

Educational Unemployment in Jammu and Kashmir: Causes, Consequences and Remedial Measures

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Abstract - This paper examines educational unemployment in Jammu and Kashmir with a focus on causes, consequences and remedies to curb the menace. It is our endeavor through this paper to highlight the main weaknesses of state economy responsible for chronic educated unemployment. In addition to this the present paper will focus on new innovative schemes on the part of state government to overhaul the existing economic system by which they can use the efficient human resource to gainful productive employment. The present paper will also focus on the industrial sector of the state of Jammu and Kashmir, both small as well as large scale and its potential to control educated unemployment and suggest measures and policies on the part of state government to establish the strong industrial base. Moreover, the paper will examine the major causes for the failure of state and centrally sponsored schemes to eradicate unemployment in the state of Jammu and Kashmir. It is examined that those who are less qualified i.e. Undergraduate or below but know the three R's are better placed in terms of earnings than those who get higher education like post-graduation and above. The present paper will also study this trend and try to get into the details of this phenomenon so that reasons behind this hypothesis come to the surface.

Keywords: Educational Unemployment, Jammu and Kashmir

I. INTRODUCTION

Unemployment is a curse for any nation. No nation can develop unless its labour force is engaged in gainful employment. In fact the whole national income is the sum total of wages, rent, profit and interest, which is simply share of different factor payments. So, when these factors are employed then national income increases and economic growth takes place. Unemployment means a situation when able and willing are not getting jobs as per their own capabilities. The NSSO uses 3 concepts of unemployment that is usual status, weakly status and daily status.

Unemployment rate is defined as the number of person unemployed per 1000 persons in the labour force. Educated unemployment is a loose and poorly defined concept. In our present study the variable under consideration is educated unemployment of J&K State and we define educated unemployed as one who has got a degree or diploma from a university or college. In J&K from last 10 years educated unemployment increased exponentially. The Jammu and Kashmir economy's backbone is tourism but unfortunately this sector absorbs unorganized and unskilled workers so educational unemployment is on peak crossing all barriers.

Moreover, the state has a decent literacy rate of 68% with over 6lakh educated unemployed youth. The major chunk of educated youth is engaged in government sector which is the main source of employment. In Jammu and Kashmir economy public sector is dominant which engages almost 80% of educated youth. In other words, the strong public sector is one of the reasons for high unemployment rate in J&K.

A. A brief Unemployment scenario of J&K

Unemployment is a social issue of serious concern at the present both at National as well as State level. The state of Jammu and Kashmir like most of the states of the country has been facing the problem of unemployment since long. As per the 68th round of NSS July 2011 to June 2012 J&K has highest unemployment rate of 4.9% in comparison to its neighboring states.

The unemployment rate of females is worst at 20.2% as compared to the national level 3.7%. Latest official figures from the "Annual Employment and Unemployment Survey Report for 2012-13" released by Labour Bureau under Union Ministry of Labor and Employment, show that unemployment in J&K has increased over the last few years and the current unemployment rate per 1000 persons in general category in J&K was 100 which accounted for 10%, thus being the highest among the North Indian states.

In the Scheduled Caste(SC) category, J&K had second highest unemployment rate in North India (132 per 1000 persons). In the northern region, the maximum overall unemployment rate per 1000 persons was also highest in J&K at 88. Moreover, unemployment among the youth in age group of 15 to 29 years in northern region was again highest in Jammu and Kashmir at 241.

The population of the state increased from 101.44 lakhs in 2001 to 125.48 lakhs in 2011. The number of workers also registered an increase of 15.15% during the same period. According to 2011 census, the sex wise position of total workers, main workers and marginal workers for J&K is given in the table below.

TABLE 1 SEX WISE POSITION OF TOTAL WORKERS, MAIN WORKERS AND MARGINAL WORKERS FOR J&K

	Category	Total workers	Main workers	Marginal workers
J&K	Persons	43.23lakh	26.44lakh	16.79lakh
	Males	32lakh	23.27lakh	8.9lakh
	Females	11.23 lakh	3.17lakh	7.89lakh

Source: Census 2011

Work participation rate for J&K was estimated at 34.5% as against the All India figures of 39.8% as per census 2011. According to 2011 census, the number of total workers in J&K stood at 43.23 lakhs of which the main workers constitute 26.44 lakhs (61.77%) and the number of marginal workers constitute 16.79lakhs (38.83%). The share of main and marginal workers in the total work force has remained by and large constant. Female workers constituted 26.09% of the total work force. The share of female in the Main workers is only 12.80% as against 47.02% in marginal workers category in J&K.

