

## Unemployed Educated Rural Workforce in Punjab

A Cause for Concern

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If the state government of Punjab wants to address the festering discontent among the unemployed educated rural youth in the state, it needs to look beyond high-tech industries and promote enterprises that can generate appropriate employment opportunities commensurate with their skills and qualifications.

For quite some time now, the erstwhile surging economy of Punjab has been ensnared in an economic quagmire. With a measly growth rate of 5.8% in 2013-14, way behind Bihar's 13% and Gujarat's 9% for the same period, a slowdown of gross domestic capital formation rate from 6.5% in 2009-10 to 4.6% in 2012-13, a high fiscal deficit of 5.4% in 2013-14 and a low agricultural and industrial growth rate of 0.2% in 2013-14 and 2.5% in 2012-13 respectively, the state's economic fundamentals are dismaying. The natural corollary of a receding economy is the mounting unemployment rate, which is bound to manifest in social tensions. There is no gainsaying the fact that Punjab is sitting atop a powder keg, with frustrations growing amongst the youth.

Unemployment in the state is conspicuously on the rise, and the problem is being compounded in the absence of a holistic and multipronged strategy to negotiate the growing menace. According to NSSO estimates (68th Round), the overall unemployment rate in Punjab is 3%, while it is 7.7% among the rural youth (15-29 years) and 6.3% among urban youth (15-29 years).<sup>[i]</sup> Almost 72% of the job seekers in Punjab are educated, out of which 78% are non-technical and 22% are technically qualified personnel. It is this chunk of the educated unemployed which is giving jitters to the policy makers, and a concerted strategy needs to be formulated to absorb a major proportion of this segment of the unemployed youth.

### Rising Frustrations Among Unemployed Educated Rural Youth

Punjab is largely an agricultural state with a predominance of small holdings. These marginal holdings coupled with rising agricultural mechanisation have failed to provide job opportunities to the rural youth. Moreover, Punjab is going through a critical phase of development, which is altering the nature of rural unemployment. With the spread of education and awareness in the rural hinterland, it has become challenging to generate appropriate employment opportunities for the rising number of literate, semi-educated and educated youth in the country side.

The unemployed rural educated youth constitute approximately 54% of the aggregate rural unemployed in the state. They are normally reluctant to take up employment opportunities that involve physical labour, as in MGNREGA projects. Owning small holdings, they are not particularly enthusiastic about farming, which involves hard labour and fetches them meagre returns. They may instead prefer to sell their small holdings and explore employment options in urban areas.

Ironically, of late, the average holding size has increased from 2.5 acres to 3.7 acres in Punjab. One

of the reasons for this is that marginal farms are being sold by the educated youth, and these are being grabbed up either by small and medium farmers or by urban developers. Land is being sold in the hope of obtaining alternative employment. Though they desire white collar jobs, they possess inadequate skills to secure them, and this causes discontent and frustration amongst them. Now this segment of the rural educated youth, who have neither been able to acquire proper technical or communication skills nor acquainted with the arduous industrial work, cannot be easily employed in high-tech industries.

The information and technology (IT) industry, which apparently seems to have caught the fancy of the present state government, is least suited for absorbing the educated rural youth. Moreover, the IT industry hardly generates any durable capital assets that could provide sustainable employment for such a workforce. The IT industry may attract personnel from across the national pool, but eludes the expectant unemployed people within the state. Similarly, other high-tech capital intensive industries may only create indirect job avenues for such semi-educated rural workforce.

## **Employment Options for Educated Rural Workforce**

More than the mainstream IT industry, the IT enabled service sector can provide jobs for the rural educated workforce. They can be provided avenues to acquire soft skills through diplomas and certificate courses in accounting, retailing, bookings in transport and hotel industry and other computer application based verticals in the burgeoning service sector.

Punjab needs industries that can absorb rural labour. Industries which provide comparative advantage, such as agro-industries and agro-based industries, for the state should be given precedence over industries such as the IT. The recently inaugurated international mega food park at Fazilka is the kind of industrial initiative required to tackle rural unemployment. Setting up of traditional small-scale industry clusters and ancillary units can help accomplishing this objective as well.

The most relevant industries for the educated rural workforce may include non-farm industries such as khandsari and jaggery making, oil expellers, bee keeping, piggery, fishery, poultry, rope making, brick kilns and so on. Even small workshops for tractors and agricultural implements and various other mechanical, metallurgical and electrical workshops in rural areas can absorb such educated rural labour. The need is to provide well-intentioned and well-directed business counseling and guidance to prospective small entrepreneurs.

Needless to say, the regime of misdirected populist subsidies and doles and other forms of wasteful expenditure must be curtailed to spare adequate resources for job creation for the masses. Efficient governance must be put in place and propitious investment climate must be created to encourage investment and generate ample employment opportunities to provide succor to the disheartened youth of the state.

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[i] . The data in the article are taken from "Economic Survey of Punjab 2013-14", compiled by the Economic Adviser to the Government of Punjab, 2014, pp.23; 59-66. The unemployment rates in the article (as referred in the above Economic Survey) are based on the 68th Round of NSSO conducted

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during 2011-12, and are computed on the basis of Usual Principal Status Adjusted.