CHAPTER I

RESEARCH PROBLEM AND METHODOLOGY

"Cheshire Puss", she began, rather timidly as she did not know whether it would like the name; however it only grinned a little wider. "Come, it is pleased so far", thought Alice, and she went on. "Would you tell me, please, which way I ought to walk from here"?

"That depends a good deal on where you want to get to" said the cat.

"I do not much care where" said Alice.

"Then it does not matter which way you walk", said the cat.

"So long as I got somewhere", Alice added as an explanation.

"Oh you are sure to do that", said the cat, "if only you walk long enough".

Alice in Wonderland

I. Introduction:

Recent changes in the world economy present a paradox—on the one hand, rapid globalization and competitive pressures have made it imperative for nations to invest in the development of education and training of their labour force; on the other hand, these same global forces have led to segmentation of the labour market and reduced employment opportunities for those having low or inflexible
The victims of such change are vulnerable groups including youth and workers with disabilities (ILO, 1998).

In India, the share of the organized sector in employment has been declining over the years. There are growing redundancies among the workforce after the economic reforms since the early 1990s, particularly in the organized sector. The reasons for the slow growth in employment in the organized sector are generally found in the rigidities that prevail in the Indian labour market (Papola, 1994; World Bank, 1998). Employment is being generated mostly in the unorganized sector which is marked by deplorable conditions of work. There is a growing belief that, given appropriate support, the unorganized sector might absorb, the growing number of job-seekers even as industrialization falters. But, to be competitive in the highly competitive product and labour market, the quality of the labour force would count more, thereby greatly enhancing the importance of education and training. Thus, it will be extremely useful to examine the existing education and training system in the context of equipping future manpower with requisite job oriented skills and expertise.

The Draft Youth Policy (GOI, 1999a) lays due emphasis on education, employment and training. According to it, education
above the secondary level should have a high degree of vocationalization so as to enable the youth to acquire such skills as would open up increasing employment opportunities for them. It stresses the need for developing closer links between the educational system and prospective employers, on an institutional basis and making career counseling a part of the educational system from the secondary level onwards. It also advocates undertaking programmes for upgrading the existing skills of young artisans in traditional handicrafts and other products, and of those who may wish to take up the same as a vocation. The Draft Policy recognizes that the question of employment is, at present, one of very serious concerns to Indian youth and that several social issues emerge from the widespread unemployment and underemployment of the youth. It identifies various mismatches—skills requirement and employment opportunities, low technology levels, low wages and low productivity, occupational shifts in employment, limited participation of women in the workforce, underemployment and migration of youth from rural to urban areas, etc— as the critical issues which need to be properly addressed. It also argues in favour of encouraging and strengthening appropriate co-operative schemes involving young people in the
production and marketing of goods and services with government support.

All over the world, research studies show that economic growth is driven by a complex set of variables including human capital; and that supportive policies and an enabling environment are equally, if not (at times), more important. These variables include openness to the institutional framework conducive to economic growth. But there is also increasing evidence to show that the education levels of the labour force are significant determinants of economic growth and productivity performance (ILO 1998). A number of studies point to the positive impact of primary and secondary education on economic growth (Barro, 1991; Murphy, 1991; UNDP, 1996; ADB, 1997).

Table 1.1 shows that (a) East Asian economies were able to develop supporting skills which played an important role in moving higher value-added and technologically advanced products; (b) while India has been able to develop new “niches” in a few fields, in the global economy its relatively poor skills base has made it difficult for the country to take advantage of new global opportunities;
# Table 1.1

Share of Technologically Advanced Goods in Manufacturing Exports  
(Unit in percent)

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<td><strong>Newly industrialized economies</strong></td>
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<td>Republic of Korea</td>
<td>8.8</td>
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<td>16.9</td>
<td>19.6</td>
<td>32.5</td>
<td>42.6</td>
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<td>Singapore</td>
<td>9.4</td>
<td>23.0</td>
<td>25.8</td>
<td>34.3</td>
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<td>India</td>
<td>4.0</td>
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<td>Pakistan</td>
<td>1.7</td>
<td>2.6</td>
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<td><strong>Latin America</strong></td>
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<td>Brazil</td>
<td>3.7</td>
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<td>10.6</td>
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<td>Mexico</td>
<td>14.6</td>
<td>11.1</td>
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<td>42.4</td>
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Note: 1. @ Relates to 1994; (b) Based on three-year moving average.

2. As a measure of technological upgrading, the share of technologically advanced goods in manufacturing exports is used. This takes into account the value added per unit of output and the intensive use of capital and skills.

Source: Pigato M. et al. (1997), South Asia’s Integration into the world Economy, World Bank, Washington, D.C.
and (c) Latin America, with its relatively developed institutional system for training and (relative to South Asia) a better educated workforce, has been able in recent years to increase both productivity and competitiveness, though it still needs to enhance its technological capability by upgrading the skills and educational level of its labour force (ILO, 1998).