TABLE 2 SECTORAL OCCUPATION STRUCTURE (PERCENTAGE)

Occupation	1981	2001	2011
Primary sector	63.88	50.1	41.48
Secondary sector	14.25	6.23	3.99
Tertiary sector	21.87	43.67	54.53

Source: Census 2011

Further classification of workers as per Census during 2011 shows that 41.48% of the total workers are engaged in primary sector, 3.99% in secondary sector and 54.53% in tertiary sector. Work opportunities, however, have not kept pace with the increasing population. The problem of unemployment gains more importance because of higher incidence of unemployment among the educated section of youth in the State. Almost 70% of the population is directly or indirectly dependent on agriculture and allied activities which continue to be a subsistence sector. However, it may be mentioned that near about 70% of the said marginal workers are associated with the agricultural and allied sector contributing very marginally to the total production thus giving rise to the disguised unemployment in Agriculture.

To avoid this situation, out of the said 16.79 lakh of marginal workers, half of this working force suffers from disguised unemployment who can contribute positively on being shifted to the other sectors of economy without affecting the total agricultural production and yield productivity in the State. In the absence of desirable industrial growth and limited scope for absorption in the private sector, many have been rendered unemployed and have joined the ranks of job seekers. The District Employment Exchanges renamed recently as District Employment & Counseling Centers spread all over the state maintain qualification-wise data on job seekers.

II. OBJECTIVES

1. To highlight the main weaknesses of state economy responsible for chronic educated unemployment.
2. To examine new innovative schemes on the part of state and central government to reduce educated unemployment.
3. To highlight the causes responsible for failure of various schemes for reducing educated unemployment.
4. To examine industrial sector of the state with a view to judge it's potential to reduce educated unemployment.
5. To examine the hypothesis that undergraduate or below but worthy enough to have 3 R's are better placed in monetary terms than highly educated youth.

III. METHODOLOGY

Our study is based on authentic source of secondary data and primary data has been used when secondary source wasn't available or unreliable. Moreover, mathematical model has been used to test our hypothesis. In addition to this, as the present paper is theoretical in nature so our conclusions are drawn purely on the basis of observation and analysis of reliable data from different sources.

IV. WEAKNESSES OF STATE ECONOMY RESPONSIBLE FOR CHRONIC EDUCATED UNEMPLOYMENT

The state of J&K has lot of problems so far as sound economic structure is concerned. The main problems which are responsible are as under:

1. Faulty education sector
2. Weak domestic structure
3. Traditional Agrarian economy
4. Stereo-type mindset of rural people
5. Political turmoil

A. Faulty education sector

The state of J&K is still on the same lines in terms of education at which India was at the time of independence. This sector produces literates in bulk number but only a handful is educated. In this sector the loopholes are many and of different dimensions. Some of them are mentioned below:

1. Still the students are being encouraged for rote memorization of concepts rather than quality and innovative concepts. This trend continues from school to university.
2. As the state has lowest poverty among all Indian states and fair distribution of income so every individual gets higher education despite the fact that higher education is not meant for everybody. Here even those who are good in vocational jobs are being forced by their parents to get degrees from universities as a mark of social status. This aggravates the problem of educated unemployment.

3. Another weakness is that our courses offered at the college and university level are purely conventional and there are hardly vocational and job oriented courses offered.
4. Last but not the least problem is that the only major source of employment for those who get various degrees from universities and colleges is government job. But the fact is that intake capacity of various departments in both colleges and universities is very high while as the major source of employment is only one i.e. Government sector. So, the demand and supply gap is very huge which escalates year after year.

B. *Weak domestic structure:*

A strong domestic structure of any economy has self-sustaining growth which automatically generates huge number of jobs annually but our state economy is stagnant with only few sectors like Tourism, electricity and horticulture doing good in terms of growth rate, rest of the sectors are in shambles due to various reasons which in turn is responsible for extremely low rate of job creation. Many studies confirm the positive high correlation between investment in infrastructure and economic growth (Newberry, 2011; Kessides, 1993). According to Ahn and Hemmings (2000) public capital enhances economic growth. For economic development basic infrastructure like roads, electricity, efficient human resource are some of the fundamentals necessary for development of secondary sector which is the main sector for reducing unemployment .But in our state this sector is still in its infancy so the number of educated unemployment increases with each passing day.

