

# Youth unemployment in india assignment

Economics



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“ A man willing to work, and unable to find work, is perhaps the saddest sight that fortune’s inequality exhibits under the sun. ” “ You take my life when you take the means whereby I live. ” These observations by Thomas Carlyle and William Shakespeare respectively reflect what youth unemployment means to me. As I reflect on youth unemployment, several thoughts and examples cross my mind. Here are a few: Almost every week one reads in newspapers in India, my country, about farmers committing suicide due to a high level of indebtedness on the one hand and lack of farm unemployment on the other.

Many are in their youth. There was a very touching story about a young man who lost his job due to the global meltdown. He did not have the heart to tell his family, friends or neighbors about the sad development. He would therefore, leave his home everyday at the normal time in the morning with his brief case, spend the day in a garden and return in the evening. There is an increasing number of young patients visiting psychiatrists for clinical depression caused by unemployment. In recent times, many college graduates have volunteered to work absolutely free in private companies.

Their objective, in the absence of a paying job, is to get some experience and add to their resumes so that when the opportunities of paying jobs arise, they have a better chance than others. – Youth unemployment is an area of very serious concern to South Asia, India (which is the largest country in South Asia) and to me and my generation. The impact of unemployment among the young is described here in the first part of this essay. GDP Impact: It is an established economic reality that the size of the workforce directly impacts a country’s GDP.

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Not only does the work force produce manufactured goods or services or agricultural produce in direct proportion, but also brings in its wake increasing purchasing power, which in turn, fuels economic growth. Thus unemployment contributes to a reduction in the potential which exists in spurring a country's GDP. Psychological effect: George Bernard Shaw wrote, " A man who has no office to go to- I don't care who he is- is a trial of which you can have no conception. " Young men and women, who have put in a decade or two in schools and colleges, have dreams and aspirations.

These are dreams of securing satisfying jobs following their years of struggle, meeting basic necessities of life (food, clothing, shelter and healthcare), graduating to a life of comfort and dignity and, eventually, enjoying the luxuries of life. The trauma of seeing their dreams shattered week after week, month after month, can and does lead to deep psychological scars that are very difficult to face at such a young age. These can impact any individual's self esteem and can lead to clinical depression, as " mind unemployed is mind un-joyed". Christian Nevell Bovee) Family Support: In a country like India, where the retirement age is low and there is no social security net, very often a family depends on a son or a daughter graduating from school or college to take up employment in order to support the entire family. When that does not happen, the financial woes are unimaginably sorrowful. Social impact: With growing youth unemployment, the divide between the rich and the poor grows, resulting in social tensions which could affect the entire fabric of a community, province or community.

Law and order: It has been established that educated unemployed are likely to take to crime- blue collar or white collar crimes- more easily than others.

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This arises out of the theory that they would have, at some stage of their careers, seen good life, even from a distance, and formed their dreams based thereon. When they fail to see these dreams turn into reality, some turn to crime. Social Ills: Youth unemployment also leads to other social ills such as addiction to alcoholism, tobacco and harmful drugs, battering of wives and children. These are the outlets to vent frustration caused by unemployment.

Effect on health: It is equally easy to visualize that lack of steady income could, apart from the above ills, also lead to inadequate nutrition and adversely affect health of the youth and their families. Political instability: When unemployment grows in a community, dissatisfaction with the incumbent Government follows. This, in turn, leads to frequent changes in Governments or formation of unsteady coalitions. Neither is healthy for long term stable economic policies and this situation could lead to a vicious circle of political changes. As President Franklin D.

Roosevelt had stated, “ Not only our future economic soundness but the very soundness of our democratic institutions depends on the determination of our government to give employment to idle men. ” Youth unemployment (as also underemployment) therefore means to me, “ the saddest sight that fortune’s inequality exhibits under the sun”, as stated at the beginning of this essay. Causes: Before discussing my solution and approach to reduce youth unemployment and under employment, it is necessary to explain the causes which have led to such an alarming situation in India in particular and globally in general.

The growth in population has obviously outpaced the creation of new job opportunities. While countries such as India and China are now growing at close to or above double digit figures annually, this was not the case in the not-too-distant past, when growth rates of the economies and of the population were both comparable, at around 3% per annum. This is still the case in some countries in Sub-Saharan Africa. Moreover, it is necessary to realize that the growth rates for new jobs are much lower than the GDP rates for a variety of reasons. GDP growth is driven by growth in Agriculture, Manufacturing and Services.

Developing countries, such as India and China, have shifted their growth focus from Agriculture (which has the highest job creation potential) to Manufacturing and now to Services. While this leads to impressive growth rates in GDP, job creation lags behind. Another reason for the mismatch between growth in GDP and in unemployment opportunities is increased focus on automation. While some Governments in developing countries do emphasize the need for employment-oriented technologies, entrepreneurs generally prefer automation, especially if the economic trade off is in its favor.

