

Entrepreneurship: A Way out for Unemployed Youth in India**Bhavika Joshi¹, Serene Shekhar² and Sarita Sanwal³**

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Abstract

Young people are major human resource for development and driving force for economic development. Global youth unemployment rate is projected at 12.6 per cent. India, ranks 7th in unemployment percent in comparison to the world. The present study tends to find how entrepreneurship building is a way out for unemployment. The following objectives were set to achieve the stated aim (a) To understand unemployment scenario (b) To find determinants of unemployment (c) How entrepreneurship can reduce unemployment among youth. The study was conducted through desk research method. Attempts have been made to draw inferences from various researches and reports. The view of multi-angled literatures has been incorporated as felt fit to the context. The results interpreted are that merely education does not encourage entrepreneurship but courses that enhance entrepreneurial talent can be of great assist; similarly financial aid can help to build youth entrepreneurs. The challenge is to ensure that more opportunities are created in the formal economy, allowing for a smooth transition from school to work for India's youth.

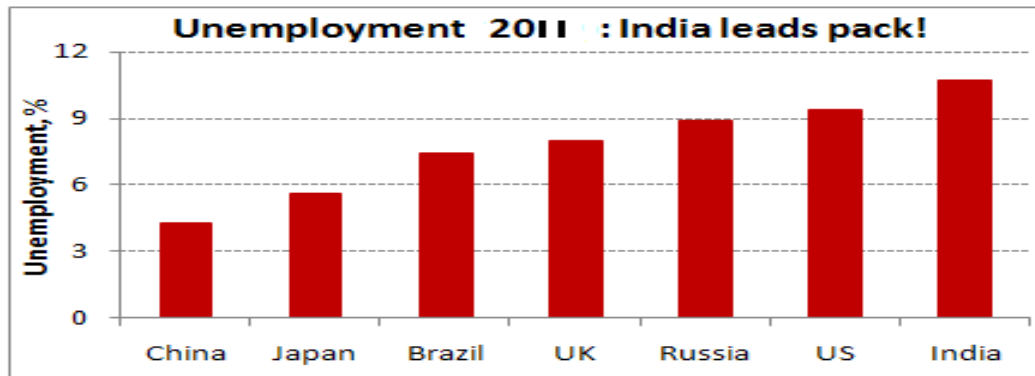
Keywords: Youth, unemployment, entrepreneurship, economy

Introduction

Youth unemployment is one of the principal social and economic challenges of this decade in India and around the world. India has 430 million young people in the age group 15 – 34 years. In about seven years the median age in India will be 29 years and would make it the youngest country in the world (State of the Urban Youth, India 2012). Young people are major human resource for development, key agent for social change and driving force for economic development and technical innovations. Thus, the policy makers appears to be viewing the young generation as the spring board that is needed to thrust India into a high growth era [Goi 2013]. Though planning commission of India has recognized youth as "the most vital section of the community". (India, Planning Commission, 1952. p. 615), but even today, there are millions of unemployed youth in the country and this number is increasing substantially.

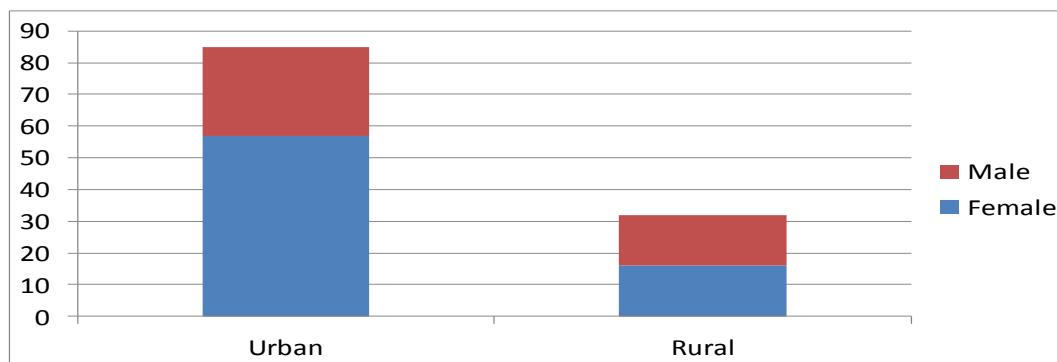
Scenario of Unemployed Youth:

ILO has estimated that nearly 75 million youth are unemployed around the world and global youth unemployment rate is projected at 12.6 per cent. (Report on employment & unemployment survey 2012-13, Gol Ministry Labour Bureau, Chandigarh).



