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Youth in India: Challenges of Employment and Employability

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Rajendra P. Mamgain and Shivakar Tiwari¹

Using the NSSO Employment and Unemployment Survey Rounds as the basis, this paper examines questions of unemployment, employment and human capital formation among Indian youth belonging to various social and religious groups across different regions since the advent of the economic reforms in the early 1990s. The paper shows how an increasing proportion of the youth population is facing situations of high open unemployment during a period of high economic growth. The predominance of the poor quality of employment available to youths is also a major issue of concern, especially for youths belonging to the Scheduled Castes (SCs), Scheduled Tribes (STs) and Muslim communities. Using the Logit Model, the paper shows how education, gender, social belonging and location play significant roles in determining the participation of youths in both the labour force and education. It also brings out disparities in the employment and human development outcomes of youths belonging to various socio-religious groups in a comparative framework. The paper argues for strengthening measures to create decent employment on a large scale and for improving the education and skill levels of youths with a greater focus on those belonging to the marginalised groups of Indian society.

I. THE ISSUE

Accounting for a population of over 333.4 million in 2011, the youth² represent 27.5 per cent of the Indian population (Population Census, 2011). India is among the few countries having the advantage of being home to a relatively higher proportion of younger population. Across the world, every fifth youth is an Indian. This demographic dividend of arising share of the working age population (15-59 years), which came into effect in the early 1980s is likely to remain till 2025 (ILO, 2013; Aiyar and Mody, 2011). About 2 per cent of the economic growth in India has been attributed to this demographic transition (Aiyar and Mody, 2011). Such a huge

¹The authors work with Giri Institute of Development Studies, Lucknow, as Professor and Senior Research Associate, respectively. An earlier version of this paper was presented at the 57th Annual Conference of the Indian Society of Labour Economics (ISLE) during 17-19 December 2014 at Birla Institute of Technology (BIT), Ranchi and at the Second International Conference and Doctoral Colloquium on “Transformative Social Science Research: Disciplines, Collaborations and Think Tanks”, Institute of Public Enterprise, Hyderabad, 3-4 March 2015. The authors express their thanks to the Conference participants for their useful comments. However, the usual disclaimers apply.

² The age bracket of youth is categorised differently by different agencies. For instance, ILO and other UN agencies categorise the population aged 15-24 years as youth. According to these criteria, about 19.2 per cent of the Indian population can be classified as youth. We consider the population aged 15-29 years as youth for our analysis in the present paper since a sizeable number of youth up to the age of 24 years are pursuing higher education at various educational institutions. Many programmes of the Government of India aimed at youth also cover the age group of 15-29 years.

proportion of a relatively young population in India is expected to add to both its economic growth and the consequent demand for goods and services. This phenomenon of the demographic dividend has been widely discussed in development literature in recent years (Bloom and Canning, 2004; Aiyar and Mody, 2011; Parasuraman, *et al.*, 2009). However, it is also argued that this 'demographic dividend' can turn into a 'demographic nightmare' if opportunities are not created for the all-round development of the youth, including decent employment (Chandrasekhar, *et al.*, 2006; Papola and Sahu, 2012). The advent of the information technology (IT) revolution has also made the youth increasingly interconnected and aware of developments of their interest. Further, the use of social media has facilitated an unprecedented mobilisation of the youth, which, in turn, has enabled them to show their concerns (World Bank, 2013a). Examples of this mobilisation of the youth include the uprising in the Middle East, called the 'Arab Spring', and the voices criticising corruption and demanding clean governance in India, which highlight the potential of youth power to bring about a change in the existing systems.

The major issues that confront the youth include the high incidence of unemployment as well as under-employment, limited opportunities for remunerative jobs, low levels of education and skills, and the quest for identity and dignity (ILO, 2013; FES, 2012, Mitra and Verick, 2013). All this applies to India as well. The youth suffer disproportionately more than others from slow growth in employment opportunities and an economic slowdown (ILO, 2013). Moreover, the growth process in India has also resulted in rising inequality in incomes and human capital formations, which, in turn, has caused significant disparities across various social groups and regions (Planning Commission, 2013). The marginalised sections of the population, such as Scheduled Tribes (STs) and Scheduled Castes (SCs) still remain at the bottom of the social hierarchy in terms of various socio-economic indicators of development (Mamgain, 2013). Much of their slow development is increasingly being attributed to social exclusion and discrimination which they continue to face in their daily lives in various forms (World Bank, 2013b; Thorat and Newman, 2010).

Growing mismatches in the demand and supply of education and skills is yet another dimension that affects the overall employability of youth in India and several other countries as well (ILO, 2010; Chadha, 2000; Mamgain, 2010). While on one hand employers complain against shortages of skilled manpower that pose hurdles in their expansion (India

Skills Report, 2014; ILO, 2013), on the other hand, there is a very rate of unemployment among educated youth, particularly women (Dev and Venkatanarayana, 2011). Employers find a large number of job-seekers unemployable due to insufficient exposure of the latter to practical aspects of education. The present skill development structure also lacks inter-connections between education, skills and on-the-job practical experience. Thus, the situation of over-supply of educated labour force that has acquired only general education and limited vocational training is juxtaposed against acute shortages of trained labour force in several industries (FICCI, 2010; India Skills Report, 2014). The increasing inequality in the entire process of human capital formation, beginning with school education itself, poses a major challenge in terms of the poor quality of education for a large segment of children (Planning Commission, 2011; ASER, 2013), which eventually determines their employability (IRIS Knowledge Foundation, 2013). A large number of students discontinue their education due to their poor economic conditions and uncertainty about the future prospects of employment. The mobility of youth, particularly women, is still low due to the interplay of various social and economic factors, resulting in their overall low participation in the labour market (Mitra and Verick, 2013). The persistence of discriminatory practices based on caste, ethnicity and religion in the process of human capital formation and employment generation also adversely affect SCs, STs and Muslims (Thorat and Newman, 2010; Papola and Mamgain, 2012).

It has also been observed that various Government policies and programmes such as the National Youth Policy have hardly been able to make any major contribution towards improving job opportunities for youth in India in the recent past. This has, in turn, resulted in a growing stock of unemployed youths. There are also evidences of association between persistent poor economic performance, including youth unemployment and conflict (Cramer, 2010; Planning Commission, 2008). Research undertaken by the Institute of Criminology at Cambridge University on the subject over nearly 50 years, established long ago that young people are more likely to commit crime when they are out of work. These crimes may often be petty initially but can turn into something more serious subsequently. Hence, if left untreated, the issue of youth unemployment can destabilise fragile economies, become a breeding ground for extremism, and cause a generation to be permanently scarred. If youth power is channelised successfully in nation-building, this may, in fact, increase the pace of our development process at a faster pace (Cramer, 2010).

In this light of this brief background, we examine the questions of unemployment, employment and human capital formation of Indian youth belonging to various social and religious groups across different regions since the advent of economic reforms in the early 1990s. The second section of the paper examines the pattern of participation of youths, both employed and unemployed, in the labour force. The third section of the paper analyses the nature and pattern of employment among youth. It focuses on the quality of employment of youth and assesses whether educational levels do matter in improving the quality of their employment. The fourth section analyses the situation of unemployment among the youth. Section five examines the human capital base of the youth population and its quality, and shows how a large section of the youth is still characterised by low levels of educational attainment and skill training. The determinants of youth employment are discussed at length in Section six, while the policy implications are discussed in the concluding section, with a focus on future policy interventions.

The paper is based on large sample unit level data of the 'Employment and Unemployment Surveys' conducted by the National Sample Survey Organisation (NSSO) for the years 1993-94, 2004-05 and 2011-12, which highlight the post-economic reform scenario with regard to youth employment in India. The data have been taken for usual activity status of persons. The analyses in the paper have been presented across the following five socio-religious groups: (i) Scheduled Tribes (STs), (ii) Scheduled Castes (SCs), (iii) Other Backward Caste-Muslims (OBC-M), (iv) Other Backward Caste-Hindus, (v) Other Caste-Muslims (OC-M), and (vi) Others (OCs). This analysis facilitates a comparison of the situations pertaining to youths belonging to various socio-religious groups and the inter-group disparities among them.

II. PARTICIPATION OF YOUTH IN THE LABOUR MARKET

The ideal situation would be when almost all persons up to the age of 24 years are able to complete their tertiary level of education, which would imply their reduced participation in the labour force as most of them would be studying. The reality, however, is that a large percentage of the youth in the country today are either working or seeking work, which makes them a part of the labour force. In 2011-12, about 146.8 million youths, representing over 44.4 per cent of the youth population, were in the labour force, while 91.4million youth were unemployed.

An assessment of the labour force participation rates (LFPRs) of youth belonging to various age groups reveals that youth in the 15-19 year age group account for the lowest LFPR. Less than one-fourth of the youth population in this category is either working or looking for

jobs (Table 1), whereas nearly 63 per cent of them are students. However, within the next age group of 20-24 years, the LFPR jumps to 50.5 per cent, and further increases to 64 per cent in the age group of 25-29 years. As opposed to this trend, the proportion of youth acquiring education declines substantively with the higher age groups. A sizeable proportion of youths are simply engaged in other domestic chores. Thus, the proportion of youths in the labour force is less than that in the age group of 30-59 years (68.5 per cent) (Table 1).

A gender-wise examination reveals that 63.4 per cent of the males and 24.1 per cent of the females among the youths are in labour force. This kind of disparity in the LFPRs between young males and females exists across all the three youth age groups (Table 1). Further, the share of students among the female youth population is also proportionately much less than that of their male counterparts. Thus, over half of the female youths are neither in the labour force nor acquiring any education. Over 27 per cent of the females in the age group of 15-19 years are neither studying nor doing any job. This high ratio of females in the age cohorts of 20-29 years, vis-à-vis the corresponding proportion of females in the next age cohort of 30-59 years shows the high degree of involvement of female youths in the home care economy. In other words, marriage and home care could be the possible reasons for the disparities in the male and female LFPRs.

Table 1
Participation of Youths in the Labour Force, 2011-12 (percent)

Age Group (Years)	Male			Female			Person		
	LFPR	Student	Others	LFPR	Student	Others	LFPR	Student	Others
15-19	30.99	65.99	3.02	14.12	58.47	27.42	23.35	62.58	14.07
20-24	74.33	23.94	1.73	26.2	14.52	59.29	50.54	19.28	30.18
25-29	95.85	2.85	1.3	32.75	1.32	65.93	63.65	2.07	34.29
15-29	63.38	34.5	2.12	24.07	25.66	50.27	44.36	30.22	25.41
30-59	97.79	0.03	2.18	38.84	0.05	61.11	68.5	0.04	31.46
15-59	82.65	15.2	2.15	32.53	10.98	56.48	58.04	13.13	28.84
Total	55.53	29.78	14.69	22.08	25.24	52.67	39.28	27.58	33.15

Source: Calculated from the Unit Record Data of the 68th Round on Employment and Unemployment, National Sample Survey Organisation (NSSO), Government of India, New Delhi, January 2014.

