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# PROBLEMS AND CHALLENGES OF EMPLOYMENT GENERATION PROGRAMS IN INDIA

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## ABSTRACT

*This article examines the challenges and solutions in employment-generation programmes in India. Government of India has announced numerous schemes and made implementation efforts, despite various issues that persist, often exacerbated by the country's growing population, administrative apathy, and prevalence of corruption, including bribery and kickbacks, delays in fund allocation, and inefficient use of financial resources, such that funds are not utilised as intended. Furthermore, initiatives for the execution of schemes are significant, but instead, problems arise, such as waste of time, funds being allocated and utilised by government officials for their own personal gain and a lack of proper administrative decision-making. On the other hand, workers are not getting many benefits from the employment generation programmes across India. Consequently, there is a lack of public support for employment generation programmes (EGPs) and other kinds of welfare programmes for creating more jobs. For the above issues prevailing in these programmes, workers decide to go for private jobs and start their own business, instead of preferring government employment generation programmes across the country.*

***Keywords:*** *MGNREGS, Kickback, Jawahar Gram Samridhi Yojana (JGSY), Corruption, NEET*

## INTRODUCTION

According to the Economic Survey (2016), "Employment is not a standalone metric but a downstream result of a thriving economy. As the 'State of the Economy' chapter 1 of the Survey describes, India's economic growth remains resilient and stable, leading to improved employment opportunities and better labour market parameters. Over the past year, India has introduced several significant reforms, including a major overhaul of its tax regime and various deregulation measures aimed at boosting business growth and job creation.

The Economic Survey stated that India's workforce of over 56 crores holds tremendous potential for its economic growth. Labour market indicators point to a steady job market, with improving labour force participation, declining unemployment, and robust job creation in both the organised and unorganised sectors.

In India, many young people struggle to find suitable jobs to survive because of political issues, corruption and inappropriate economic development schemes and programmes that led to the problems. To eradicate these issues, the Government of India has launched various initiatives to create employment, especially for underprivileged sections of society. For example, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) guarantees wages for workers and 100 days of employment in a year, particularly helping older citizens and destitute rural households that have no other source of income.

## REVIEW OF LITERATURE

Somanathan and Natarajan (2022) codified it as the ability of the government to "get the right things done". It refers not merely to the availability of resources or formal authority but to the institutional capability of the state to effectively design policies, implement them, and deliver on commitments made to citizens. State capacity, in this conception, spans both policymaking and execution and rests on administrative judgement, technical competence, and organisational arrangements that allow the state to act under constraints and uncertainty. Weak development outcomes, in this view, arise less from a lack of ideas or intent than from deficiencies in the State's ability to translate decisions into sustained and reliable action.

India's pursuit of inclusive growth under the development model of 'Sabka Saath, Sabka Vikas, Sabka Prayas, Sabka Vishwas' has

yielded measurable gains in recent years, reflected in sustained poverty reduction, narrowing inequalities, and improved access to basic services. Rural transformation has played a central role in this progress, driven by infrastructure investments, reforms in employment frameworks, the adoption of technology, and enhanced participation of local governments and community institutions.

Alongside the WB poverty estimates, poverty estimates by researchers based on the Tendulkar Committee poverty line also indicate a sharp and broad-based decline in poverty in India. Between 2011-12 and 2023-24, sustained economic growth, supported by redistributive interventions, is estimated to have reduced the poverty rate from 21.9 per cent in 2011-12 to 4.7 per cent in 2022-23 and further to 2.3 per cent in 2023-24.

Panagariya et al. (2025) stated that the estimates indicated low poverty incidence across states and in both rural and urban areas. These achievements demonstrate the government's commitment to inclusive development by targeting both rural and urban communities through welfare programmes, economic reforms, and enhanced access to services, thereby significantly reducing poverty.

**EMPLOYMENT GENERATION SCHEMES/ PROGRAMMES OF THE GOVERNMENT OF INDIA**

In the current era, the Government of India has introduced and implemented various employment guarantee schemes to address the problem of unemployment. Every year, the government mobilises financial resources and incurs significant expenditure to provide job opportunities to unemployed youth. Among these, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) stands out as a particularly notable initiative. However, the current central government has rebranded this scheme as VB-G RAM G. Furthermore, regarding initiatives like 'Make in India'—which were intended to boost domestic manufacturing—the volume of actual indigenous production has diminished; instead, foreign-made goods are being imported, labelled with stickers, and subsequently counted as 'Indian-made' products.

The government of India has announced a few important schemes, which are listed below:

- National Career Service (NCS) Project

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
- Aajeevika - National Rural Livelihoods Mission (NRLM)
- Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)
- Rural Self-Employment and Training Institutes (RSETIs)
- Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM)
- Prime Minister's Employment Generation Programme (PMEGP)
- PM Vishwakarma Scheme
- Pradhan Mantri MUDRA Yojana (PMMY)
- Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
- National Apprenticeship Promotion Scheme (NAPS)
- Production-Linked Incentive (PLI) Scheme
- PM Gati Shakti - National Master Plan for multi-modal connectivity
- Indian Footwear and Leather Development Programme (IFLDP)
- Pradhan Mantri Mega Integrated Textile Region and Apparel Parks (PM-MITRA)
- Future Skills PRIME

However, major challenges remain, especially in the agricultural sector in rural areas. Compared to urban areas, the industrial sector is flourishing, and agriculture suffers heavily from disguised unemployment and seasonal employment that is only available for a few months in the year. Under these employment schemes, workers earn low wages for hard, intensive tasks like digging and clearing in the agricultural fields. They receive low fixed payments that are credited directly to their bank accounts. Because of this, the government plays a vital role. Most of the workers are unaware of the real wage and the settlement of payments allotted or credited to them due to illiteracy.