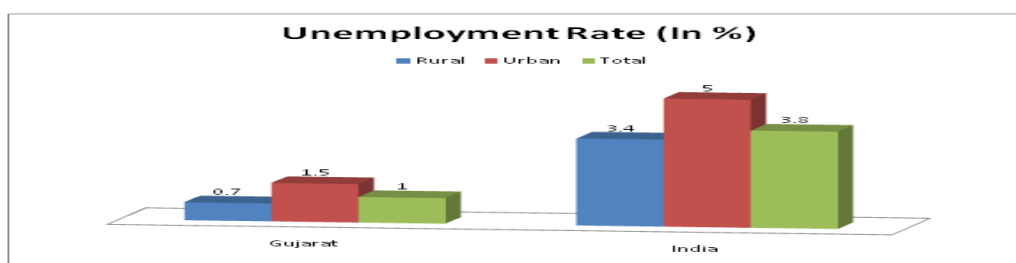
India ranks 7th, in unemployment percent, when compared to world. The unemployment rate is estimated to be 49 percent at All India level Combating Youth Unemployment in India' Pravin Sinha, March 2013)

Rural-Urban Status of Unemployment in India



The unemployment rate in India is 34 in the urban areas and 16 in the rural areas. It was 57 for urban females, 28 for urban males and 16 for both males and females in the rural areas. (NSS Report No. 537: Employment and Unemployment Situation in India, 2009-10).

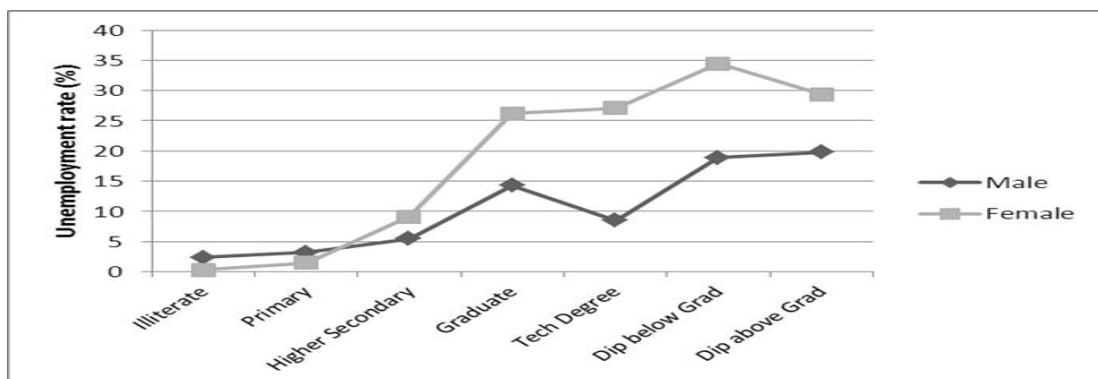
The Unemployment Rate in Gujarat



The latest report for the year 2011-12, released by Labour Bureau (under Union Ministry of Labour and Employment) said Gujarat had unemployment rates of 1 per cent; when Gujarat unemployment was compared with other states. Though, Gujarat has very low unemployment rate in comparison to other states in India but it also does not rank in top four self-employed states.



Unemployment rates (%) by educational attainment, 2009-10:



The unemployment rate increases with the level of education.

The Labour Bureau survey shows that every one person out of three persons who is holding a graduation degree and above in the age group 15-29 years is found to be unemployed. As stated in the report, the unemployment rate amongst the educated youths reportedly increased with increase in their education level. (Amongst all age groups viz. 15-24 years, 18-29 years and 15-29 years). According to Labour Bureau's "Third Annual Employment & Unemployment Survey 2012-13" released on Thursday (November 29, 13), unemployment rate amongst illiterate youth is lower than educated youth. While unemployment rate among illiterate youth is lowest with 3.7 per cent for the age group 15-29 years at all India level in 2012-2013, the unemployment rate in the same category was reported at 1.2 per cent in 2011-2012 report. Similarly, the

unemployment amongst the graduate youth that happened to be at 19.4 per cent in 2011-2012 increased to 32 per cent during 2012-2013.