The participation of youths in the labour force also varies significantly among different social groups. It is highest among ST youth, at 56.1 per cent, followed by SCs at 47.3 per cent, OBC-Muslims and OBC-Others, at about 44 per cent each), and the lowest among OCs, at 38 per

cent. The reverse trends can be observed with regard to the participation of youths in education except in the case of Muslims. The proportion of youths who are neither in the labour force nor acquiring education is the highest among OBC-Muslims and the least among STs (Table 2). The low level of participation of young females in the labour market is, however, a common feature for all social groups. However, it is the lowest in the case of OBC-Muslims, at about 17 per cent, followed by OCs, at 19.3 per cent each for OC-Muslims and OC-Others, OBC-Others and SCs, at 17 per cent and 25 per cent, respectively, and the among STs, at 41.5 per cent. These deviations can be also partly be attributed to socio-cultural and religious contexts, which prohibit women's participation in labour market activities.

Table 2
Activity Status of Youth (15-29 Years) by Social Group, 2011-12 (%)

Social Group	LFPR	Student	Others
ST	56.14	22.96	20.9
SC	47.26	26.1	26.64
OBC-Muslim	43.52	22.92	33.56
OBC-Others	43.73	31.42	24.85
OC- Muslim	45.58	25.61	28.82
OC- Others	38.02	38.75	23.24

Source: Same as for Table 1.

A crucial question is as to how the LFPRs of youth have changed over the period of 18 years from 1993-94 to 2011-12. It has been observed that there has been a sizeable reduction of over 14.1 percentage points in the participation of youth in the labour market between 1993-94 and 2011-12. This decline has been more pronounced, at over 20.5 percentage points, in the age group of 15-19 years and moderate at about 12.8 percentage points, in the next age cohort of 20-24 years. The student population, on the other hand, has registered an increase over the period (Annexure Table 1). While a major decline of nearly 19 percentage points in the LFPRs of youth occurred during the period 2004-05 to 2011-12 alone, it increased by 4.7 percentage points during the earlier period (1993-94 to 2004-05). The percentage share of students in the youth population increased marginally from 15.9 per cent in 1993-94 to 16.5 per cent in 2004-05, and almost doubled to over 30 per cent by 2011-12. This jump in the ratio of students in the youth population has been witnessed in the case of both genders, but has been more conspicuous in the

case of females. There has also been a big jump of 12 percentage points in the female youth population categorised as ‘Others, who mainly comprise young women engaged in domestic chores and other homecare works, in the age-group of 25-29 years during the period 1993-94 to 2011-12. Similar declines of 5 percentage points has been noticed for females in the age group of 20-24 years and of about 12 percentage points for those in the age group of 30-59 years. Thus, the decline in the LFPRs of youth can be explained in terms of their rising enrolment/retention in the spheres of secondary and tertiary education, to a large extent, and is partly caused by the withdrawal of females from the labour market with their rising household income and also withdrawal from the labour force due to the lack of remunerative employment opportunities (Neff et al, 2012; Rangarajan, *et al.* 2011). The non- recording of women’s work in recent years has also been cited as yet another reason for the low LFPR among women.

In terms of social groups, the LFPRs of ST youth declined by the highest proportion of 20.4 percentage points between 1993-94 and 2011-12, while the corresponding figure for SCs was nearly 16.8 percentage points. The next highest decline in the youth LFPRs has been observed in the case of OBC-Others, while the least decline has been seen in the case of Muslims (both OBC and Others) (Annexure Table 2). The corresponding increase in the proportion of students has been highest for OBC-Others, at 12.9 percentage points, followed by OC-Others, at 10.7 percentage points, and SCs, at 10.3 percentage points, while the least decline has been observed in the case of OBC-Muslims, at 6.9 percentage points, during the period 2004-05 to 2011-12. These vast disparities with regard to the participation of youth in education have not been able to bridge the gap in the educational development of youth belonging to various socio-religious groups over the past years. These differentials in the educational development of youth belonging to various social groups also have implications for their employment prospects, as discussed in the later sections.

The LFPRs of youths vary significantly across states. Over half of the youth population was accounted for by the labour force in the states of Chhattisgarh, Gujarat, Himachal Pradesh and Andhra Pradesh in 2011-12. In states like Bihar, however, less than one-third of the youth population constitutes its labour force. The other states exhibiting a far lower participation of youth in the labour market than the national average are Arunachal Pradesh, Manipur, Delhi, Assam, Uttarakhand and Haryana, in that order. The pattern of youth LFPRs across states also shows a mixed pattern along with their levels of economic development. For example, low-income states such as Jharkhand have very low youth LFPRs whereas the corresponding figures

are much higher in high-income states such as Gujarat. It is assumed that in high-income states, the participation of the youth in the labour market would be low as most of them are able to continue their educational development. This also applies to some extent in the case of the youth population in the age group of 15-19 years but certainly not to the next age groups of 20-24 and 25-29 years, respectively. The LFPRs of youths declined substantially by over 18 percentage points between 1993-94 and 2011-12 in the 11 states of Andhra Pradesh, Rajasthan, Karnataka, Tamil Nadu, Madhya Pradesh, Haryana, Himachal Pradesh, Uttarakhand, Chhattisgarh, Meghalaya and Arunachal Pradesh. However, states such as Orissa, West Bengal, Gujarat, Uttar Pradesh and Jharkhand witnessed a lower decline in their youth LFPRs, and thus had relatively high youth LFPRs in 2011-12 (Annexure Table 3).

Briefly, therefore, the youth LFPRs significantly differ across gender, social groups and regions. The factors determining the probability of participation of youths in the labour market are discussed in Section V.

III. THE EMPLOYMENT CHALLENGE

1. Employment among Youth

About 137.6 million youth were reportedly workers in 2011-12, accounting for 29.1 per cent of the total workforce in India. Over 60 per cent of the male and nearly two-fifths of the female youth population are observed to be workers (NSSO, 2014). The growth rate of the youth employment increased by about 1.3 per cent per annum during the period 1993-94 to 2004-05, but thereafter declined in absolute terms between 2004-05 and 2011-12, at the rate of -1.39 per cent per annum. This decline has been mainly witnessed in the case of the female youth population (Table 3).

Table 3: Growth Rate of Employment among Youth

Gender	Youth		Adult	
	<i>1993-94 to 2004-05</i>	<i>2004-05 to 2011-12</i>	<i>1993-94 to 2004-05</i>	<i>2004-05 to 2011-12</i>
Male	1.46	-0.39	2.38	2.77
Female	0.89	-3.83	2.73	-0.81
Total	1.28	-1.39	2.50	1.66

Source: NSSO Rounds on Employment and Unemployment in India.

In the following section, we analyse the nature and quality of youth employment and the prevalent trends therein since the advent of economic reforms in the 1990s.

2. The Quality of Employment

Employment is generally categorised in terms of self- and wage employment. The self-employed category under employment is a mixed bag, accounting for employment with a large range of income from very high to very low, and therefore, cannot be clearly ranked in terms of the quality of employment. Wage employment consists of regular salaried workers and casual wage workers. Regular salaried work is generally considered as a decent form of employment with the lowest incidence of poverty among such workers. Casual wage work is generally the worst form of wage work with uncertainties and fluctuations in income. The incidence of poverty among casual wage labourers is the highest of all forms of employment. The self-employed category of workers is marginally better than casual wage workers because of the prevalence of comparatively low levels of poverty among them.

As regards the overall structure of employment, 46 per cent of the youth workforce, accounting for the highest figure among all categories, was self-employed in various economic activities in 2011-12. Another one-third of the youth workers were engaged in casual wage works while the remaining 21.2 per cent were working in regular salaried jobs (Table4). How does this structure of employment differ between youth males and females? Despite their low LFPRs, the broad structure of employment among women is similar to that of their male counterparts, that is, the highest number of young women were self-employed, followed by those engaged in casual wage labour, while the least number were engaged in regular salaried employment. However, a few notable features pertaining to the employment trends need to be mentioned here.

Table 4
Nature of Employment Available to Youth

Year	Male			Female			All		
	SE	REG	CL	SE	REG	CL	SE	REG	CL
1993-94	52.53	13.64	33.82	53.75	6.02	40.23	52.93	11.14	35.93
2004-05	49.44	17.05	33.51	59.99	8.61	31.39	52.80	14.36	32.84
2011-12	42.68	22.86	34.46	55.64	16.55	27.81	46.06	21.22	32.72

Source: NSSO Rounds on Employment and Unemployment in India

The percentages of young female workers who were self-employed and also those engaged as casual wage labourers were substantially higher than the corresponding figures for their male counterparts. However, the opposite is the case with respect to regular salaried employment. This pattern holds true for women belonging to various social groups except OCs (Annexure Table 4).

The structure of youth employment varies significantly across different socio-religious groups. Nearly half of the youth workers except SCs were self-employed during 2011-12. About half of the SC youths were working as casual wage labourers. The low proportion of SCs in self-employment and the corresponding high percentage of this social group in casual wage labour, unlike other social groups including the OBCs, STs, OCs and Muslims, is largely associated with the highest incidence of landlessness among SCs. This historical disadvantage still continues wherein a large majority of the SC youth workers continue to work as casual wage labourers. The situation of ST youths is similar to that of their SC counterparts, as nearly 42 per cent of the ST youth were found to be engaged in casual wage works during the period under study. This pattern is largely the result of growing landlessness among the STs, which, in turn, has been associated with their displacement in recent years. The situation of OBCs and OC-Muslims falls somewhere between that of the STs and the OC-Others. In contrast, the proportion of casual labourers is the lowest (14 per cent) among youths included in the category of OC-Others (Annexure Table 4).

This kind of divergence in the structure of youth employment is also visible during an analysis of their share in regular salaried employment. While the highest proportion of 37 per cent of the OC-Others youth workers were employed in regular salaried jobs, merely 8 per cent of the ST youths were employed in such jobs. The share of OBCs, Muslims and SCs in such employment ranged from 18 to 20 per cent, respectively, during the year 2011-12.

It is also interesting to note how the structure of youth employment has changed over the past 18 years since 1993-94. In this context, the following questions need to be considered: Have the marginalised groups experienced larger mobility from the casual to the regular category of wage employment? Have they moved out of self-employment in the same way and extent as the OCs have done; and if so, where have they moved more often—in the category of regular

employees or that of casual wage workers? The long-term trend pertaining to the total youth workforce has shown a decline in the proportion of the self-employed, and an increase in the share of regular salaried workers. The proportion of casual workers among youths has witnessed a decreasing trend. Thus, the share of self-employed youth in employment decreased by about seven percentage points over the period 1993-94 to 2011-12. The decline in the proportion of self-employed youth mainly occurred between 2004-05 and 2011-12, while the corresponding increase was largely seen in regular salaried work (Table 4). In other words, a significant structural shift in youth employment has occurred, largely during the recent period, that is, 2004-05 to 2011-12, leading to a significant growth in regular salaried jobs.

