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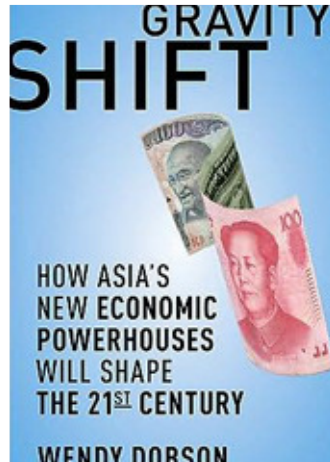
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## Where Will India's Young People Find Work?

By [Wendy Dobson](#) | Tuesday, November 09, 2010

China's youth demographic is shrinking while India's is surging. Jobs are plentiful, but many of India's young people do not have the education and training required to fulfill them. Wendy Dobson — director of the Institute for International Business at the Rotman School of Management at the University of Toronto and author of "Gravity Shift" — examines what this phenomenon means for the future.

**B**etween 2010 and 2020, the number of 15-to-24-year-olds in China who are looking for jobs and education each year will shrink, while the number in India will grow by some 11 million. Where will they all find work?

For many, the challenge is complicated by their lack of employability.

**In India, there is a growing economic divide between the few million with good jobs — and the hundreds of millions with casual jobs.**

Nearly 40% of those over age 15 are illiterate. And although literacy rates are rising, many young people will not find work outside of agriculture without huge improvements in educational standards, facilities and attainment levels — particularly in the lagging states, where public services are poorest. By 2050, these states will account for 44% of India's population.

Faster urbanization would also help — for example, if

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India were to reach China's current 45% ratio by 2020, an additional 140 million people would have moved into urban areas by then. As it is, India is expected to have more than 70 cities with a population of more than one million by 2026.

In the populous, but economically lagging states, though, urban wages are not sufficiently high to attract migrants. Conditions in city slums are little better than those in the villages.

Rural workers are also unable to compete for available urban jobs because of their poor skills. Accordingly, the eastern part of India, in particular, is likely to remain relatively rural. And rural males will continue to move in large numbers out of states such as Bihar and Uttar Pradesh.

The relative dynamism of India's leading states further complicates the picture for the lagging states.

One study describes a situation in which the leading states take all the 'oxygen.' The lagging states need people with management and leadership skills to aid their necessary large-scale increases in labor-intensive manufacturing. But these same skills are in great demand in the dynamic peninsular states, which are bidding up the prices of skilled labor.

A greater supply of skilled labor would help to offset such wage pressures, but restrictions on out-of-state registration in postsecondary institutions and occupational licensing obstruct the mobility of people from the lagging states.

The 800 million people in rural India need higher-quality, universally available education — if that gap is to be reduced. Employers need more flexibility in their employment decisions to hire in those sectors that offer good jobs.

Yet, such changes are opposed by vocal groups — many of whom have come to depend on secure organized sector jobs.

For their part, entrepreneurs and producers have long been resigned to labor restrictions, and make their production and hiring decisions accordingly.

Were they to attempt to replicate the employment-creating scale of China's labor-intensive manufacturing, India's regulations would be a major stumbling block.

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**India has as many as 80 million young workers who are in need of up to two years of training to 'repair' their skills.**

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Large organizations with thousands of employees either live with the higher cost of doing business — or they are complicit with state government officials. Some states have modified the powers of inspectors, while others look the other way, which only compounds the problem of corruption.

Yet, India's manufacturing employment is rising anyway, although pre-dominantly in rural, small-scale enterprises that rely on casual labor. Between 1998 and 2003, half the growth in employment outside agriculture was in small-scale manufacturing operations in the unorganized sector in rural areas.

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**Many young Indians will not find work outside of agriculture without huge improvements in education.**

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Over roughly the same period, the textiles and apparel, non-metallic mineral products, furniture and wood products, as well as beverages and tobacco industries accounted for three-quarters of all new manufacturing jobs. All of them are casual jobs in small, unorganized sector enterprises outside the purview of inspectors.

But these employers not only provide no security — they also have to depend on workers without skills. The Asian Development Bank estimates that India has as many as 80 million young workers who are in need of up to two years of training to 'repair' their skills, since almost two-thirds of them have little or no education.

The vast majority of these workers hold low-quality jobs in the unorganized sector whose employers cannot afford to provide on-the-job training. Government, the Asian Development Bank argues, should not attempt to fill the training gap, but should leverage the private sector's demonstrated capabilities.

India's underuse of its growing labor force is the country's Achilles' heel. Some Indians point out that most people have jobs, but this is not the issue. The source of vulnerability is the growing economic divide between the few million with good jobs and the hundreds of millions with casual jobs.

*Editor's Note: This feature is adapted from "Gravity Shift: How Asia's New Economic Powerhouses Will Shape the Twenty-first Century" by Wendy Dobson. Published by University of Toronto Press. Reprinted with permission of the author.*

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