Thus, it clearly establishes that the successful transition from school to work rests on (a) the existence of a solid, high quality educational base; (b) the development of sound analytical, cognitive and behavioral skills along with the ability to communicate ideas to work cooperatively; and (c) establishing close links between educational and training institutions and enterprises.

Given the above background, this study attempts to critically examine the present education and training system in the country that will ultimately shape the quality of our youth labour force and thereby, determine its employability. However, before examining this, it will be appropriate to briefly review the main features of employment and unemployment among youth in India.

The problem of educated unemployment is not only all pervading but also equally serious. As the spread of education is
catching up, the number of educated unemployed persons is increasing very fast. It is estimated that there are more than 30 million such persons on the Live Registers of the Employment Exchanges in India as on November 1999. This is really alarming. The amount of money invested on education and the gainful utilization of this vast human resources itself is a cause of national concern. Therefore, the necessity of vocationalisation of education is felt every where. Nearly one third of the total educated unemployed persons, belong to those who are technically qualified. This is another alarming factor. The technology is changing every fast and therefore, there exists a mismatch between the demand for and supply of trained man power. This study intends to explore the causes and remedies to overcome this problem.

II. Statement of the Problem:

In Karnataka, there are 18.9 lakh educated unemployed persons on the live register of the Employment Exchanges as on March 2000. The rate of educated unemployment is as high as 45 per cent. In addition to the mismatch, there is also a feeling that the jobs created in the State are not going to the locals (Dr. Sarojini Mahishi
Committee Report). With this situation an attempt is made to explore the problems in the selected sample districts of Karnataka State.

Further, out of the 18.9 lakh educated unemployed persons, nearly 13 lakhs are in the category of matriculates and 10+2 courses of education. That means, those who cannot take up higher education dropout at that level. They do not have any practical skills to earn their livelihood and keep awaiting for a white collar job, where the market is shrinking. The only alternative is to vocationalize education at that stage, so that they become more and more employable at the shop floor level or are enabled to take up self employment. This study intends to concentrate on this aspect.

III. Review of Literature:

Dr. B.K. Sharma (1989) stressed the imperatives of promotion of self employment in view of the low absorbing capacity of wage employment sector and existence of a vast informal sector in the Indian economy. He advocated a policy of package support, preferably for these enterprises which require sustained development based on local resources. While he commended the skill development programmes of different training institutions, training cum production centers, composite training centers, Khadi and Village Industries
Board, he felt that they should continue to make these skills available to other agencies. He stressed that a policy of package support needs to be adopted and implemented as skill development. Without corresponding package support may end up in aggravating the unemployment problems among the educated job seekers.

B.L. Agarwal (1989) in his paper presented at Seminar laid emphasis on entrepreneurship development among educated job seekers.

Chandra Shekar Prasad (1994) in his article "Growth and Structure of Employment and Self-Employment in Small Enterprises" says that small scale sector, consisting of modern as well as traditional and tiny industries, over the years have developed as an important constituent of Indian economy in terms of its share in employment, growth of output and export. It has also made significant contribution to development of rural and less developed areas, widening entrepreneurial base and providing ancillary support to large and medium industries. Small scale sector accounts for about 40 per cent total value of industrial production in the manufacturing sector, over 33 percent of direct export of the country. Its contribution in employment is next only to agriculture.
Y.R. Singh (1994) in his research paper entitled “Role of Entrepreneurship and Self Employment” opines that the employment in organized sector has a limit and cannot take in all the educated unemployed who enter the employment market in increasing numbers every year. Self employment is a useful way not only of finding an avocation for oneself but a sure step towards reduction of unemployment.

Visaria Pravin (1998) points out that the increase in the number of literate persons among the unemployed and even more so of those with higher educational attainments points to the need for creating more skilled jobs. In the past, whenever efforts have been made to generate employment opportunities through government spending, these have been largely confined to public works on roads, minor irrigation, land improvements etc and creating manual jobs. Youth with some education do not take up manual jobs, partly due to unrealistic expectations from first generation education and partly due to the prevalence of traditional values which look down upon manual work.

Rajendra P. Mamgain and Vandana Parashar (2000) in their study critically examine the present education and training
system in the country which will ultimately shape the quality of youth labour force and determine its employability. The analysis shows that majority of the youth lack requisite education and training and thus, their employability becomes casualty. It also points out that the present education and training system suffers from both qualitative and quantitative drawbacks.