C. *Traditional Agrarian economy*

In J&K 70% population is directly or indirectly dependent on agriculture and allied activities for livelihood .But this sector is still running through traditional methods. About 58% of net sown area is rain fed area, where most of the poor people live. These areas are economically fragile and highly vulnerable to vagaries of climate change.

The growth rate of agriculture is declining due to lack of adequate agricultural research extension from lab to land, and small holdings. Roughly 94% of the holdings fall in the size of class of less than 2 hectares and around 81.5% in less than 1 hectare. The educated class of youth hardly takes interest in agriculture as they believe in 'decent pay decent work with minimum effort' principle but unfortunately agriculture sector doesn't obey this principle.

D. *Stereo-type mindset of rural people*

In J&K 27% people live in rural areas. People in rural areas are conservative and fundamentalists and these values are far from pragmatic approach to life .Economic development is possible only when people are open minded and are exposed to new ideas (Romer, 1994) and schemes of the government. In J&K people still consider banking and

insurance as offensive on the part of their religious and stereo-type mentality and thus don't take full advantage of self-employment schemes of government in collaboration with banks.

E. *Political Turmoil*

Politically J&K is the most unstable and volatile region after Palestine. Here human life is full of uncertainties and perils. The state economy in all developmental aspects is heavily damaged. Recently, the economic activity got static for more than 3 months with loss accruing to the state economy worth 5000 crores and more. All developmental projects like bridges, roads, schools, colleges etc. are directly or indirectly affected by the political turmoil. The most hardly hit and potentially good sector to control unemployment i.e. industrial sector is the worst victim. No country can develop its industrial sector overnight. It takes years of planned investment for building of strong industrial base but in our state whatever is done on a planned base is destroyed next year by the militancy. For example, one of the leading ray of hope for unemployed youth is JKEDI (Jammu and Kashmir Entrepreneurship Development Institute) because this training center develops youth for self-employment and entrepreneurship so that they can find themselves fit for industrial jobs but this was burnt and became victim of political turmoil. In the same way there are numerous such examples like bridges etc. where Public expenditure gets wasted by the curse of political turmoil.

V. **NEW INNOVATIVE SCHEMES ON THE PART OF STATE AND CENTRAL GOVERNMENT TO REDUCE EDUCATED UNEMPLOYMENT**

From time to time government announced various schemes to control unemployment and poverty .Some of them are as under:

1. Swaranajayanti Gram Swarozgar Yojana (SJGSY)
2. Swaranajayanti Shahari Rozgar Yojana (SJSRY)
3. Pradhan Mantri Gramodya Yojana (PMGY).
4. Sampoorna Grameen Rozgar Yojana (SGRY)
5. Prime Minister Employment Generation Programme (PMEGP)
6. Sher-i-Kashmir Employment & Welfare Programme for Youth (SKEWRY)
7. J&K state self-employment scheme
8. J&K overseas employment scheme
9. Skill development and direct employment scheme

In J&K rural people are ignorant of various schemes sponsored by government to reduce unemployment. The result is that the schemes are not fully utilized and falls extremely short of target in terms of unemployment reduction. There is a trust deficit of banks and the rural people are still of the ideology that the main purpose of banks is to earn interest rather than providing employment to people. That is why J&K is still considered as an unbanked state by RBI. Besides this, religious sentiments of this Muslim majority state also come into play for not taking benefits of the loans. Though the schemes are meant

for rural unemployed and poor people but the benefit is taken by rich class and in this way schemes introduced doesn't reach to the doorsteps of the target group. In order to make these schemes successful the necessary condition is that we need to aware people fully about the benefits of the scheme and need to educate them through various programs to give up the stereotype old fashioned mentality related to economic development.

We analyzed all these schemes carefully on the basis of primary survey conducted on a sample of 200 people each from 5 main districts of the state, Anantnag, Pulwama, Baramulla, Kupwara and Budgam in which major portion of rural population lie i.e. roughly 80% and we collected the following information which is present in the following table.

TABLE 3 RELATIONS OF PEOPLE WITH BANK FOR LOANS

Categories	%age of population taking loans from banks	%age of population taking loans from money lenders
Lower class including BPL	10	30
Middle class	35	20
Rich class	85	5

*Source: Compiled by author through primary survey

We came to the following conclusions:

1. Only the rich class takes benefit from these schemes intensively.
2. Among the middle class people only 20% takes a moderate benefit of these schemes.
3. Poor and BPL people don't take benefit out of these schemes on account of high interest payment, lack of proper guidance and red tapism.