Growing concern about labor productivity, accuracy, speed, responsibility, quality, consistency, labor unrest and indiscipline began the march towards automation. This was further accentuated by growth in sizes. For example, farms of one acre in size were not ideal for tractors and hence used men and animals. However, as farm sizes grew, tractors took their place, displacing both. Similar is the case of robotics in the manufacture of cars or air conditioners or other appliances. This shift in technology has been <https://assignbuster.com/youth-unemployment-in-india-assignment/>

detrimental to creation of job opportunities. The number of jobs per car produced has dropped dramatically over the years.

The advent of computers, especially PCs and laptops, with unimaginable processing speeds and memories, has struck another blow to job opportunities. For example, just four decades ago, millions of company share certificates of investors globally were handled manually and so were payment of dividends, bank transfers, airline tickets, reservations and payment of utility bills. All this is now fully computerized and has eliminated millions of potential jobs. The reason for citing these examples is not to criticize new technologies and automation these are inevitable and in the overall interest of the global economic progress.

However, it is necessary to realize this shift and this reality before exploring options to reduce unemployment. As President John F. Kennedy had mentioned, “ We believe that if men have the talent to invent new machines, that put men out of work, they have the talent to put those men back to work. ” Another major reason for youth unemployment is the mismatch between educational curricula and the skills levels expected from new entrants. In many countries, Governments do not play an active role in bridging this divide, nor does Academia on the one hand and industry on the other.

Schools, colleges and universities continue to educate young students year after year without realizing that their readiness to “ hit the ground running” in the industrial sector is woefully lacking. In many cases they not only need retraining but often even unlearning to be appropriately groomed for their

industrial careers. There is also a perception that several jobs need prior experience of many years and this is another reason why youth is not given the consideration it deserves. Will passengers trust a pilot in his mid-20s to fly them through turbulent weather or will they prefer a seasoned pilot in his 40s?

Will a bank manager like to finance a young graduate out of college for a new venture or an experienced entrepreneur with a track record of two decades? The same considerations apply when a person looks for a tutor for his/her child. This bias against youth is further accentuated by the fact that many countries do not have a retirement age. With health consciousness, improved health care and longevity, there are many who continue to be in the active work force until they reach 70 (and even beyond). This limits the turnover in job opportunities and as the demographic profile shifts to youth, the imbalance comes glaring during the transition period. Yet another major reason for youth unemployment is the rural –urban divide. For a variety of social reasons, such as availability of school and college systems, perceived job opportunities and the glamour attached to cities, youth tend to migrate from rural areas to urban ones, eventually leading to a substantial mismatch between job opportunities and the available candidates. It is somewhat reassuring to know that against these major reasons for youth unemployment and underemployment, there are some redeeming developments.

There are various service sector opportunities where youth are preferred due to their energy levels, enthusiasm, willingness to learn, lower financial expectations and long term aspirations. For example, in the hospitality and <https://assignbuster.com/youth-unemployment-in-india-assignment/>

transportation sectors, there is a distinct shift in the age profiles and one sees cabin crews, hotel receptionists, call centre agents, computer programmers and administrative assistants who are fresh out of colleges, bringing a new level of enthusiasm to their jobs. Approach:

The approach that I have chosen addresses some of the basic causes of youth unemployment that have been described above. The area chosen by me (described later in this essay) does not need any significant level of college education- the skill set needed can be imparted to a school or college graduate in a few weeks. Experience, though helpful, is not necessary. Nor is urban or rural location, since the industry can be location-agnostic to some extent. Moreover, the level of automation is also not significant and can vary depending on the level of comfort of the entrepreneurs.

The industry selected is Food Processing and the approach is entrepreneurship. Before describing the project and its success in creating hundreds of entrepreneurs and thousands of job opportunities in a locational area, it would be pertinent to present an overview of the Food Processing sector in India and the opportunities that await new entrants. Food Processing in India: India is a major producer of fruits and vegetables- regionally and globally. It accounts for 51 million tonnes of fruit against the global production of 500 million tonnes annually, being second only to China. Similarly, it grows 72 million tonnes per year of vegetables out of 890 million tonnes worldwide and ranks second in the world. Thus there is an enormous base of fruits and vegetables. With growing consciousness about the contribution to good health and with a substantial part of the population



preferring vegetarian diet, fruits and vegetables play an important role in the daily menu. India dominates in certain fruits. It occupies the first rank in Bananas (22 million tonnes, being 24% of world production) and in Mangoes (13 million tones, 40% of global production).