Youth workers from all social groups exhibit the same pattern of change in the structure of their employment, but to varying extents. The highest decline of nearly 12 percentage points in the share of self-employed was observed in case of OBC-Muslim youths and OC-Other youths during the period 2004-05 to 2011-12. The categories of OBC-Others, SCs and OC-Muslim youths also witnessed a substantial shift of about 8, 5 and 3, respectively from self- to wage employment. Thus, much of the shift away from self-employment has been towards a faster increase in the share of regular salaried employment for all socio-religious groups except in the case of OBC-Muslim youth, whose share in both casual as well as regular employment increased during the period 2004-05 to 2011-12. Contrary to this, the decrease in the share of self-employed among OCs occurred largely in favour of regular salaried jobs. The proportion of young OC-Others workers in regular salaried jobs increased by about 7 percentage points from 23.6 per cent in 2004-05 to 37 per cent in 2011-12, which accounts for the highest increase in their share in such regular salaried jobs as compared to the corresponding figure for the marginalised social groups. The proportion of SC youth workers in regular salaried jobs more than doubled from 7.7 percent in 1993-94 to 17.7 percent in 2011-12. This increase for SCs is the second highest, next only to OCs. This can be termed as a healthy trend for SCs despite a largest proportion (about 49.8 per cent) of them still working as casual wage labourers (Annexure Table 4).

The question as to whether the structural shift in women's employment differs from that for their male counterparts also needs to be examined in detail. The data show a remarkable increase in the share of regular salaried workers among female youth during the period 1993-94

to 2011-12. This category of workers also witnessed a significant decline of about 12 percentage points in their share of casual wage labour. In other words, there has been an improvement in the choice of work for females, and a substantial number of them have withdrawn from casual wage work. In the case of male youths, their share in casual wage employment almost remained constant over the period, while the corresponding decline in self-employment has been in favour of regular salaried jobs (Table 4).

Briefly, therefore, there has been a comparatively faster increase in the number of regular wage employment opportunities for youths belonging to various social groups in recent years. However, their dependence on casual wage employment has not decreased significantly, and this has been more so in the case of STs and SCs than the other social groups.

3. The Industrial Structure of Youth Employment

It is important to examine how youth workers are distributed across different industrial sectors of the Indian economy. The important questions in this context are: Is employment concentrated in a few sectors or diversified among three major sectors, namely, agriculture, industry and services? Although there has been a significant shift of the entire Indian workforce from agriculture to the industry and service sectors over the past two or three decades, have youth workers, particularly those belonging to the marginalised social groups also experienced a similar, larger or small shift? The data pertaining to these questions are presented in Table 5.

As regards the broad national pattern, nearly 43 per cent of the youth workers are seen to be engaged in agriculture and allied activities, making this sector the largest sector employing the youth workforce. The next important industrial sectors are manufacturing and construction, with each of them employing about 16 per cent and 13 per cent of youth workforce, respectively, in 2011-12. Over one-tenth of the youth workers were employed in trade and other services each. There has also been a significant structural shift of youth employment in favour of non-farm based jobs. Between 2004-05 and 2011-12, the share of youth in agriculture declined by 15.6 percentage points. These workers were mainly absorbed by the construction sector and other services, accounting for 5.4 percentage points and 3.7 percentage points, respectively, of the shift from agriculture.. The manufacturing sector also improved its share in youth employment by 2.4 percentage points during the period under study.

Table 5
Industrial Structure of Youth Employment, 2011-12

Industry Group	STs	SCs	OBC-Muslims	OBC-Others	Others-Muslims	Others-Others	Total
Agriculture	68.16	42.34	21.68	48.62	24.92	33.86	43.26
Mining and Quarrying	0.62	0.77	0.7	0.6	0.16	0.52	0.60
Manufacturing	5.82	13.3	28.33	13.92	31.94	19.2	16.13
Electricity, Gas and Water Supply	0.3	0.4	0.26	0.72	0.74	0.43	0.52
Construction	14.45	20.54	16.91	10.6	13.06	6.48	12.96
Trade, Hotels and Restaurant	3.87	7.15	17.06	10.86	16.63	16.66	11.21
Transport Storage and Communication	2.08	5.29	8.0	5.12	6.61	6.16	5.31
Other Services	4.7	10.21	7.07	9.56	5.93	16.69	10.01
Total	100	100	100	100	100	100	100.00

Source: Same as for Table 1.

The industrial composition of youth employment varies substantially across different social groups. While well over two-thirds of ST youths are employed in the agriculture sector, the proportion of workers engaged in this sector, at one-fifth of their total population, was that of OBC-Muslim youths. Less than half of the youth workers in the category of OBC-Others are employed in agriculture. About 42.3 per cent of the SC youths have been found to be engaged in agriculture, mainly as casual wage workers. In other words, the dependence on agriculture is the least among Muslim and OC youths—the Muslims are largely concentrated in urban areas whereas the OCs have been observed to be possessing land in the rural areas.

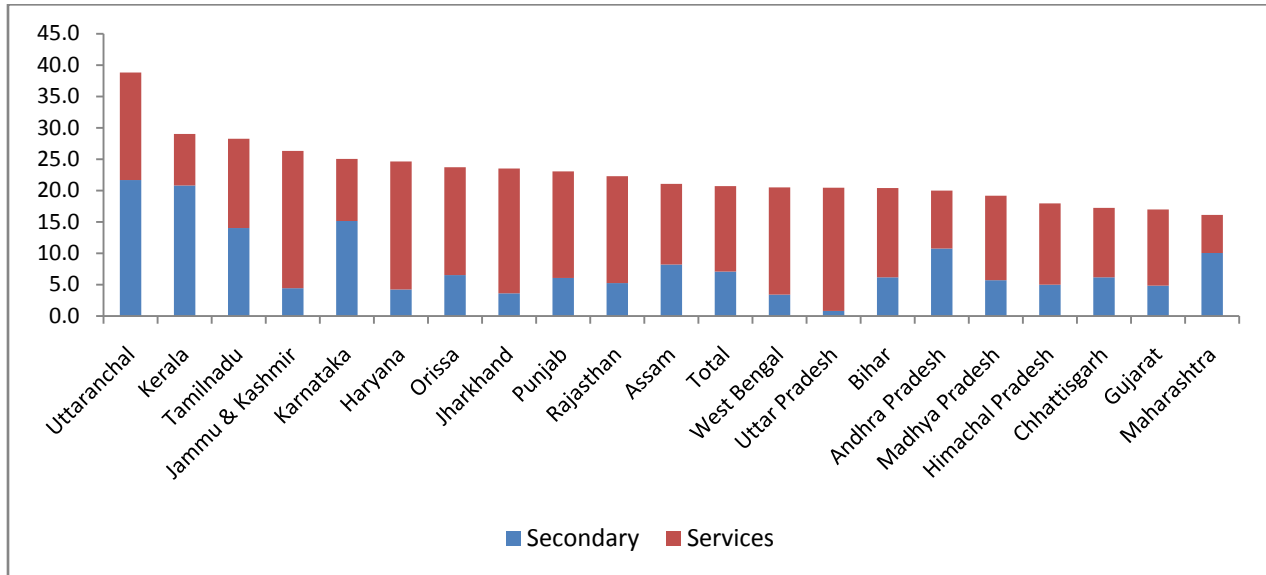
While the construction remains the second largest employer of SC youth workers (accounting for 21 per cent of their total employment), this position is occupied by the manufacturing sector in the case of youths included in the categories of Muslims and OC-Others. Nearly 17 per cent of the youths in the categories of Muslims and OC-Other have been found to be working in the hotel, restaurant and trade sector, whereas the corresponding share of SCs and STs is much lower, at 7.2 and 3.9 per cent, respectively. About 17 per cent of the youths in the category of OC-Others have been observed to be working in the ‘Other Services’ sector. About one-tenth of the youths belonging to the SC and OBC-Other categories are also employed in the ‘Other Services’ sector. However, a similar increase has not been witnessed in the proportion of workers in these sectors from among the OBC-Muslims and STs, who also have reservation in public sector employment (Table 5). In other words, while reservation has led to an improvement

in the representation of OBC-Others and SCs in public sector employment, the same advantage has been realised at a very slow pace in the case of ST and OBC-Muslim youths.

In sum it may be said that the industrial composition of youth employment clearly shows a relatively larger dependence of STs and SCs on the agriculture and construction sectors. The employment structure of OC and Muslim workforce is highly diversified, with these categories of youths having overcome their dependence on agriculture and shifted in large numbers to the services sector. As would be seen later, this shift in their employment, particularly in the case of youths in the category of OC-Others, has been significantly facilitated by favourable economic and social endowments in terms of land, education, and social status, among other things. Another question that needs to be considered is: What is the sectoral composition of youth employment across various regions of the country? The share of the primary sector in youth employment varied from the highest figure of 69 per cent in Chhattisgarh to less than one-tenth of the total in Kerala among the major Indian states in 2011-12. The other states exhibiting a predominance of youth employment in the primary sector are Bihar, Himachal Pradesh, Madhya Pradesh, Orissa and Assam. The secondary sector, which includes manufacturing and construction, accounted for the highest share of youth employment in Tamil Nadu, West Bengal, Haryana and Punjab. The services sector, on the other hand, accounted for the highest share of youth employment in Kerala, with over 54 per cent of the youths in the state engaged in this sector. The other states characterised by a high share of services in youth employment are the relatively more developed states such as Tamil Nadu, Maharashtra, Karnataka, Punjab, Uttarakhand, Haryana and Andhra Pradesh (Annexure Table 5).

The share of the primary sector in youth employment decreased by over 20 percentage points between 1993-94 and 2011-12. The states experiencing the highest percentage points of this decline included Uttarakhand (38.8 per cent), Kerala (29.02 per cent), Tamil Nadu (28.3 per cent), Jammu & Kashmir (26.3 per cent), Karnataka (25.1 per cent), Haryana (24.6 per cent), Orissa (23.7 per cent), Jharkhand (23.5 per cent), Punjab (23.1 per cent), Rajasthan (22.3 per cent) and Assam (21.1 per cent). The corresponding shift has been in towards the services sectors in most of the states. (Figure 1).