The state government each year spends billions of rupees on various self-employment and vocational employment schemes for youth but due to the poor industrial sector the trained youth are unable to get jobs in the state. This amount can be saved if the state government takes a step to make vocational education compulsory at college level for those students whose aggregate percentage at higher secondary level is 60% or below and optional for rest of the students. With this funds for education can be utilized properly. Moreover, it will change the static mindset of youth and make them think positively for developmental aspects of their own life.

VI. CAUSES FOR THE FAILURE OF SCHEMES IN J&K FOR REDUCING EDUCATED UNEMPLOYMENT

Schemes in J&K whether central or state failed not because of a single factor but many interrelated factors-social, economic, political and more. However, the main factors of the failure are:

1. Failure of government to impart appropriate skills and training to youth which result in mismatches in the national and international job markets. The best example is failure of Jammu and Kashmir State Overseas Employment Corporation Limited (JKSOECL) to place unemployed youth of the state overseas even after seven years of its establishment.
2. The government or private sector who work for providing jobs and skills to the unemployed youth in general and educated unemployed youth in particular instead of spending money on skill developments and trainings spend hefty amounts on huge administrative tasks, managements, and other unproductive resources. Huge amount of money is being spent on staff managements, staff perks, huge salaries of top managements, infrastructure set ups, etc. i.e. money is being spend on unproductive and wasteful ways.
3. One of the major cause of the failure is that rural people are unaware of these schemes and don't know the advantages and benefits of these schemes.
4. Another cause is that banking sector doesn't take necessary action to make finances easily available for beneficiaries.
5. People here want to invest their mind and energy in those areas where they can earn permanently without doing much so government job suits to their tastes, rather going for employment schemes where they have to apply their mind to reap benefits.

VII. POTENTIAL OF INDUSTRIES TO REDUCE EDUCATED UNEMPLOYMENT

No nation can control unemployment unless and until all the 3 sectors viz, primary, secondary and tertiary are developed in a balanced manner. Whatever is true for a nation equally applies to the different states of a nation with minute changes. Among the 3 sectors industrial sector is key from both employment and income aspect to the nation .In India this sector contributes 30% to GDP and gives employment to 1,72,000 people(3.9% of total workforce). Now let us analyses the industrial sector of J&K which is our focus from employment perspective.

Industrial scenario of J&K is lagging behind and occupies the place on the lowest side when compared to other states. The industrial sector in state is confined to small and medium industries. The large scale and heavy industries are yet a dream which J&K government needs to come true in order to curb unemployment. On Nov 2014 the number of registered small scale industrial units with state directorate of industries and commerce has crossed more than 57 thousand providing employment to 2.77lakh people. The availability of land is a major constraint in developing new industrial estate. The Apex project clearance committee in the state involving an investment of more than Rs 500 crore in 7 new industrial projects is expected to give employment to more than 1.5 lakh people. Some of the projects include manufacturing of mattresses, quilts, pillows by M/s Garware Petro Chemical Ltd., Mumbai with MIJING of South Korea

at Samba, Shastri Food And Vegetables Ltd., Pune and electronic industry which is ecofriendly and has huge scope. The main problem which aggravates problem of educated unemployment is lack of heavy and medium scale industries. There are only 15 medium and large scale industries in the state providing employment to 2305 persons as on 31-03-2012. However, this number increased to 86 (Economic Survey, 2015-16). The total investment mobilization in all these units is to tune of Rs 4033.74 crores and total employment generated is 23868 persons. This is one area where state government needs to take serious efforts so that employment as well as GSDP will increase. As per RBI there are 3151 sick units in the state which constitute 16.06% of total 19621 SSI's financed by banks and other financial institutions so far. 457 potentially viable sick units have been identified.

TABLE 4 STATUS OF SSI UNITS

Particulars	Census 2001-02	Census 2006-07
Total units surveyed	37334	20359
Functional units	14625	14534
Closed units/untraceable units	22709	5825

Source: Census, GOI.