Apples, Pineapples, Grapes, Lemons, Guavas, Oranges and Papayas are some of the other fruits that are harvested in India. Major vegetable crops include Potatoes, Tomatoes, Onions, Cabbage and Beans. India, being a vast country, has varying soils, climactic conditions (sub tropical to Mediterranean to cold) and irrigation levels. Thus it provides opportunities to cultivate a wide range of fruits, vegetables, food grains (such as wheat, rice and cereals) and spices. Moreover, with a coastline of 6000 km (3600 miles), there are huge opportunities in fresh fish and sea foods which also need processing to avoid waste and spoilage.

About 490 million poultry, 185 million cattle and 124 million goats form part of the livestock census. While the production of fresh fruits and vegetables is indeed impressive, India lags behind other countries in value addition to these agricultural crops, by way of processing of fresh produce. Although there is enormous potential for processed fruits and vegetables, only 2% of them are processed and the rest are either consumed as fresh produce or are vulnerable to spoilage. As against this low level of processing, the US and Brazil process 65% and 70 % of their fruits and vegetables respectively.

Even a developing country such as Malaysia converts 70% of its produce into value added processed foods. Here lies the opportunity for Indian youth.

With change in demographics, the youth's preferences for processed foods,

export opportunities in the region, increasing presence of women in the work force who do not have the time or the inclination to cook everyday, and higher disposable income within the 400 million middle class, there is a growing demand for a wide range of processed fruits and vegetables-pulps, juices, concentrates, jams, jellies, marmalades, syrups and squash.

They also find application in other processed foods such as ice creams, cakes, yogurts, muffins, candies, breads, cookies, soup mixes, breakfast cereals, pastas, wines and noodles. Besides, there is a growing demand for newer categories of foods, such as health foods, nutraceuticals and supplements for special dietary needs. This is thus an enormous opportunity which my project tries to build on in order to solve multiple problems and to convert a liability into an asset. Why is it a liability? Fresh fruits and vegetables need preservation or quick utilization to avoid spoilage.

This means expensive infrastructure- refrigerators, vans, quality roads and rail systems, cold storages at the warehousing and retailing levels and consciousness about processing. A developing country such as India lacks these due to their high capital intensity. Consequently, almost 30% of fruits and vegetables get spoilt, for want of proper post-harvest handling. In a country where farmers are poor, most of them below the poverty line, and many in a permanent state of indebtedness, leading to several cases of suicides, this type of spoilage is obviously unaffordable.

Even for the national economy, it is not only unacceptable but also a hazard to the ecology and the environment. My focus on developing entrepreneurs to convert agricultural produce into value added processed foods thus

addresses all the relevant issues: • • • • • • Youth unemployment and underemployment Opportunity to add value to agricultural produce Prevention of wastage of fruits and vegetables Low level of skill sets needed at the entry level Low entry barriers due to low capital investment Favorable environmental impact Flexibility in levels of automation

There is yet another major reason that has led me to choose food processing. Here is an area where the entry level capital can be tailored as per the availability of resources. It has the capability of having micro-entrepreneurs on the one hand and the international giants such as Pepsi, Coca Cola, Cadbury (Kraft), Kellogg, Nestle and Unilever on the other. It would be relevant to cite two examples of micro entrepreneurial opportunities here. A person starts a roadside portable kiosk on a moveable cart.

She sells roasted peanuts, boiled and salted peanuts, boiled potatoes and sweet potatoes and few other similar items. These are prepared fresh and are served to customers as daily snack foods. Her total investment is only \$300 and her daily margin is approximately \$30. The venture supports two persons- herself and her partner, who looks after the supply chain and the administrative aspects. The result: a micro-entrepreneurial venture, creating two jobs at a capital outlay of \$150 per job and supporting two families. The second example: A housewife becomes a micro entrepreneur.

She invests \$500 in ovens, mixers and similar equipment. She employs three high school graduates-two prepare branded birthday cakes under her supervision and the third handles logistics-raw material supplies and door

delivery to customers. The housewife looks after marketing and brand promotion through the internet and/or the telephone. The venture gives her an average gross margin of \$120 per day which is shared among herself and her three employees. The result: A home based venture with a capital outlay of \$125 per job that supports four families.

Background of the project My mother is a qualified Food Technologist and she heads the Department of Food Technology in a Polytechnic. Over the years, she noticed that several of her students (who came to the Polytechnic after ten years of school studies and who go through the three year diploma program) chose to become entrepreneurs and started their own micro/small ventures. (The others took up jobs in larger food processing companies, quality control laboratories, hotels and restaurant chains).

She then felt that she could develop and offer short term Entrepreneurship Development Programs (EDP) suited for those unemployed youth who had the caliber and motivation to start their own food processing ventures.

