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Wage Gap and Employment Status in Indian Labour Market – Quantile Based Counterfactual Analysis

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ABSTRACT

This paper studies the incidence of youth unemployment and the major factors associated with it, using Indian data. Specifically, it looks into how the youth (15-29 years) with education at different levels are transitioning into work and whether they have succeeded in getting productive employment and are being integrated into the labour market. This study has been motivated by the fact that, while most of the empirical studies on youth unemployment and school-to-work transitions are based on data from high-income countries, very little has been undertaken with data from developing countries and no such attempt has been made with survey data in India. Using probit estimation methods we have shown that youth unemployment can only be reduced through the introduction of policies that promote a work related curriculum and seek to reform education systems and professional development; in other words, through the introduction of educational policy, capable of giving the same importance to vocational training and technical education as to other economic policies in governmental and private institutions.

KEYWORDS Youth unemployment; education; response model; India

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