VIII. HANDICRAFTS

The J&K state is world famous in Handicraft products and the state is also exporting handicraft products. This sector provides employment to 3 lakh artisans and self-employment to 10000 persons annually. The main activities of handicraft are Bamboo crafts, straw work, leather embroidery, silver ware, metal ware, pottery ,zari embroidery, wicker crafts, precious jewellery, etc. The state government earns an amount of Rs 1695.65 crores by exporting the handicraft items. But the problem associated with this sector is that the income earned by the craftsman, who is the sole maker, is of subsistence level and the business class associated with this are minting money at the cost of skills of middle class craftsman. The result is that they hardly involve their child in it and young educated youth do not try to make it as their carrier .No business of traditional nature flourishes unless it is flourished by youth at regular intervals of time. But this thing doesn't happen to the traditional handicrafts sector of the state and the result is that its graph is declining year after year. If we have a look at national level for the same activity the result is given below. The sector provides employment to an estimated 65 lakh artisans of which 47.42% are females, 24.73% belong to SC & 12.38% to ST.

IX. HANDLOOM SECTOR

Handloom sector also plays an important role in the state economy .It provides maximum employment especially in rural areas. Main products that are manufactured are pattsos, blankets, loies, tweeds, raffal, pashmina, silk and khadi. These units are mostly concentrated in Baramulla, Kupwara,

Anantnag, Pulwama and Kathua district of state. This sector gives employment mostly to illiterate and dropouts and only 5% of total work force associated with this are educated. This sector achieved its maximum height in terms of employment and income in and around 1990, after that it is constantly declining at an increasing rate.

The reasons are same as mentioned for handicrafts sector. Handloom sector is also foreign exchange earning sector .If we compare this sector to all India level there is a huge difference in terms of employability. In India ,Handloom is providing employment to 27 lakh workers in a wide spectrum of activities. Here we would like to pinpoint an important cause of its decline. The young folk of J&K have a syndrome of living luxurious and easy going life mostly with white collar jobs for which they can use any shortcut method. This syndrome is the driving force for educated youth to do away with activities which need hard work but meager income. That is why hardly any percent of educated youth is interested in handloom sector. In fact average earnings per Manday worked during the year 2008-09 and 2009-10 for J&K is among the lowest at Rs 143.75 for men and 94.52 for women.

X. LIVESTOCK

The state has a large population of sheep and goats which account for 41.27 lakhs and 20.68 lakhs respectively. Moreover, the total poultry population of the state is 55.67 lakh, as per 2003 livestock census. The state government is encouraging these activities to strengthen the economy by increasing employment and income of the people. In fact, educated youth in J&K find the livestock business both profitable and easy to start business. Despite the growing development in this area state economy is not self-sufficient and imports livestock in huge quantity as shown by the table. Table below shows the import of poultry products from outside the state.

TABLE 5 IMPORT OF POULTRY PRODUCTS FROM OUTSIDE THE STATE.

Year	Milk(Qtls)	Eggs(Nos. in lakhs)	Day old chicks(No in lakhs)
2008-09	781509	4333	233
2009-10	781255	44000	300
2010-11	868636	5253	353
2011-12	878600	5796	507
2012-13	721600	5969	513
2013-14	766100	6610	560
2014-15(ending Dec2014)	664300	5286	450

Source: Economic Survey, J&K

TABLE 6 IMPORT OF SHEEP AND GOAT FROM OUTSIDE THE STATE

Year	Sheep	Goat
2008-09	1296732	96208
2009-10	1486757	94667
2010-11	1245876	44006
2011-12	1250717	43103
2012-13	1076694	20370
2013-14	1324058	46697
2014-15 (ending Dec2014)	1120961	13230

Source: Economic Survey, J&K

From the above two tables it is clear that state government needs to encourage more and more youth in this area by providing financial support with a decent subsidy so that unemployment can be controlled and at the same time state can annually save Rs 800 crore approximately which it pay for importing livestock. The state of J&K has started industrialization in 1970, around the same period industrialization was in infancy in other parts as well, but after 45 years J&K is nowhere in picture in this field, where as other states took a long lead. Except small and micro enterprises in which a fair amount of success is achieved, our state has yet to make a mark in terms of medium and heavy industries. The main question that needs to be answered is why J&K is behind in this area of economy? There are various reasons and aspects associated with this which are discussed below:

1. Political instability
2. Red Tapism
3. Corruption
4. Road, electricity, communication factor(REC)

A. Political instability

We all know business investment needs peaceful environment to create multiplier effect on employment and income. In J&K militancy is the main bottleneck to the development because whatever is planned for the sound industrial base is destroyed another year by terrorist attacks. In fact, due to this nobody comes forward to invest in the state otherwise the economy is on the lines of consumerism with huge scope for each and every kind of business. From 1989 till date exponential amount of money got wasted for development of infrastructure which later got destroyed by the terrorist attacks. There are various industrial units like silk weaving factory (Rajbagh), Woolen mills(Bemina), Modern Resin and turpentine factory(Miran Sahib) etc., which are sick due to various reasons but prominent one is political instability.