Having seen the potential for food processing, as outlined above, and having had discussions with Provincial and Federal Governments, which were willing to provide grants up to 50% of total investment to micro and small entrepreneurs, she decided to form a team of multi-disciplinary experts and volunteers to develop the EDPs.

In view of my accounting, financial and administrative background and experience, I was given the responsibility of preparing packages for financial evaluation of ventures, taking up an administrative oversight role and identifying sources of financial support from public and private sources. Our

team formulated the EDP plan with strong support from each member (who also became the guest faculty for the EDPs). Project for training entrepreneurs for food processing

Against the above backdrop, my team members and I launched the project for providing holistic training to potential entrepreneurs in food processing in order to create youth employment opportunities in our province. The objectives of the Entrepreneurship Development Program are as follows: • Providing basic knowledge of project formulation and management, including technology and marketing • Motivating the trainees and instilling confidence in them • Educating them on the opportunities and financial assistance available •

Providing escort services to enable them to avail of credit facilities from Banks/Financial Institutions and from developmental organizations. The typical duration of the EDP is 4 weeks. There is a follow up phase of 12 months. Each batch has 20-30 trainees. This ensures personal attention and development of individual projects, which could then have a robust chance of success. Course Content: The course content for each EDP includes the following: 1. Motivational training. 2. Opportunities available. 3. Sources of funds, including financial institutions and their schemes. 4. Market Surveys and identification of projects. . Preparation of Project Reports for Bank financing. 6. Management of resources (men, materials and money). 7. Rules and Regulations of local regulators. 8. Food Laws such as FPO/PFA/ECA/BIS. 9. Appropriate and latest machinery, including information on manufacturers. 10. Sourcing (including e-sourcing) of raw materials. 11. Factory visits and meetings with entrepreneurs. 12. Market perception, <https://assignbuster.com/youth-unemployment-in-india-assignment/>

market intelligence and marketing. 13. Accounts, book keeping and financials (including taxation). 14. Presentations by industry associations on infrastructure, possible areas of concern and approaches for success.

Eligibility: The admission criteria for the EDP are: (a) minimum 12 years of school education (b) Age limit of 25 years (c) High motivational level  
Moreover, the applicants should be unemployed or significantly under employed to be eligible for the EDP. The fees range from \$ 200 to \$1000 depending on the course content and duration. A significant part of this amount is reimbursed by the Provincial and Federal Governments which are committed to creating employment opportunities in food processing in India. The token contribution of the individual participants is essentially meant to ensure their commitment and seriousness.

The fees are meant to cover expenses on guest faculty, residential accommodation and meals for those participants who come from outside Mumbai, publicity and advertising, course materials, traveling costs for factory visits, rental charges for the lecture rooms and follow up expenses.

Follow up phase: The follow up phase of an EDP is as important for creating employment opportunities as the EDP itself. It involves: • • • • • •

Individual counseling. Assistance in identification of specific viable projects based on locally available raw material or market opportunities in the respective geographical areas of the participants.

Preparation of project reports. Support in applications for financial assistance. Guidance in securing appropriate infrastructure. Project management support, including selection of appropriate equipment.

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Technical troubleshooting after commencement of production. Success metrics: At the end of each EDP, the participants are encouraged to provide detailed feedback, based on identified metrics, to assist in improving future programs. In addition, metrics have been identified to evaluate the efficacy of the EDPs and the follow up phase.

By monitoring the ratio of successful projects to participants, we are able to ensure that the objectives of the EDPs are satisfactorily met. Progress: I am very happy to report that my team has trained 350 entrepreneurs during the last three years. With an average success rate of 80 % of ventures continuing to operate beyond their first year, and with an average primary and secondary employment level of 7 persons per venture, we believe that our team has created employment opportunities for 1, 960 unemployed youth. This excludes tertiary employment of estimated 2, 000 young farmers.

Though this may sound modest, here is an example of a core team of 5 professionals with multi-disciplinary expertise, who, while working on other normal assignments, have been able to create livelihood for about 4, 000 families within three years. Future plans Our next target is to Train the Trainers. Emboldened by the great success of the EDPs, we have commenced work on the trainers' module, which would help in providing training to people with backgrounds similar to ours. They, in turn, would be expected to offer EDPs all over India, creating a tremendous scale up and multiplying opportunity.

We are also in dialogue with virtual universities to offer these programs to unemployed youth through Television and Internet. This would enable us to access a wider audience, especially in rural areas of India, where lies “ the Bottom of the Pyramid”, an expression used by management guru Prof. C. K. Prahlad of the University of Michigan, to describe the relatively untapped potential. Acknowledgement: The statistics on India’s food industry have been taken from the article, ‘ Nature’s fruits: Health Capsules’ by Dr. J. S. Pai, which was published in PFNDAI Bulletin, January 2009.