Figure 1: Structural Shift in Youth Employment from the Primary to the Secondary and Services Sectors between 1993-94 and 2011-12

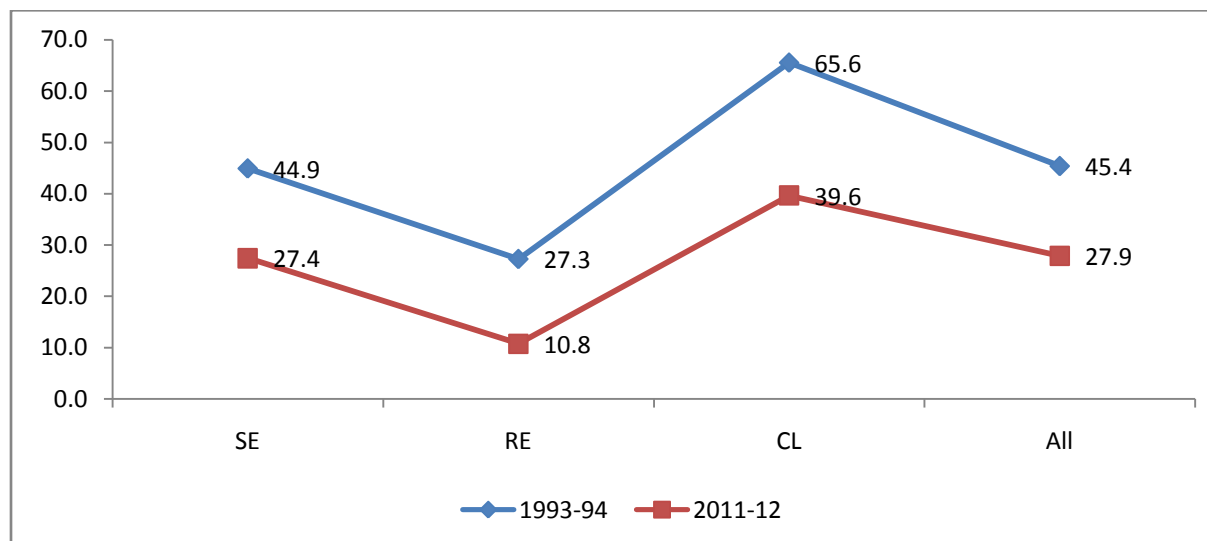


Source: Calculated from NSSO Unit Level Data on Employment and Unemployment, Various Rounds.

4. The Working Poor

The incidence of poverty among workers is one of the indicators of the quality of available employment. For this, we have used Tendulkar Poverty Line approach on monthly consumption expenditure data obtained from the Employment and Unemployment Surveys (EUS) conducted by the NSSO. According to this method, nearly 28 per cent of youth workers were engaged in a poor quality of employment in 2011-12, as their incomes were insufficient to take them out of the poverty threshold income. The category of the population suffering from this syndrome is described as the ‘working poor’. The proportion of working poor is marginally high among youth than among adult workers. The proportion of working poor is the highest among casual labourers and the least among those employed in regular salaried jobs. The proportion of youth in the category of working poor declined by about 17 percentage points between the years 1993-94 and 2011-12. This decline was the highest in the case of casual wage labourers, followed by those who were self-employed (Figure 2).

Figure 2: Working Poor among Youth Workers, 1994-2012



Note: The headcount ratio has been calculated for the MPCE data as has been collected in EUS. This may lead to an over-estimation of the poverty numbers as calculated from the MPCE data and collected in the CES. Moreover, the magnitude and direction of change in the poverty ratios are more or less similar.

Source: Same as for Fig. 1.

As regards the pattern of poverty in India, over half of the youth workers among STs fall under the category of the working poor. Nearly one-third of the SC and OBC-Muslim workers are poor. The proportion of the working poor is the least among Other Caste Hindus (Table 6). This pattern of the working poor exists among social groups in the case of casual wage employment, and to some extent in the case of self-employment and regular wage employment as well. This clearly shows that the quality of employment available to the ST, SC and Muslim youths is significantly inferior than that accessible to the youth classified under the categories OBC-Others and Others.

The reasons for the proportionately high number of working poor among these marginalised groups across all types of employment could be due to the lack of quality assets, poor education, locational disadvantages, and persisting discrimination against them during their human capital formation stage and later, even in the labour market.

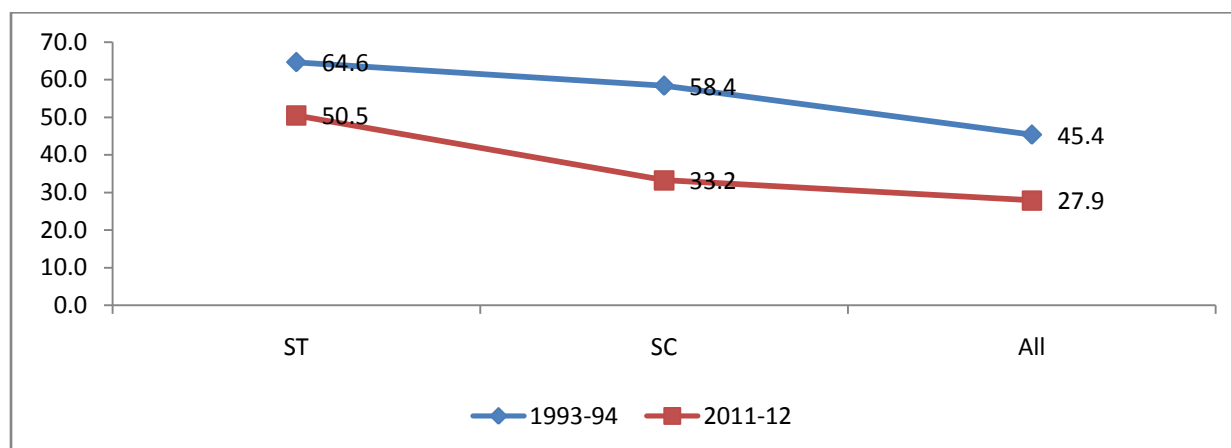
Table 6
Percentage of Working Poor among Youths across different Categories of Employment, 2011-12

Socio-religious Group	Self-employed	Regular Salaried	Casual Labour	Total
ST	50.17	16.11	57.45	50.48
SC	29.72	17.79	41.01	33.23
OBC-M	34.05	19.42	37.31	32.14
OBC-O	25.38	10.00	33.25	24.70
OTHER-M	24.80	13.07	39.55	26.75
OTHER	13.73	4.76	31.07	12.86
ALL	27.43	10.78	39.64	27.90

Source: Same as for Table 1.

The pace of decline in the share of the working poor was comparatively much slower for ST youths but faster for SCs during 1993-94 to 2011-12 (Figure 3). This decline in the case of SCs could be due to a sizeable increase in their share in regular wage employment.

Figure 3: Working Poor among the Youth, 1993-94/2011-12



Source: Same as for Fig. 1.

IV. UNEMPLOYMENT AMONG YOUTH

About 91.4 million youths in India are unemployed, representing 84.7 per cent of the entire unemployed population in the country. The number of unemployed youths in the country swelled from 56.03 million in 1993-94 to 78.8 million in 2004-05, and further to 91.4 million in 2011-12, increasing at the rate of 2.75 per cent annually during the entire reference period. Unemployment thus poses a major challenge before the country. Infact, the unemployment rates *per se* are not high among the Indian labour force unlike the situation in many other developing as well as

developed countries, rather the problem is one of under-employment and poor quality of employment, predominantly in the informal sector (Papola and Sahu 2012; Kannan, 2014; ISLE, 2014). This issue has also found a prominent place in election manifestoes of almost all the major political parties in India in recent years. The latest estimates for the year 2011-12 show about 2.2 per cent of the labour force being unemployed. The incidence of unemployment is almost three times higher (6.2 per cent) among youths. Gender-wise, the rate of unemployment is higher among young females, particularly in the urban areas (14.1 per cent). The corresponding figure for rural areas is about 5 per cent each for males and females. The rate of unemployment among the youth increased steadily from nearly 4 per cent in 1993-94 to 5.4 per cent in 2004-05, and to 6.2 per cent by 2011-12 (Table 7).

1. Mismatch between Education and Employability

It has also been estimated that about 20 per cent of the labour force among the youth, who have degree and professional educational attainments, were unemployed in 2011-12. The unemployment rate is also high among those having technical degrees and diplomas. A similar pattern was also observed earlier (Mathur and Mangain, 2004). It is important to examine how this pattern has changed over the years. While there was an overall increase in the incidence of unemployment among youth during the period 1993-94 to 2011-12, the unemployment also decreased significantly in the case of those having attained higher levels of education, barring those with technical degrees (Table 8). In fact, the unemployment rate among graduates with technical degrees jumped from 7.7 per cent in 1993-94 to 18.2 per cent in 2004-05, and increased further to nearly 21 per cent in 2011-12. The rate of decline in the incidence of unemployment has been substantive (ranging from 2 to 3 percentage points) for those with technical diplomas and high school graduates. The category of unemployed youth in recent years thus largely includes those having acquired middle level education as also those with technical degrees.

We also need to explore how the pattern of unemployment differs for youths belonging to various socio-religious backgrounds with similar educational levels. While the broad pattern of an increasing unemployment rate with increasing educational levels does prevail, it varies significantly across social groups with similar educational attainments. Overall, it is the highest

at over 8 per cent, for OC-Others and OC Muslim youths, and lowest for STs. The corresponding rate for SCs and OBC-Others is almost the same (5.6 per cent).

Table7
Education-specific Unemployment Rates

Education Levels	1993-94	2004-05	2011-12
Illiterate	0.59	1.02	1.72
Up to Primary Level	2.00	2.79	3.03
Up to Middle level	5.93	4.70	4.47
Up to High School and Higher Secondary Level	11.85	10.34	7.40
Diploma and Certificate	21.21	20.11	15.98
Graduate and above	23.82	21.45	19.86
Technical degree	7.69	18.21	20.79
Diploma Not Equivalent to a Degree	22.57	19.95	18.20
Diploma Equivalent to a Degree	23.75	20.17	17.03
Total	3.98	5.44	6.23

Source: NSSO Rounds on Employment and Unemployment in India

As regards the youth who have acquired diploma level education (below the graduate level), incidence of unemployment among the SC, OBC-Others and ST youths is much higher as compared to the socio-religious groups falling in the category of ‘Others’ (Annexure Table 8b). The reverse is true for those having acquired diploma level education equivalent to graduation. Youths in the category OC-Others and OBC-Others having acquired education up to the graduate level and above exhibited comparatively low rates of unemployment, at 17.5 per cent and 19.3 per cent, respectively, in 2011-12, as compared to their counterparts among other socio-economic groups with similar levels of education. It appears that the acquisition of degree level technical education has significantly improved the employability of youths in the categories of SCs and OBC-Others, as compared to their counterparts in the category of only ‘Others’. This is possibly due to the implementation of the reservation policy in public employment and also the incidence of a growing number of SC youth taking up private sector regular salaried jobs. However, the situation of youths with technical degrees falling in the categories of STs, OBC-Muslims and Other-Muslims is worrisome as these groups are characterised by a comparatively high incidence of unemployment.