There are certain elements present in the state which don't want to give vent to economic development of the state because if the state runs smoothly in all areas, particularly industry, the income of the common man will increase 2to3

times on an average, which will overshadow the militancy and political instability of the state. That is to say inclusive economic growth will make the political instability of our state stable forever. This is the lone reason that the anti-social think tank makes economic growth as target to get political and other personal gains. This can be judged by the observation that whenever political crisis rise in the state only unemployed youth come on roads and become stone pelters, no person of organized sector who earns satisfactorily resort to such acts. So once inclusive growth takes place in the state it will have a trickledown effect especially in controlling political crisis.

We can express it mathematically as:

$$\lim_{e \rightarrow 0} f(e, \bar{g}) = K$$

Where $f(e, \bar{g})$ is a function of political instability

e =number of educated unemployed at a particular time.

\bar{g} =other factors taken as constant

K =constant indicating normal conditions

Moreover, from the last couple of years it is observed that more and more educated youth are joining anti-peace groups just because of frustration. We all know employment and decent income makes a person self-reliant and thus makes a person content in life. This makes him love his life and refrains him from joining such groups in which he can lose his life. An educated unemployed youth has nothing to lose as all the values mentioned are being destroyed by frustration and mental sickness making him do what others want him to do.

B. Red Tapism

In India there is a lengthy documental procedure for each and every activity that needs to be fulfilled before starting any business activity. In fact a common man has to knock the door of different government offices and banks for certificates and documents for months to fulfill the legal procedures and formalities before starting the work. In nutshell the 'ease of doing business' is still dream in India and J&K is by no means an exception. For instance, if an educated unemployed person wants to start a business and contacts bank or any other financial institute they just ask him to keep a collateral security or third party as guarantee so that in case he is unable to repay then that person (third party) will pay it. This condition is hardly fulfilled by a common man because nobody gets ready to be the guarantor of a poor unemployed person. This is the sole reason that only rich takes benefit of bank finances and rest use it as a piggy bank. Unless the red tapism is removed, which the government tries its best, strong economic foundation for the state is not possible.

C. Corruption

J&K state ranks among the top in this category and this is the biggest problem which needs to be controlled for attaining the self-sustaining growth in the state. No doubt, government launches various schemes to control

unemployment like providing them loans at very low rate of interest and subsidy (20-30%) but this subsidy is eaten away by corruption in sanctioning the loan from the institutes. In fact the benefit of these schemes is taken by those persons for whom the scheme is not meant and target group becomes the target of corruption. So the basic requirement for controlling unemployment is to make the environment fair and conducive for the smooth functioning of government mechanism. Then we can expect development to reach the doorsteps of common man.

D. REC factor

Roads, electricity and communication are essential even for small scale industry but for a heavy industry it is a life line. In J&K roads are not developed even upto national standards which is one factor in declining the rate of industrial growth. Communication is still a new thing in J&K. At times internet facility is stopped for several months due to security reasons so how can a business man or industry progress if these 3 factors are not in proper condition. Unless infrastructure necessary for growth is not taken care of, industrial development will be a utopian concept.

XI. DROPOUTS ARE BETTER PLACED IN LIFE COMPARED TO HIGHLY EDUCATED YOUTH

In J&K private sector is not developed to the fullest potential. In fact, it is the weakest sector compared to rest of India and we have already mentioned factors responsible for it. Given this condition, government sector is the only lucrative sector in which the educated youth compete hard to make a place. Government jobs are lucrative due to the following reasons:

1. The job is permanent once joined.
2. Handsome salary and decent social status.
3. Individual get benefits like DA (Dearness Allowance), HRA (House Rent Allowances), CPF, GPF etc.
4. Last but not the least, the work culture is very poor which lure the individual to join government job as he has to hardly work for 1 to 2 hours a day except certain departments.

But since 2010 the job market has changed drastically in the state especially the government sector. With the announcement of NPS (Non pension Scheme) in 2010 government jobs are now relatively less attractive. This scheme was announced keeping in view the huge number of educated unemployed youth applying for government jobs. So, in order to make the government job less attractive and forcing the educated youth to think alternatively, especially in terms of self-employment schemes, this measure was taken.