The reason why illiterate are more employed:

- Youth without education often belong to low income households and hence, cannot afford to remain unemployed for long.
- The studies on entrepreneurship indicate that education helps in the creation of proper condition for the growth or emergence of entrepreneurship. Facilitating creativity and freedom, education offers itself a means to develop right attitudes, knowledge and skills relevant for entrepreneurship.
- Basic education plays decisive role in shaping the values and attitudes of individual that would influencing the choice of an economic activity by young generation.
- Higher education would influence the quality of entrepreneurship, by improving their level of efficiency in functional areas. Entrepreneurship could also envisage areas that remain beyond the purview of business ventures like social entrepreneurship.
- There is a need to have broad based strategy to make education a tool to develops the spirit of enterprise to address economic and social issues in future (Entrepreneurship, Education and Creativity –Reflections from an Indian Perspective, Dr Uday Kumar M.A., Associate Professor University College, Hampankatta, Mangalore Dakshina Kannda)

India comes in at 73rd out of 78 nations ranked in the Global Entrepreneurship and Development Index, GEDI, published by Imperial College Business School, George Mason University and the University of Pecs, on Monday One of the reasons for India's position was that though there were many self-employed people across the country, they tended to have “low growth aspirations”, says Professor Erko Autio of Imperial College Business School, and one of the authors of the study.

Although the government is spending crore of rupees (Govt to spend 25,000 Cr on higher education in 12th Plan (<http://www.indiaeducationreview.com>) on education but they are able to create job seekers and not the entrepreneur. But the matter of fact is that harnessing these resources is a major challenge and moreover entrepreneurship is often held as the missing ingredient for growth in many economies, particularly developing countries.

The Reasons of Unemployment:

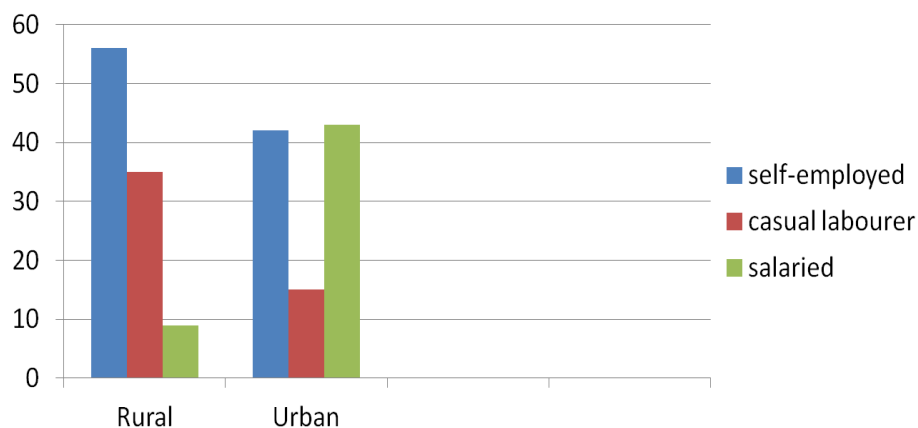
India's main challenge regarding youth unemployment is the lack of any form of social security system, as well as proper and adequate avenues for vocational training. ('Combating Youth Unemployment in India' Pravin Sinha, March 2013). Such high unemployment rates reflect, at least partly, the mismatches between skills demand and supply. The skill levels of those who join the labour market early are low as

they are often school drop-outs and haven't had the opportunity to undergo lack of vocational training (Kumar, Mitra and ILO DWT for South Asia and Country Office for India 10 Murayama, 2012). Thus, it becomes difficult for them to find suitable employment, particularly in the early stages of their career when they lack adequate experience as well.

The frequent job changes by young people in an attempt to find a satisfactory job leads to unemployment (United Nations, 2003). Further, Ghose, Goldar and Mitra (2010) noted that, due to the rise in life expectancy, many elderly persons from low-income households have been compelled to participate in the labour market in search of a livelihood. This has resulted in stiff competition between the new entrants to the labour market and the elderly workers (results in unemployment). In a desperate attempt to acquire experience, the younger workers have reduced their reservation wage which, in turn, has forced the incomes of the elderly workers also to decline. The insurgency issue is very much in the limelight, which is indeed related to the challenges of youth unemployment and underemployment

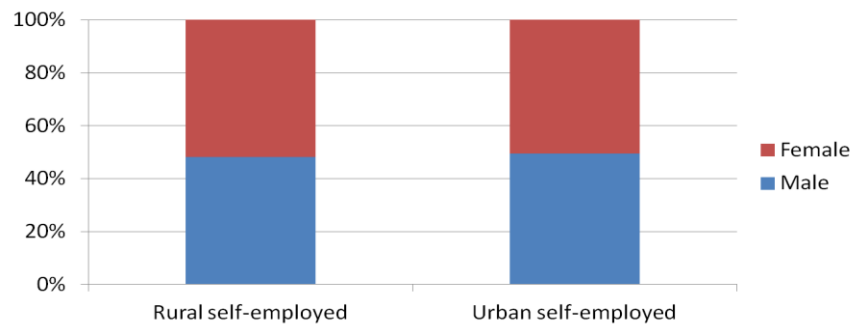
Employment Distribution in India:

The current workforce at the all-India level is 47.2 crore. The NSSO's 66th Round data showed more than half the population (52%) is self-employed, while 18% work as regular wage/salaried employees and 30% as casual laborers.



