77	0.27	0.77	74.2
Ministry of Housing & Urban Poverty Alleviation	22.00	2.20	2.79	-	2.79	126.8
Ministry of Tourism	11.80	0.33	0.27**	0.06	0.27	81.8
Ministry of Social Justice & Empowerment	2.42	0.23	0.23	-	0.23	100.7
Ministry of Textile	100.00	1.61	0.34	1.27	0.34	21.0
Department of Heavy Industries	1.70	0.14	0.16	-	0.16	112.5
Department of IT	103.94	2.23	2.35	-	2.35	105.5
National Skill Development Corporation	1500.00	1.62	1.82	-	1.82	112.2
Total	3304.65	46.53	45.68	-	45.68	98.2

Note: * Shortfall in the achievement of target is due to the fact that Progress of the Department of Agriculture Research and Education (DARE) and the Department of Animal Husbandry Dairying and Fisheries (DAHD&F) is still awaited. The same shall be forwarded after receipt from them.

** Tentative as performance figures from a few implementing agencies are yet to be received.

- Ministries + NSDC combined have reported achieving 98 per cent of skilling targets set for the FY 2011-12.

Table 5.1C Skill Development Targets for the Financial Year 2012-13

(Figures are in lakh persons)

Ministry / Department / Organisation	Accepted target for 2012-13
Ministry of Labour & Employment	25.0
Ministry of Micro, Small & Empowerment	6.0
Ministry of Agriculture	10.0
Ministry of Rural Development	8.0
Department of Higher Education	2.2
Ministry of Women & Child Development	1.5
Ministry of Housing & Urban Poverty Alleviation	4.0
Ministry of Tourism	0.53
Ministry of Social Justice & Empowerment	0.4
Ministry of Textile	2.5
Department of Heavy Industries	0.2
Department of IT	4.4
National Skill Development Corporation	4.0
Ministry of Chemical & Fertilizers	0.3
Ministry of DONER	0.03
Ministry of Food Processing Industries	0.1
Ministry of Road Transport and Highways	1.0
Ministry of Tribal Affairs	0.1
Ministry of Commerce & Industry	0.3
Total	70.56

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The Third Annual Report to the People on Employment has been prepared according to the directions of the Hon'ble President of India to initiate, inform and stimulate public discussion on employment and related issues. This report is prepared in continuity with the previous two Annual Reports to the People on Employment. The first report (2010) provided a framework for understanding the emerging issues in the Indian labour market in the context of rapid economic growth. The second report (2011) analysed the emerging trends in the labour market and highlighted the role of the service sector in generating quality employment. The report also examined the sources and nature of inequalities in the labour market in order to advance the goal of inclusive growth.

The main focus of this report is to understand the nuances of youth employment and unemployment, and to situate the economy's potential to address the issues of youth employment. The report notes that in order to tackle youth unemployment, both demand and supply side issues need to be addressed in a coherent manner. Educational attainment and skill training can create an effective labour supply, but these will become meaningful only in an overall growth-promoting environment. With the Government launching a number of innovative schemes to empower the youth workforce, the primary challenge lies in the effective implementation of the schemes at the grass-roots level, with the active participation of the stakeholders concerned.