In the present scenario our hypothesis works nicely because the dropouts have certain properties which makes them

better placed in monetary terms than educated youth. The following are some of the main properties:

1. Dropouts have more flexibility than the highly educated group. The longer the flexibility to join different types of jobs the less the period of unemployment. Since, a dropout has no hesitation to join any sort of job so coefficient of flexibility is high, while as those who are highly educated have very low coefficient of flexibility. For example, a person having Ph.D cannot opt a low profile job of shop keeping, salesman or any other blue collar job as it will not suit him and given the social setup prevailing in our country (especially in J&K) it doesn't allow him to go for low profile jobs. That is why spell of unemployment is longer. Here it is important to note that for our study drop outs are those who are undergraduate but above middle pass having 3 R's (Curtis, 1795 as cited by Timbs & Limbert, 1825)
2. Another cause for this relationship to exist in J&K is the defective criteria at higher education level. Our universities produce P.G and doctorates like mushrooms with no quality control. Here, monetary gains matter rather than quality. That is why intake capacity is high in universities and colleges.
3. Given the unemployment rate, the major portion of highly educated persons are getting jobs between the age group of 28 to 35 so attaining a service period of 25 to 32 years. However, for the dropouts this period is very large ranging between 43 to 49 years.

We can prove our hypothesis using a simple mathematical model of expected earnings of both educated unemployed and the dropouts. But before proceeding further let us note down the assumptions which are as under:

1. Educated unemployed is one who is graduate or above but don't find the job matching his skills.
2. Life expectancy of individual is 63 years which is average life expectancy of state.
3. Dropouts start working between the age group 14-20.
4. 14 years is taken as base and expenses of education and other expenses are common to both educated and dropouts till they attain 14 years of age.

Earnings of educated unemployed depend on various factors mentioned below:

1. When he will get a permanent job of government or semi-government or any other organized sector?
2. Prior to the permanent job which temporary job the candidate is doing? Is he doing further studies or idle?
3. His family background because it is observed that educated unemployed with good family background has small spell of unemployment compared to the persons with poor family background.

Now the mathematical form of expected lifelong earnings of educated unemployed and dropout respectively is given below:

$E_d = (\beta - \rho) n_1 - \gamma n_2 + \delta n_3$, where $n_1 + n_2 + n_3 = 60$ (1)
 β = Average earning per year during the permanent job and
 ρ = Average cost of maintenance per month.
 γ = Cost of getting education upto n_1 years of life which has a negative sign.

δ is difference between cost of education during n_2 period and amount earned through temporary job during the same period .So, δ can be positive, negative or zero depending upon condition.

If we analyse the service period of educated youth carefully, we can classify them in four groups as under:

1. Those who study and also earn i.e. learn as well as earn.
2. Those individuals who study upto n_1 years ,do temporary job for n_2 period and permanent job in n_3 period.
3. Those who study unless and until a permanent job is achieved. For such persons $\gamma = \delta$ in the equation.
4. Those who studied for n_1 years ,got a temporary job and didn't get a permanent job.

From the above equation β is the main source of income for the educated youth and it is reduced by 3 components like ρ , γn_2 and δn_3 . No doubt the 3rd component is positive in the equation but it is mostly negative because net earnings in the period n_3 is mostly negative in the practical aspect given the reason that those who learn as well as earn in J&K have less earnings compared to costs of education.

The avenues of job in private sector are not much due to poor domestic structure. In short, given these consuming factors net expected earnings are very low, even lower than dropouts .On the other hand, those who are dropouts get maximum span of time to earn ranging from 43 to 49 years but being in private or self-employed they work for 180 to 240 days a year on an average and earning at the rate of 400 to 500 per day with costs of education ranging from 0 to 6 years.

Apart from this the flexibility to join any job in unorganized sector for rest of the period make them better placed in life compared to highly educated unemployed. So the parameter of flexibility 'r' is key difference between the two. Following is the dropout lifelong earning equation:

$$E_{dp} = lr (w + w') - t\hat{\delta}, r = a + b \quad (2)$$

l = working age of dropouts

r = life expectancy-years of education & training.

a = Average number of working days in a year.

r is the parameter of dropout flexibility.

a = Average number of days spent on job1 in a year.

b = Average number of days spent on job2 in a year.

w = Average wages per day from job1.

w' = Average wages per day from job2.

t = no. of years spent on training and education.

$\hat{\delta}$ = Average annual cost of training.