Next we examine how the incidence of unemployment among youths belonging to various socio-economic groups has changed over the years. Here only the following four educational

levels have been considered, that is, those having acquired (a) High school and higher secondary level of education, (b) Diploma and certificate level, (c) Graduation and above, and (d) Technical diplomas not equivalent to degrees. The youths among the OBC-Muslims have seen a significant improvement in their employability with a reduction in their unemployment rates—about 11.8 percentage points at the high school level and nearly 16 per cent at the diploma level between 2004-05 and 2011-12. Similarly, the unemployment rate among SC and OBC-Muslim graduates declined by 5.9 and 3.7 percentage points, respectively, during the period 2004-05 to 2011-12. The situation of ST youths with high school and technician diploma level education has, however, worsened in recent times with an increased incidence of unemployment (Annexure Tables 7 and 8).

Briefly, therefore, it can be said that the overall employability of youths has declined over the years, which is largely due to the rising incidence of unemployment among youths with education levels up to or below middle school. The reduction in unemployment rates among those with educational levels up to secondary school and higher except graduates with technical degrees largely confirm that an improvement in the education levels of youths has led to a concomitant improvement in their employability over the years. However, the prevalence of a high rate of unemployment among graduates and technical degree-/diploma-holders is still a matter of concern. This also justifies the concerns of employers regarding the poor education and skill levels of youths passing out of higher and technical educational institutions. There is a huge disconnect between the theoretical learning and practical knowledge being imparted in educational institutions. Moreover, the mushrooming growth of technical education institutions during the last two decades has grossly undermined the quality of vocational and technical education in the country. The emphasis of Prime Minister Narendra Modi on imparting skills among Indian youths for helping them improve their employment prospects, coupled with the current initiatives under the National Skill Development Mission, should ensure that the gap between current education levels and needs of the industry is bridged by ensuring both the quality and the relevance of technical education in the country.

V. HUMAN CAPITAL FORMATION AMONG THE YOUTH

As seen earlier in Section II, there was a remarkable increase of three and a half times in the population of youth pursuing their education during the period 1993-94 to 2011-12. Paradoxically, about 30 per cent of the youth were attending educational institutions in 2011-12 (Annexure Table 1), yet, over 13 per cent of the youth in the country still remain illiterate. While over 55 per cent of the youth population has acquired education up to the middle school level and below, 35 per cent of the youth have attained education up to the high school and higher secondary level. The share of graduates among the youth stands at 8.6 per cent but the proportion of those with technical education is abysmally low, at less than 5 per cent of the total population (Table 8).

Table 8
Trends in Educational Development of Youths

Education Levels	1993-94	2004-05	2011-12
Illiterate	38.55	22.8	13.14
Up to the Primary Level	24.39	23.65	19.19
Middle Level	19.71	23.25	22.70
Secondary and Senior Secondary Level	13.2	23.38	34.55
Diploma and Certificate.	0.20	1.38	1.78
Graduate and Above	3.96	5.54	8.63
Total	100.00	100.00	100.00
Technical Degree-holder	0.09	0.28	0.49
Technical Diploma-holder below the Degree Level	0.81	1.62	2.04
Technical Diploma-holder equivalent to a Degree	0.99	0.87	0.75
Total-Technical Degree/Diploma-holders	0.89	2.77	3.28

Source: NSSO Rounds on Employment and Unemployment in India

If seen gender-wise, over 18 per cent of the female youths are illiterate as compared to the much lower corresponding figure of 8.5 per cent for their male counterparts. Interestingly, the proportion of graduates among female youths is close to that for males (over 8 per cent). However, the proportion of female youths having technical degrees and diplomas is almost half of that for male youths (Annexure Table 9).

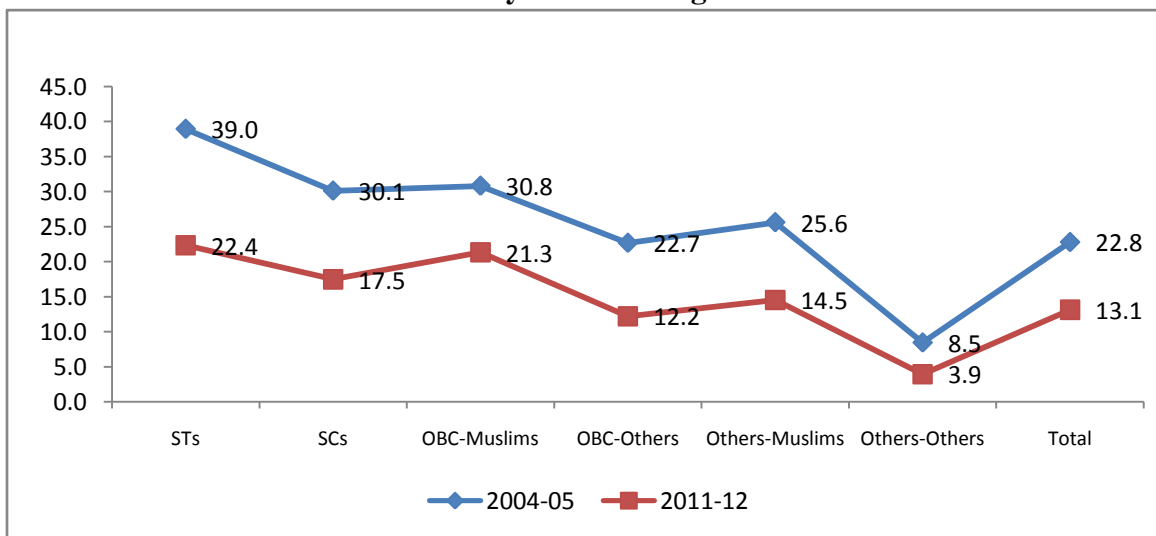
Significant disparities still exist between the educational attainments of youths belonging to various socio-religious groups. Over one-fifth of the ST and OBC-Muslim youths are still illiterate at the dawn of the twenty-first century whereas the proportion of such youths is less

than 4 per cent among the OC-Others. The proportion of youths with secondary level of education is almost double among the OC-Others as compared to the STs. Similarly, the percentage of graduates is much higher among the OC-Others than among the STs, SCs and Muslims. A similar pattern can be observed in the case of youths with technical degree and diploma level educational attainments. It may thus be concluded that where higher educational attainments are concerned, the OC-Others are on top, followed by the OBC-Others, Other-Muslims, SCs, OBC-Muslims and lastly, the STs (Figures 4 and 5).

It has also been observed that there has been a significant improvement in the educational levels of youths during the period 1993-94 to 2011-12, a fact that has been confirmed by earlier research too (IAMR, 2011; ISLE, 2014). The proportion of graduates and of those who have passed secondary and senior secondary levels among youths more than doubled during the period. Although the ratio of technical degree-holders among the youth is low, it improved by 5.4 times since 1993-94. However, such improvement has been uneven across various socio-religious groups between 2004-05 and 2011-12. In fact, the relative gap at the level of the group ‘Graduate and above’ has further widened between marginalised groups and ‘Others’ with a faster improvement in the case of OC-Others. The youth belonging to the category of OBC-Others have also achieved considerable improvement in their educational levels, particularly at the secondary level as compared to ST, SC and Muslim youth (Figures 5 and 6).

Figure 4

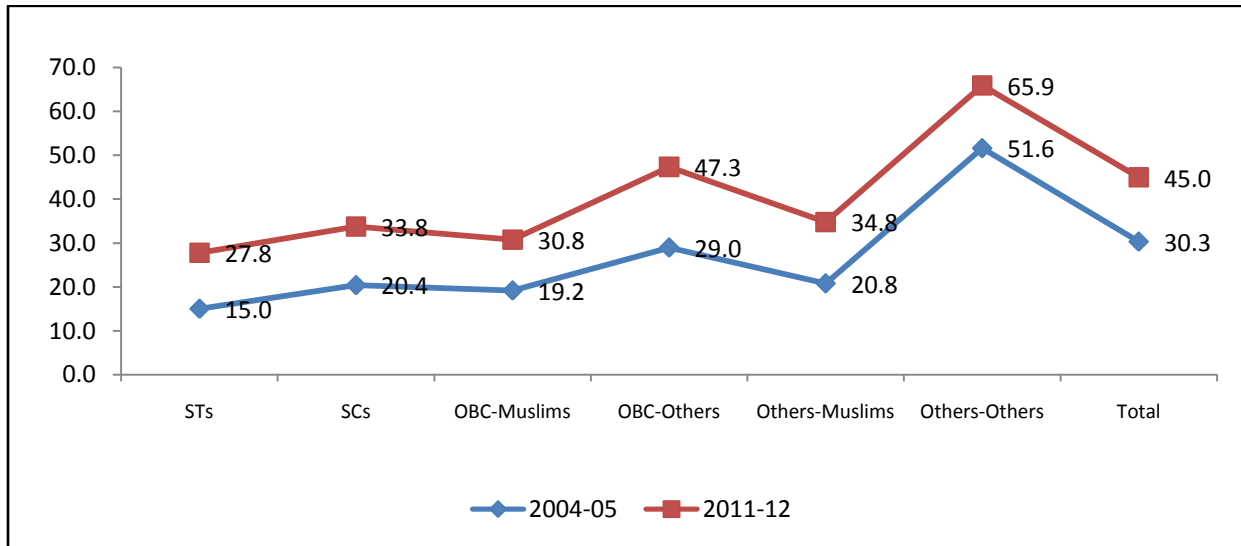
Illiteracy Rates among You



Source: NSSO, Employment and Unemployment in India, Various Rounds.

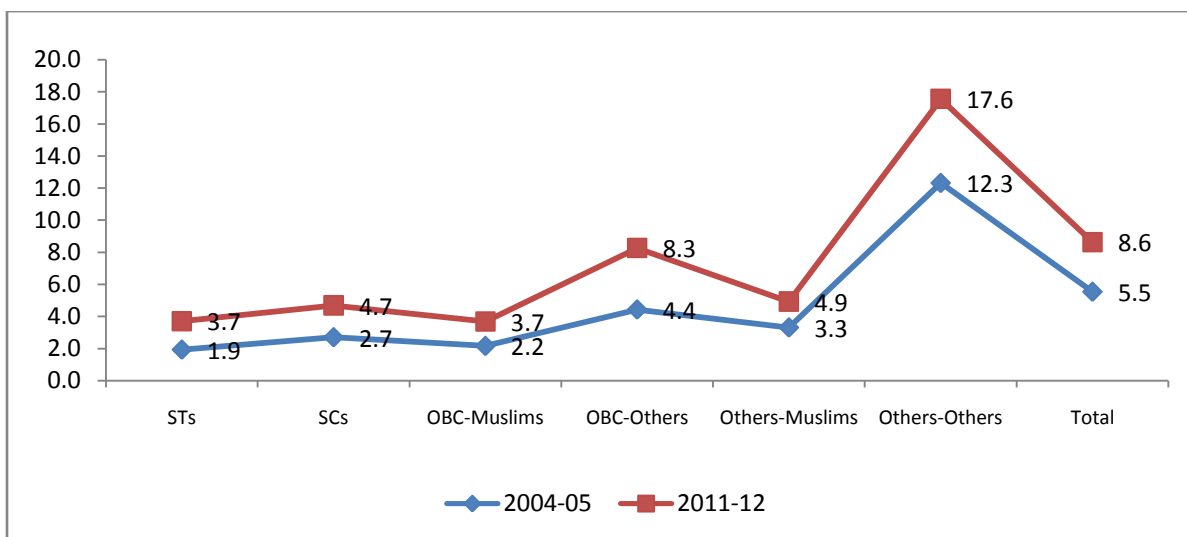
Thus, briefly it may be said that despite a few significant improvements in the literacy levels of youths belonging to the ST, SC and OBC-Muslim groups, their transition to a higher level of education has been rather slow as compared to that of OCs and OBC-Others. This has seriously hampered their employability and prospects to move to better occupations.