Sangeeta Nagaich (2000) in her article comes to the conclusion that problem of youth unemployment should be given greater significance. Not only should educational facilities and vocational training programmes be expanded for youth but the labour markets should also offer jobs consistent with their qualifications, capabilities and aptitudes. In this respect, females should be given even more importance as they form an illiterate groups in the rural areas. Only then can their participation in work be enhanced. Secondly, the youth should not only be assisted in meeting the required capital for new ventures but their management and marketing talents also organized to help promote their entrepreneurial capabilities and in venturing into self employed enterprises.

Low L (2000) in his book states that there is no longer a guarantee of lifetime employment but lifetime employability. The
new security is employability security. Employability as security is an appropriate career foundation since it depends on continuing hard work and growth in skills and security, and on the ability to generate income regardless of the fate of the employer. The right kind of education in the knowledge society is a new form of security as employability is assured.

Hashim S:R.( 2000) observes that “the unemployed have a feeling of being ‘left behind’ or ‘excluded’ from the mainstream of developmental activities in the society. With higher growth prospects in sight it is possible to overcome the problem of poverty and ensure the provision of minimum needs. But unless carefully handled, the problem of unemployment may persist or might even get accentuated with certain types of development. Unemployment among the educated youth in particular would be a problem that needs to be handled with great care, which is becoming more acute with expanding education and the emergence of a certain pattern of development. In the context of the next century unemployment has to be seen as a problem of ‘exclusion’ from the society, which today is progressively aspiring to be more participatory involving the participation of all in the development process.
Gupta S.P (2000) in his study points out that very often, development under market led growth benefits those who are adequately qualified enough and socially well placed to take advantage of the opportunities of capital intensive and labour displacing global technologies. The hard task for the government and the community as a whole is to ensure that in the long run, all sections of the society will be able to achieve those levels of skill that can enable them to avail of opportunities to enter the mainstream of job market. Further he says that any jobless growth in India is not tenable if poverty has to be ameliorated with a sense of urgency to make the reform sustainable. However, the permanent solution to the problem is to bring the rural and urban poor in the high growth productivity activities by proper training, skill formation and accessibility to basic infrastructures.
IV. Objectives of the Study:

Keeping in mind the vast magnitude of educated unemployment following objectives are set for investigation viz.,

1. To examine the role of skill imparting institutions especially I.T.Is in the State.

2. To examine the working of Employment Exchanges in the State of Karnataka.

3. To identify the problems of both job seekers and job providers.

4. To assess the mismatch between demand for and supply of ITI skilled labourers in the selected sample districts of the state.

5. To suggest for policy options

V. Hypotheses:

1. "In the midst of vast educated unemployment, the problem is not of employment but of employability"

2. "Among the ITI trained candidates there is a high mismatch between demand for and supply of certain unpopular trades.

3. "The working of Employment Exchanges in the State is unsatisfactory"."
VI. Scope of the Study:

The scope of the study is deliberately confined to selected districts. One representative district from each of the four Revenue Divisions in the State is chosen randomly. The districts selected for the present study are Bidar from Gulbarga Division, Belgaum from Belgaum Division, Tumkur from Bangalore Division, and Dakshina Kannada from Mysore Division. This was done keeping in view the stage of industrial development of the selected districts in terms of industrial employment.

VII. MATERIALS AND METHODS:

Both primary and secondary data were collected for the study. Primary data were collected from skill imparting institutions, industries, employment exchanges and ITI trained job seekers with the structured questionnaires specially designed for them. Secondary data were collected from National Sample Survey Organization (NSSO), Census of India, Reports of Planning Commission of India, Annual Reports of Directorate of Employment and Training, Various issues of Economic Survey of India and Karnataka etc.
Analysis of Data:

Collected data were processed systematically by applying the relevant methods of classification, tabulation and analysis. Simple statistical tools such as averages, percentages, growth rates are employed in analyzing the data.

VIII. Chapterisation Scheme:

The thesis is divided into seven chapters. Chapter I contains, introduction, statement of problem, review of literature, objectives, hypotheses, methodology etc. Chapter II deals with the various theories and models developed by Classical, the neo classical, the Keynesian and Human Capital Theorists and verified in relation to our topic. Chapter III gives a brief picture about the employment policies and programmes formulated and implemented by the Union government. Chapter IV highlights the employment scenario in the country as well as in the state of Karnataka. And also it gives a brief review of youth employment programmes implemented by the Government of Karnataka.

Chapter V has two sections. In the 'Section A', analysis of the working of employment exchanges in Karnataka is presented, while section B deals with vocational training in Industrial Training.
In Chapter VI the analysis of mismatch between demand for and supply of I.T.I skilled labour in the sample districts as well as perception of employers based on primary data is presented. Chapter VII gives summary findings and suggests measures for policy implications.

References:


5. Govt. of India (1999a): Draft Youth Policy, Govt. of India, Ministry of Human Resource Development, Department of Youth Affairs, New Delhi.