Here l , r , w , w' are positive components which enhance earnings of dropouts while as $t\hat{\delta}$ is only a single consuming factor which is least in magnitude because cost of training is for a period of 2 to 3 years. The first component is the multitasking component and represents lifelong earnings from various jobs while as the second component is the cost component. It is assumed that a candidate from dropout category can perform one or two jobs simultaneously or one after other and at maximum three.

But the most realistic situation is of two jobs, so we presented our model equation keeping in view two jobs but it can be extended to 3 or more by adjusting r . Therefore, r is the flexibility and multitasking parameter. In J&K almost 70% population is directly or indirectly associated with agriculture which is seasonal in nature. Therefore, this 70% lot is a multitasking group. They indulge in agriculture in season and do other kind of jobs in rest of the year. It is due to their flexible approach that they surpass educated youth in monetary terms and possess a decent standard of living. Moreover in J&K income inequality is least compared to rest of the country and our hypothesis is one such explanation for it.

XII. CONCLUSION OF THE HYPOTHESIS

It is important to note that by comparing the two equations we conclude that the consuming factors are more in equation1 as compared to equation2 while as enhancing factors are present more in equation 2 than in equation1. If we compare the two groups, certainly dropouts earn more than the highly educated class or at least equal to them.

As we already mentioned the reason for this relation to exist is that dropouts start earning at the earliest compared to educated group who start earning at the age of around 30, getting relatively less span of service. Moreover, educated youth are unidimensional in approach and are unable to perform different sorts of work with the result they are mostly fit for organized sector.

On the other hand, dropouts are multitalented and multidimensional in their approach so they are able to perform two or three jobs simultaneously and their earning age is much more than educated class. In J&K this hypothesis is most widely applicable as the dropouts are attached to activities like tourism, horticulture, livestock, poultry, and sericulture and at the same time perform other jobs as well. The reason is these sectors are mostly seasonal in nature and that is why dropout group engaged with these activities are also free enough to perform other jobs as well.

XIII. REMEDIAL MEASURES

1. As a major source of income and employment for the local people, revival of tourism needs to be ensured to increase direct and indirect employment.
2. Development of other sectors, which include horticulture, agro-based industries, handloom and handicrafts, sericulture, can generate employment opportunities in the state. Setting up of hydel power projects can also provide employment opportunities to technical and non-technical people. Biotechnology and Information Technology, the new emerging knowledge-based industries, which have high employment potential, need to be focused upon.
3. There is a need to rationalize the scheme of providing free education at all the levels in the state and to reconsider the decision of providing free education at the university level. As higher education is directly related to the job search, the stress should be on vocational education leading to better placement in the job market. The need of the hour is to learn the latest technologies available and government institutes need to be equipped with the latest infrastructure so that students are better informed.
4. According to Lucas (1988) the higher the productivity of training, the higher will be the increase in the marginal productivity of labour (MPL) that follows training and hence the higher the future wage rate. This means that the incentives to training are greater and so will be the growth rate of the economy. Capacity building of educated youth through training, vocational programmes, a diploma and certificate programme is essential, so that they acquire the required skills and knowledge for employment in the industries.
5. Enabling rural industrialisation is key to link on-farm and off-farm activities. This provides ample opportunities for non-farm employment.
6. Encourage more and more youth by giving subsidy up to 50% on loans to start MMSE's which have huge scope in J&K.
Give the unemployed youth who want to be self-employed a onetime cash cheque as loan so that they get a big push (Rosenstein Roden) for the business investment without any delay of documental formalities.
7. To rejuvenate the sick industrial units in phase wise manner so that unemployment can be controlled and income will be generated.
8. Financial literacy is need of the hour in J&K. Here educated youth have got degrees and diploma's buy they hardly know anything about investment and business know-how. They are not able to distinguish between asset and liability. We all know how important is financial literacy now a days for material gains. We need to make our young brains understand how to earn money using money and financial literacy is important

to achieve this. In fact it can help our state to produce entrepreneurs who can boost the industrial sector. Our youth have degrees but the fact is that our education system is still good for producing clerks and gives only theoretical knowledge far from practical principles of life. Our youth are running after government jobs but they don't realize that with government jobs they can only get meager income sufficient enough to meet daily needs which can neither create assets nor can give vent to big thinking or knowledge creation and innovations. If we see the list of richest people in the world you will hardly see any government employee there, all are business men with great financial knowledge. In short, our state too needs to take steps to make financial literacy compulsory and easy accessible to a common man.

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