Figure 5
Percentage of Youths with Education of Secondary and Above Level



Source: Same as for Fig. 1

Figure 6
Percentage of Youths with Education of Graduate and Above Level



Source: Same as for Figure 5

VI. DETERMINANTS OF PARTICIPATION OF YOUTHS IN LABOUR MARKET

The following important questions need to be considered with regard to the participation of youths in the labour market: Do household characteristics influence the participation of its youths in the labour market? Do educational levels and experience improve the chances of the persons concerned of getting regular salaried jobs? How does caste matter in deciding the participation of youth in work, education or leisure activities? How does the location of a household (rural/urban/state of residence) interact with personal and household characteristics in determining the participation of youth in work? The effects of these covariates on the participation of youths are analysed here with the help of the multinomial logit regression model through the use of the NSSO data on employment and unemployment for the year 2011-12. The predicted probabilities of multinomial estimate are shown in Tables 9 and 10.

After controlling for factors including age as the proxy of experience, gender, education, socio-religious characteristics and income, in reference to urban areas, the likelihood of youths joining the labour force is higher by 6 percentage points in rural areas. The chances of joining the labour force improve with a rise in age and experience. In reference to the age group of 15-19 years, the probabilities of the youth joining the labour force in the age group of 20-24 years has been double ($p > 51$).

Gender has a significant impact on the decision of youths to join the labour market, as the likelihood of young males joining the labour force is 2.6 times higher than that of their female counterparts ($p > 63$ for males and $p > 24$ for females). The likelihood of the male youths continuing their education is also high by about 9 percentage points. This also confirms the fact that the likelihood of young females remaining out of the labour market as well as in education is very high ($p > 50$ for females and $p > 2$ for males). Even after controlling for the income of households, the likelihood of the participation of young females in the labour market and/or education is significantly lower than that of young males. The available literature shows the increasing participation of females including youths in education and an improvement in income levels as the main reasons for the recent decline in the participation of females in the labour market in India (Neff *et al.*, 2012; Rangarajan, *et al.*, 2011). Our results, however, partly explain such reasons for the lower female participation. There are, therefore, other issues such as

deteriorating working conditions; increasing casualisation of employment; and restrictions on free mobility, safety and dignity at the workplace, which discourage women's participation in work. The underlying reasons for the decisions of young females to refrain from taking up work thus need further explanations.

How do the educational levels of youths determine the probability of their joining the labour force? The likelihood of the youth joining the labour force is comparatively the least ($p > 31$) among those with secondary level of education as compared to illiterates and graduates. This trend may be due to the stronger preference among youths with secondary level of education for continuing their education and skill development. This finding underscores the need to reduce the higher number of drop outs among youths at the primary and middle levels of education.

As discussed above, the socio-religious backgrounds of the youths also have a significant influence in determining their participation in the labour market vis-à-vis their counterparts from other backgrounds despite both groups having similar levels of education, age, gender and places of residence. This is confirmed by multinomial estimates. As regards STs, the probability of their joining the labour force is one and a half times less among youths belonging to the OC-Other group ($p > 38$ for OC-Others and $p > 56$ for STs). Next to STs, the other groups from which youths have higher chances of joining the labour force include SCs ($p > 47$), closely followed by Other-Muslims ($p > 46$) and OBCs ($p > 44$). In other words, the likelihood of youths continuing their education is much higher for OC-Others and OBC-Others as compared to youths from other socio-religious groups. This adversely affects the educational development of SC/ST youths and consequently their chances of securing high-quality employment.

After controlling for other factors, the probability of youths joining the labour force declines among the higher income group with the gap in the lowest and the highest income quintile being 9 percentage points. Similarly, the probability of youths in the lowest income quintile continuing their education has been more than double that of their counterparts in the highest income quintile.

Table 9
Multinomial Estimates of Participation of Youths in the Labour Force, 2011-12 (Predicted Probabilities)

	Determinants	Labour Force*	Students	Others
Sector	Rural*	0.46	0.28	0.26
	Urban	0.40	0.35***	0.25***
Age2	15-19*	0.23	0.63	0.14
	20-24	0.51	0.19***	0.30***
	25-29	0.64	0.02***	0.34***
Gender	Male*	0.63	0.35	0.02
	Female	0.24	0.26***	0.50***
Educational level	Illiterate*	0.55	0.0	0.45
	Primary	0.58	0.10***	0.33***
	Middle	0.43	0.34***	0.23***
	Higher Secondary	0.31	0.51***	0.18***
	Diploma and Certificate.	0.55	0.35***	0.10
	Graduate and above	0.54	0.26***	0.21
Socio-religious Group	STs*	0.56	0.23	0.21
	SCs	0.47	0.26	0.27***
	OBCs (Muslims)	0.44	0.23	0.34***
	OBCs (Others)	0.44	0.31***	0.25***
	Others(Muslims)	0.46	0.26	0.29***
	Others	0.38	0.39	0.23***
Income Quintile	1 st *	0.48	0.22	0.30
	2 nd	0.46	0.27**	0.27
	3 rd	0.45	0.30***	0.25***
	4 th	0.42	0.34***	0.24
	5 th	0.39	0.43***	0.18
Total		0.44	0.30	0.25

Note: Number of Observations=1,22,540,

Pseudo R²= 0.4865

*denotes that a particular category is used as a reference category.

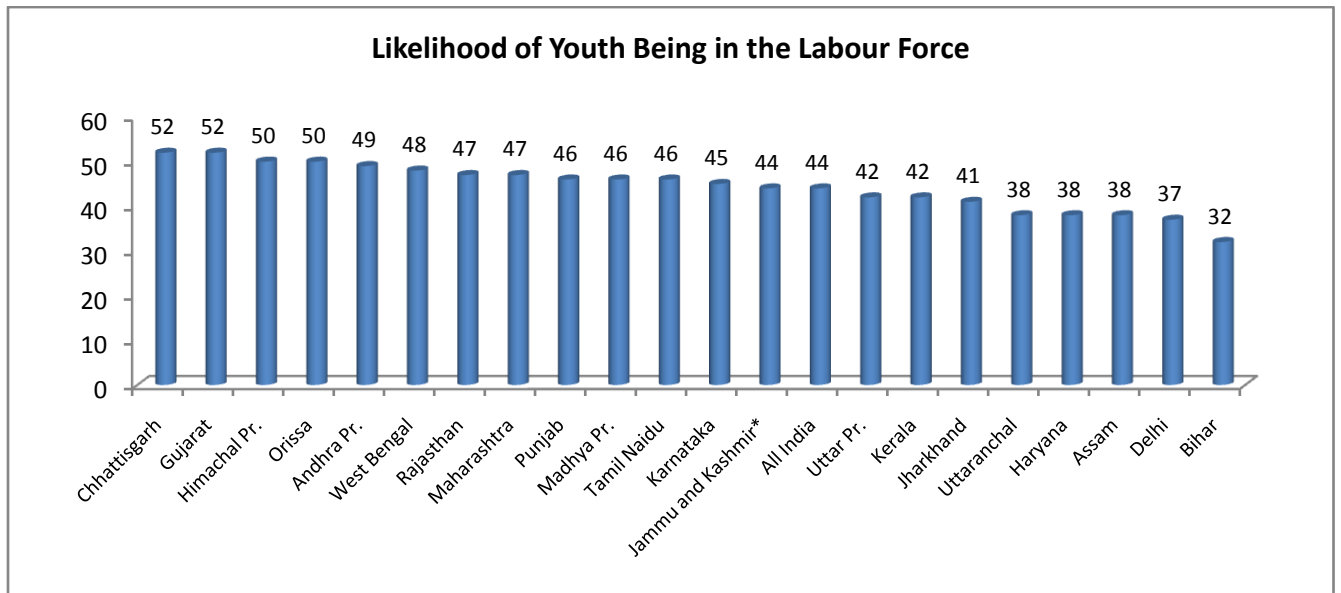
*** And ** show a particular variable statistically significant at the 1 and 5 percent level of significance, respectively.

Source: Calculated from NSSO (2014).

Across the states, there does not appear to be any one-to-one pattern in the level of development of a state and the participation of youths in the labour force. In states like Chhattisgarh, Gujarat, Himachal Pradesh and Orissa, more than half of the youth are likely to join the labour force (p> ranging between 50 to 52), as compared to their counterparts in states like Bihar, Delhi, Assam, Haryana and Uttarakhand (p> ranging between 32 to 38) (Fig. 7).

Figure 7

State-wise Predicted Probabilities of the Youth Being in the Labour Force, 2011-12



Source: Calculated from NSSO (2014).

Since the incidence of the working poor is the least among regular salaried workers, opportunities for such employment are limited, as has been seen in the earlier sections. It is worthwhile to analyse the likelihood of youths acquiring such employment. This has been explained with the help of multinomial logit regression. As seen in the aggregate employment pattern of India, more than half of the youth are entering the sphere of self-employment. As regards self-employment, the probability of youths getting regular employment has been the lowest, followed by the possibility of their getting casual employment ($p > 21$ for regular and $p > 27$ for casual employment).

Education significantly helps youths in moving into regular employment. By controlling for age, experience, caste, gender and place of residence, the likelihood of youth getting into regular salaried jobs improves with the each level of higher education. With reference to illiterates, the possibility of youths getting regular salaried jobs is more than ten times higher in the case of those with diploma/certificate level of education ($p > 65$ as compared to $p > 6$ for illiterates). The next highest likelihood of youths getting into such jobs is for those having graduation and higher level of education. In fact, the probability of youths getting into regular

jobs has been 7 points higher for diploma-/certificate-holders as compared to degree-holders (Table 10).