In rural India, more people are self-employed (56%) and work as casual laborers (35%). In Urban India, it is the waged/salaried (43%) who constitute a majority. They are followed by the self-employed (42%) and casual laborers (15%).

Self-Employment Distribution in India:



The share of self-employment in total workforce is 55 % for rural men, 59 % for rural women, while it is 42 % for urban men and 43 % for urban women. Men work more as casual labourers. (As per the NSS 66th round survey, as on January 2010) So it can be said that in India, women are more self-employed than men. The reasons for more self-employment in Women are that they take up business enterprises to profession as a challenge and an independent occupation.

Ways to reduce unemployment:

According to Nancy and Thomas (2008) in their article “Entrepreneurial Orientation among the Youth of India: The Impact of Culture, Education and Environment”, states that even though a combination of social configurations and cultural values within India that historically confined entrepreneurship, a number of efforts in recent years seem to have significantly recasted the national mindset regarding entrepreneurship, particularly among India’s youth were found to exhibit a significantly higher level of interest in starting new ventures than their US counterparts. Thus the only need of hour is to strengthen and canalize the power of youth towards entrepreneurship.

The first report in YBI’s Making Entrepreneurship Work series (2009) on “Youth entrepreneurship - Recommendations for action” suggested that Business, governments, and other sectors of society increasingly perceive that supporting young entrepreneurs can be a highly effective way to reduce youth unemployment and encourage growth in local communities.

Importance of youth Entrepreneurship in Economy of Country:

According to a study, (C. Mirjam van Praag and Peter H. Versloot, 2007) entrepreneurs have a very important – but specific – function in the economy of country. They produce relatively much employment creation, productivity growth and produce and commercialize high quality innovations. So, if the developing country needs to fight with the unemployment situation, they need to be entrepreneurial in nature.

Capital Formation Generate Employment Improve Standard of Living of People Wealth Creation and Distribution Increase GNP and Per capita income Promotes country's export trade Facilitates overall development.

Suggestion to overcome challenges:

A major long-term challenge in India is that many youth, because of poverty and poor human capital endowment, participate in the labour market at an early stage. They cannot afford to remain unemployed for long and hence, pick up activities characterized by low labour productivity. The challenge is to ensure that more opportunities are created in the formal economy, allowing for a smooth transition from school to work for India's youth. However, with the dependency ratio expected to rise from 2040, India faces a pressing challenge to increase education and skill levels amongst its population to take advantage of this unique moment in its history. The scale of this challenge to improve the skills of its burgeoning labour force is significant. Employment strategies in India, therefore, need to prioritize youth employment issues.

In order to tackle the challenges of participation and job quality for the youth of India, policy interventions should promote a better quality education, on-the-job training, skill formation on the one hand and productive job creation on the other. For those who are in self-employment, credit assistance and marketing assistance can be of enormous help. As a result, increasing the entrepreneurial activities in the country is the only solution left with govt. The reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth.

National Skills Development Policy (2009) sets a target of training 500 million skilled individuals by 2022, which will be reached by expanding public institutions in rural areas; using innovative delivery models; using skill development centres in rural areas to provide training information, guidance and delivery; involving panchayats and local government in skill delivery; improving access to apprenticeships and raising female participation in training (Ministry of Labour and Employment 2009). Moreover, the role of the Industrial Training Institutions (ITIs) is important in imparting technical skills to the youth and helping them access better sources of livelihood.

Conclusion:

The entrepreneurship has positive impact on economic development in India. Entrepreneurship gear up-capital formation, generate huge employment, improve standard of living of the people of the nation, boost up wealth creation and decentralized distribution of economic resources, increases GNP and per capita income, promote country's export, facilitates overall development. Thus entrepreneurship should be encouraged among youth through interventions such as short courses in which youth are taught with the dimensions of entrepreneurship and some financial assistance may also be built to encourage entrepreneurs.

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