Table 10
Adjusted Probabilities of getting various Types of Employment—
Multinomial Estimates, 2011-12

Determinants		Self-employment*	Regular Employees	Casual Labourers
Sector	Rural*	0.57	0.10	0.34
	Urban	0.40	0.45***	0.15***
Age2	15-19*	0.53	0.17	0.30
	20-24	0.51	0.24	0.26
	25-29	0.50	0.24***	0.26***
Sex	Male*	0.44	0.24	0.32
	Female	0.59	0.18***	0.23***
Educational level	Illiterate*	0.51	0.06	0.43
	Primary	0.48	0.12***	0.39***
	Middle	0.52	0.17***	0.31***
	Higher Secondary	0.57	0.24***	0.20***
	Diplomaand Certificate	0.24	0.65***	0.11***
	Graduateand above	0.39	0.58***	0.03***
Socio-religious group	STs*	0.55	0.09	0.36
	SCs	0.37	0.19***	0.44***
	OBCs (Muslims)	0.53	0.19**	0.28***
	OBCs (Others)	0.54	0.20***	0.26***
	Others(Muslims)	0.59	0.19	0.23***
	Others	0.54	0.34***	0.12**
Total		0.51	0.21	0.27

Note: Number of Observations=46,685,

Pseudo R²= 0.1968

*denotes that a particular category is used as a reference category.

***shows that a particular variable is significant at 1 percent.

Source: Calculated from NSSO (2014).

The likelihood of youths getting regular employment has significant variations among different socio-religious groups. Despite having similar levels of education and experience as that of his counterparts from other socio-economic groups, the likelihood of an ST youth getting a regular salaried job is 3.8 times less than that of an OC-Other youth ($p > 34$ for OC-Others and

$p > 9$ for ST). The probabilities of SC, OBC and OC-Muslim youths getting regular salaried jobs are more or less similar, at 19-20 per cent, and are much higher than the probabilities of ST youths getting jobs but far less than those for youths belonging to the OC-Others group. Their likelihood of remaining in such jobs is about 1.8 times less as compared to that of OC-Others. The prevalence of such huge differences also shows discrimination in the regular salaried labour market as employers often give preference to OCs while hiring workers. The existence of such discrimination in the hiring of workers in the urban labour market has been well-documented in India (Thorat and Newman, 2010). Similarly, gender discrimination among socio-religious groups also persists in the labour market as the probability of females getting regular jobs is around 6 percentage points lower than that of males.

1. Marginal Effects of Getting Quality Employment

In order to measure the differences in the predicted probabilities of youths getting regular employment over other forms of employment with reference to a reference group, we have calculated the average marginal effects from our Logit model (Table 11). The average marginal effect for a particular group is calculated as the difference of: (a) Marginal probability when all individuals are from a particular group less, (b) Marginal probability when all individuals are from the reference group. The marginal effects for youth and adult workers getting regular jobs are reported in Table 10. The results show that if all youths possess the mean attributes of STs, then the marginal effect of STs in comparison to the reference group (OC-Other) becomes lower by -8.5 points in getting regular employment over other kinds of employment. Such marginal effects are significantly lower by 1.4, 1.8 and 2.5 points for SCs, OBC-Muslims and OBC-Non-Muslims, respectively, as compared to OC-Others. The likelihood of females getting regular employment is lower by 3.5 points in comparison to males. Further, youths from urban areas are more likely to get regular employment by 21 points.

In the case of adult workers, the values of the marginal effect are positive and highest for SCs by +3.6 points, followed by those for STs (+0.3 points) with reference to OC-Others. The corresponding value is negative in the case of Muslims. The differing values of the marginal effects also indicate that SC/ST adult workers have benefited in large numbers from reservation in public sector employment till its decline in the early 1990s. The negative sign of the marginal

effect for SC/ST youths in comparison to that for OC-Others also shows how a large share of regular employment opportunities outside the public sector is disproportionately occupied by OC-Others, which is mainly due to their better endowments, and to some extent, due to the prevalent discrimination in job hiring. Moreover, there is hardly any provision for reservation in contractual employment which is being created in the public sector in recent years, thereby adversely affecting the employment prospects of SC/ST youths.

Table 11
Marginal Effects from the Logit Model of Regular Employment

Variable	Youth	Adult
<i>Socio-religious Group</i>		
STs	-0.085	0.003
SCs	-0.014	0.036
OBC-Muslims	-0.018	-0.007
OBC-Non-Muslims	-0.025	-0.003
<i>Gender</i>		
Female	-0.035	-0.006
<i>Sector</i>		
Urban	0.241	0.197

Note: The reference group for socio-religious groups is Other Caste (OC), male in gender and rural area in the sector category.

Source: Estimated by using NSS (2011-12) unit record EUS data.

VII. CONCLUSIONS AND POLICY ISSUES

Indian youths face the highest incidence of unemployment, which too has been increasing over the years. They continue to be socially and economically vulnerable as about one-third of the employed youths are still working as casual wage labourers. Although the opportunities for regular wage employment have increased for them somewhat, this has not happened at the desired rate. Every third youth among ten employed youths is a member of the ‘working poor’ class. The prevalence of low quality of employment, particularly among the SCs, STs and Muslims, has created a vicious circle of low-productivity occupations, poor remunerations and the limited ability of the family to invest in education and healthcare, which dampens the overall prospects for both development and growth. A positive feature of this situation, however, has been the phenomenon of an increasing proportion of youths studying in educational institutions.

However, this transition in favour of education is not uniform across social groups, thereby leading to a widening of the gap among them in terms of their participation in both work and education. The likelihood of ST, SC and OBC-Muslim youths continuing their education is significantly lower than that of their counterparts in the OC group.

The challenge, therefore, is to create a large number of remunerative employment opportunities with adequate social security for both youths as well as others in the coming years. This would necessitate an increase in investment in the labour-intensive sectors, especially in the industrially backward and remote areas. It is thus imperative to intensify policy initiatives to promote enterprise development, particularly among SCs/STs, in a big way. For this purpose, the finances earmarked under the special component plan for SCs and STs can be used along with other sources.

Another major challenge is to improve the educational development of youths. As has been seen earlier, education significantly enhances the probability of getting better jobs. Therefore, efforts need to be made to ensure the higher transition of youths to vocational and technical education, and also to higher education. Although the measures towards educational development of SCs/STs such as the grant of scholarships and free uniforms, provision of coaching for competitive examinations, and imposition of reservation in educational institutions have improved their participation in education at various levels, these measures need to be strengthened further. An alarming aspect of the educational development of youths is the increasing deficit of quality education and skill training. Public educational institutions, at both the school and higher levels, also need to be strengthened and made accountable for their quality and relevance. Private educational and training institutions, on the other hand, need to be monitored closely for the quality of teaching they offer, and their fee structures. The current measures of skill development under the National Skill Development Mission need to be pegged up in a big way in order to address the skill shortages being faced by the Indian industry. Unlike in the past, today's youths are more informed and keen to be a part of the IT revolution. They are justifiably asserting their concerns for a decent and dignified life. Politicians and policy-makers must, therefore, come forward in a big way to facilitate the overall development of youths in the country and to ensure decent employment opportunities for them.

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Annexure Tables

**Annexure Table 1
Gender-wise Activity Status of Youths**

Age Category	Male			Female			Persons		
	LFPR	Student	Others	LFPR	Student	Others	LFPR	Student	Others
1993-94									
15-19	54.54	41.9	3.55	30.85	27.17	41.98	43.81	35.23	20.96
20-24	86.51	11.55	1.94	40.71	4.59	54.71	63.34	8.04	28.62
25-29	97.43	1.38	1.19	45.86	0.32	53.82	71.0	0.83	28.16
15-29	77.06	20.58	2.36	38.97	10.95	50.07	58.46	15.88	25.66
30-59	97.77	0.06	2.17	50.7	0.05	49.24	74.81	0.06	25.13
15-59	88.04	9.7	2.26	45.19	5.18	49.63	67.13	7.49	25.38
Total	55.64	23.69	20.67	29	17.18	53.82	42.78	20.54	36.68
2004-05									
15-19	48.83	47.72	3.45	28.12	38.22	33.66	39.29	43.34	17.37
20-24	85.36	12.95	1.69	38.48	6.85	54.68	61.87	9.89	28.24
25-29	97.44	1.52	1.04	45.79	0.46	53.75	71.48	0.99	27.54
15-29	79.14	19.06	1.8	45.35	13.75	40.89	63.13	16.55	20.32
30-59	97.47	0.03	2.5	52.02	0.05	47.92	74.95	0.04	25.01
15-59	89.75	8.36	1.88	54.44	5.88	39.67	72.77	7.17	20.06
Total	55.9	26.39	17.7	29.43	22.01	48.56	43	24.26	32.74
2011-12									
15-19	30.99	65.99	3.02	14.12	58.47	27.42	23.35	62.58	14.07
20-24	74.33	23.94	1.73	26.2	14.52	59.29	50.54	19.28	30.18
25-29	95.85	2.85	1.3	32.75	1.32	65.93	63.65	2.07	34.29
15-29	63.38	34.5	2.12	24.07	25.66	50.27	44.36	30.22	25.41
30-59	97.79	0.03	2.18	38.84	0.05	61.11	68.5	0.04	31.46
15-59	82.65	15.2	2.15	32.53	10.98	56.48	58.04	13.13	28.84
Total	55.53	29.78	14.69	22.08	25.24	52.67	39.28	27.58	33.15

Source: NSSO, Employment and Unemployment in India, Various Rounds. For the remaining tables source is the same.

Annexure Table 2
Activity Status of Youths by Their Socio-religious Groups

	LFPR	Student	Others
1993-94			
ST	76.52	9.19	14.29
SC	64.1	10.86	25.04
Other-Muslim	50.85	12.05	37.1
Other	55.81	18.81	25.38
2004-05			
ST	71.26	14.72	14.01
SC	59.7	15.73	24.57
OBC-M	49.08	16.05	34.86
OBC-Others	58.41	18.48	23.1
OTH-M	50.63	16.75	32.62
OTH-Others	48.62	28.09	23.28
2011-12			
ST	56.14	22.96	20.9
SC	47.26	26.1	26.64
OBC-M	43.52	22.92	33.56
OBC-Others	43.73	31.42	24.85
OTH-M	45.58	25.61	28.82
OTH-Others	38.02	38.75	23.24

Annexure Table 3
Regional Trends in Labour Force Participation Rates

States	Youth (15-29 years)		Others (30-59 Years)	
	1993-94	2011-12	1993-94	2011-12
Andhra Pradesh	71.12	49.39	83.54	79.15
Arunanchal Pradesh	53.44	34.43	84.13	72.72
Assam	48.70	38.00	64.42	60.55
Bihar	45.16	32.06	62.94	54.46
Chattisgarh	71.07	52.40	84.52	83.21
Delhi	44.47	37.23	60.76	58.67
Goa	47.94	44.63	69.18	58.06
Gujarat	61.90	51.80	76.13	66.61
Haryana	56.21	38.16	74.00	62.58
Himachal Pradesh	70.85	50.07	88.00	89.30
Jammu & Kashmir	56.74	43.75	81.79	68.38
Jharkhand	51.13	41.00	69.57	66.83
Karnataka	63.96	44.88	79.27	70.28
Kerala	47.19	41.83	70.65	65.22
Madhya Pradesh	63.75	45.65	79.57	68.81
Maharashtra	60.68	46.63	80.68	74.03
Manipur	38.94	37.00	77.54	68.64
Meghalaya	70.37	43.08	88.95	87.47
Mizoram	49.54	50.29	75.94	78.00
Nagaland	33.61	46.20	67.65	73.64
Orissa	59.55	50.20	74.08	68.53
Punjab	52.33	45.90	67.89	65.64
Rajasthan	67.66	47.01	81.23	75.17
Sikkim	47.30	56.76	69.94	86.65
Tamil Nadu	64.70	46.10	79.85	73.27
Tripura	39.63	51.92	63.00	70.11
Uttaranchal	64.59	38.13	84.14	70.49
Uttar Pradesh	51.09	42.07	69.32	65.41
West Bengal	53.41	47.58	67.16	64.87
Total	58.46	44.36	74.50	68.50

Annexure Table 4
Nature of Employment by Socio-religious Groups

	SE	REG	CL	Total
1993-94				
ST	47.88	4.64	47.48	100
SC	33.95	7.76	58.29	100
Other-Muslims	56.95	11.85	31.2	100
Other	59.48	13.35	27.17	100
Total	52.93	11.14	35.93	100
2004-05				
ST	49.09	5.71	45.2	100
SC	36.94	12.21	50.85	100
OBC-Muslim	60.49	13.11	26.4	100
OBC-Others	57.28	13.15	29.56	100
OC- Muslim	54.77	15.19	30.03	100
OC- Others	60.79	23.66	15.54	100
Total	52.80	14.36	32.84	100
2011-12				
ST	50.53	7.96	41.50	100
SC	32.43	17.74	49.83	100
OBC-Muslim	47.61	20.23	32.16	100
OBC-Others	49.4	20.05	30.55	100
OC- Muslim	52.82	18.91	28.27	100
OC- Others	48.91	36.98	14.11	100
Total	46.06	21.22	32.72	100

Note: SE=Self-employed, REG=Regular employment, CL=Casual labour

Annexure Table 5

Nature of Youth Employment across States

State	1993-94			2011-12		
	SE	REG	CASUAL	SE	REG	CASUAL
Andhra Pradesh	42.25	9.73	48.02	36.90	22.46	40.64
Arunanchal Pradesh	79.63	15.84	4.53	76.61	13.05	10.34
Assam	57.25	11.95	30.79	64.20	12.20	23.61
Bihar	48.37	3.27	48.36	49.25	4.32	46.43
Chhattisgarh	58.33	4.36	37.31	47.79	10.29	41.92
Delhi	38.87	46.66	14.47	23.03	72.75	4.22
Goa	30.90	37.02	32.08	12.20	71.32	16.49
Gujarat	43.89	13.46	42.65	40.79	34.71	24.50
Haryana	59.70	13.64	26.67	45.49	32.36	22.15
Himachal Pradesh	83.53	7.02	9.45	67.27	18.20	14.54
Jammu & Kashmir	77.78	12.63	9.59	57.36	20.03	22.61
Jharkhand	58.89	5.05	36.06	58.85	7.71	33.43
Karnataka	51.35	11.31	37.35	38.63	30.50	30.87
Kerala	35.88	15.00	49.12	21.80	34.74	43.46
Madhya Pradesh	57.59	7.12	35.29	52.57	10.44	36.99
Maharashtra	42.86	19.60	37.53	39.80	32.55	27.65
Manipur	85.81	9.06	5.13	63.72	9.68	26.60
Meghalaya	77.33	7.69	14.98	62.05	15.33	22.63
Mizoram	84.22	11.98	3.81	73.41	11.62	14.96
Nagaland	77.69	18.63	3.68	88.08	7.17	4.75
Orissa	52.32	7.20	40.48	58.81	11.01	30.18
Punjab	55.23	18.25	26.51	43.42	32.96	23.62
Rajasthan	71.17	8.79	20.04	55.92	14.49	29.59
Sikkim	51.52	26.46	22.02	72.78	22.55	4.66
Tamil Nadu	35.45	17.90	46.65	22.96	38.34	38.70
Tripura	47.38	11.61	41.01	38.94	16.04	45.02
Uttaranchal	83.65	6.36	9.99	62.10	24.36	13.54
Uttar Pradesh	70.56	6.58	22.86	57.04	11.51	31.45
West Bengal	50.64	12.90	36.46	41.14	17.46	41.40
Total	53.05	11.47	35.48	46.06	21.22	32.72

Annexure Table 6
Sectoral Distribution of Youth Employment across States

States	1993-94			2011-12		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
Andhra Pradesh	67.94	13.53	18.53	47.95	22.78	29.27
Arunachal Pradesh	84.18	4.00	11.82	74.84	6.61	18.55
Assam	73.94	5.65	20.40	52.85	18.56	28.59
Bihar	82.14	4.70	13.17	61.71	18.97	19.32
Chhattisgarh	86.46	3.83	9.71	69.24	14.89	15.86
Delhi	2.44	49.40	48.15	0.00	29.77	70.23
Goa	28.70	25.81	45.49	12.16	27.42	60.42
Gujarat	59.21	21.88	18.91	42.23	33.99	23.78
Haryana	58.05	16.71	25.24	33.40	37.16	29.45
Himachal Pradesh	77.79	11.24	10.97	59.82	24.22	15.95
Jammu & Kashmir	67.52	12.37	20.10	41.21	34.24	24.55
Jharkhand	72.41	10.84	16.75	48.90	30.75	20.36
Karnataka	65.36	15.80	18.83	40.29	25.73	33.98
Kerala	37.79	28.76	33.45	8.77	36.95	54.28
Madhya Pradesh	78.66	9.15	12.19	59.46	22.65	17.89
Maharashtra	59.56	16.42	24.03	43.46	22.44	34.10
Manipur	59.89	24.45	15.66	36.96	43.34	19.71
Meghalaya	82.95	3.58	13.47	62.63	11.40	25.97
Mizoram	77.42	4.06	18.52	62.18	15.68	22.13
Nagaland	74.92	2.53	22.55	78.76	8.13	13.11
Orissa	76.95	9.65	13.40	53.25	26.80	19.94
Punjab	54.34	18.05	27.60	31.26	35.05	33.69
Rajasthan	68.85	16.68	14.46	46.53	33.79	19.69
Sikkim	55.98	8.27	35.75	56.76	10.92	32.31
Tamilnadu	50.27	26.74	22.98	21.99	41.00	37.01
Tripura	43.34	10.40	46.27	25.65	47.88	26.47
Uttaranchal	81.30	7.91	10.79	42.49	25.03	32.48
Uttar Pradesh	66.80	14.79	18.41	46.34	34.44	19.22
West Bengal	52.79	23.85	23.37	32.29	40.92	26.79
Total	64.59	15.98	19.44	43.86	29.61	26.53

Annexure Table 7
Unemployment Rate by Educational Category, 2011-12

Education Level	Rural			Urban			Total		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Illiterate	2.29	0.81	1.61	2.60	1.50	2.27	2.35	0.89	1.72
Primary	3.21	0.52	2.43	5.02	4.74	4.97	3.69	1.19	3.03
Middle	4.17	4.12	4.16	5.06	6.72	5.31	4.43	4.65	4.47
High school and higher secondary	5.28	10.12	6.27	8.42	16.30	9.72	6.34	11.86	7.40
Diploma & Certificate	15.82	27.70	17.92	12.58	18.92	14.03	14.25	22.77	15.98
Graduate & above	18.91	29.18	21.45	16.46	24.47	19.01	17.37	25.86	19.86
Technical degree	29.72	71.51	40.35	16.09	21.24	17.90	18.07	26.08	20.79
Diploma not equivalent to degree	17.50	35.36	20.77	13.46	24.17	16.15	15.33	28.28	18.20
Diploma equivalent to degree	22.46	47.16	29.81	15.18	12.13	14.20	16.54	18.08	17.03
Total	4.94	4.45	4.80	8.25	14.05	9.49	6.01	6.83	6.23

Annexure Table 8a

Education specific Unemployment Rates among Youth by Their Socio-religious Groups, 2004-05

Education Level	STs	SCs	OBC-Muslims	OBC-Others	Others-Muslims	Others-Others	Total
Illiterate	0.62	1.38	1.33	0.84	1.30	1.07	1.02
Primary	1.71	3.22	4.37	2.35	3.75	2.93	2.79
Middle	2.04	6.55	11.34	3.39	4.86	4.84	4.70
High school and higher secondary	7.62	12.36	21.91	9.28	10.50	9.95	10.34
Diploma & Certificate	12.02	20.52	25.75	21.3	20.81	18.58	20.11
Graduate & above	27.1	28.83	29.61	20.27	26.70	19.70	21.45
Technical degree	31.67	15.4	43.10	25.56	29.75	12.03	18.21
Diploma not equivalent to degree	10.61	23.05	29.72	19.20	28.85	18.76	19.95
Diploma equivalent to degree	7.10	27.30	27.67	20.13	22.11	19.75	20.17
Total	2.11	5.35	8.14	4.71	5.23	8.10	5.44

Annexure Table 8b**Education specific Unemployment Rates among Youth by Their Socio-religious Groups, 2011-12**

Education Level	STs	SCs	OBC- Muslims	OBC- Others	Others- Muslims	Others- Others	Total
Illiterate	0.62	1.98	3.62	1.46	2.61	1.18	1.72
Primary	0.97	4.12	3.70	1.73	5.32	4.22	3.03
Middle	3.06	4.56	5.68	4.12	9.18	3.82	4.47
High school and higher secondary	12.10	6.84	10.16	5.87	11.03	7.37	7.40
Diploma & Certificate	14.34	20.43	9.86	20.09	11.47	10.11	15.98
Graduate & above	24.73	22.92	25.93	19.29	32.95	17.54	19.86
Technical degree	33.03	15.08	21.82	18.71	39.32	21.44	20.79
Diploma not equivalent to degree	20.47	23.87	16.62	20.55	13.62	13.33	18.20
Diploma equivalent to degree	11.50	8.33	20.87	14.37	12.50	20.54	17.03
Total	4.11	5.62	6.36	5.61	8.29	8.49	6.23

Annexure Table 9**Educational Development of Youth by Gender**

Educational level	Male			Female		
	1993-94	2004-05	2011-12	1993-94	2004-05	2011-12
Illiterate	26.26	14.59	8.52	50.88	31.46	18.08
Primary	27.21	24.78	18.53	21.55	22.47	19.9
Middle	24.69	26.35	24.14	14.71	19.98	21.17
High school and higher secondary	16.7	26.56	37.59	9.68	20.03	31.31
Diploma & Certificate	0.34	1.71	2.34	0.05	1.03	1.18
Graduate & above	4.79	6.01	8.89	3.12	5.03	8.36
Technical degree	0.11	0.41	0.6	0.07	0.13	0.38
Diploma not equivalent to degree	1.31	2.03	2.72	0.28	1.19	1.31
Diploma equivalent to degree	1.12	0.94	0.85	0.85	0.8	0.65