Over time, the agricultural sector's contribution to the Indian economy has slowed down significantly compared to the 1950s. The younger generation is losing interest in farming due to low wages and a severe lack of modern technology and tools required to improve agricultural production.

Alleviation of poverty remains a major challenge despite a steady percentage decline, as population growth keeps the absolute number of poor relatively constant. While long-term reduction relies on employment-intensive economic growth, this approach is complemented by targeted

state-driven anti-poverty programmes focused on self-employment and wage employment, which were restructured in 1999–2000 with an outlay of Rs. 9760 crore in 2000–01. Key initiatives include the Jawahar Gram Samridhi Yojana (JGSY), a 75:25 centrally sponsored successor to the Jawahar Rozgar Yojana aimed at durable community assets, and the Swarna Jayanti Gram Swarozgar Yojana (SGSY), which combined earlier schemes like IRDP and MWS to promote micro-enterprises and self-help groups under the same funding structure.

India faces a severe and multi-layered employment crisis characterised by high youth unemployment, a massive disengaged population, and widespread job insecurity. While headline official statistics report low unemployment rates between 3% and 5.5%, analysts point out that these figures significantly understate the crisis by omitting discouraged workers, underemployed individuals, and unpaid family labourers.

In reality, the crisis acutely impacts the young and educated, with the unemployment rate for graduates under the age of 25 soaring up to 40%. This shortage of formal opportunities has left approximately 25% of India's youth population, amounting to roughly 9.2 crore individuals—categorised as NEET (Not in Employment, Education, or Training). Furthermore, a severe mismatch between outdated academic curricula and modern industry requirements forces the vast majority of the population into precarious survival roles. Consequently, over 90% of India's workforce operates within the unorganised or informal sector, leaving hundreds of millions of labourers to survive without written contracts, stable incomes, or social security nets.

## MAIN CAUSES OF SHORTAGES IN THE LABOUR MARKET IN INDIA

In the Indian labour market, there is a persistent imbalance between the demand for and the supply of labour, driven by a continuous mismatch in employees' skills and education. This gap highlights a critical challenge: while universities graduate millions of students each year, many individuals lack the specific technical and practical skills that modern employers require. Consequently, businesses struggle to fill specialised roles even as overall unemployment or underemployment remains high, underscoring the urgent need for comprehensive vocational training and curriculum reform. Traditional academic programmes focus heavily on rote learning,

leaving millions of annual graduates without the modern technical or vocational skills demanded by the market.

The urban-rural divide means that job growth and quality infrastructure are heavily concentrated in urban centres, leaving rural youth with limited access to formal employment. This stark urban-rural divide creates significant economic disparities, as young people living in rural areas face fewer career opportunities and a lack of modern facilities. Consequently, many are forced to either migrate to cities in search of work or remain underemployed in less developed regions.

Female labour force participation is very low compared with counterparts. Cultural norms, safety concerns, and high domestic care responsibilities keep a large share of women out of the active workforce.

An analysis of the employment landscape of the economy and the drivers of a more inclusive labour market has been presented. The first section examines the state of employment, focusing on the sectoral and gender distribution of the workforce. It discusses policy suggestions for boosting female labour force participation and increasing involvement in the manufacturing sector. The second section examines how the recently notified Labour Codes can catalyse job creation. It also discusses the evolving nature of the gig workforce. The third section addresses the challenge of re-strategising the vocational education framework to prepare the youth for the evolving demands of industry. The last section concludes with an outlook for the employment and skilling landscape.

Most of the time, structural and regulatory hurdles affect employees severely. Complex labour laws, bureaucratic friction, and a sluggish transition toward labour-intensive manufacturing hinder large-scale, formal job creation.

## CHALLENGES OF EMPLOYMENT GENERATION PROGRAMS IN INDIA

Implementation of numerous government schemes, government face the various issues persist often exacerbated by the country's growing population. Additionally, problems of administrative apathy and the prevalence of corruption, including bribery and kickbacks, are identified. For making successful initiatives of these programmes not running properly due to delays in fund allocation, inefficient use of financial resources that funds are not utilized as intended that allocating funds often utilised by government officials for their own personal gain. Furthermore, the execution of

these initiatives is frequently a significant waste of time. On the other hand, workers do not get much benefit from these schemes; they receive low wages for gruelling physical labour, frequent delays in paying wages or even outright withholding; in such instances, the wages never reach the workers at all.

In India, the younger generation is struggling significantly due to a lack of employment opportunities. If the country is divided into two regions—North India and South India—it becomes evident that South India is in a much better position in terms of its economy and overall infrastructure. In contrast, North India lags in economic development.

States such as Bihar, Odisha, Chhattisgarh, and Uttar Pradesh, in particular, have very high population densities. Employment opportunities have not kept pace with this population growth; furthermore, wage rates are extremely low. Despite high levels of production, wages remain disproportionately low. Due to these low wages, a lack of jobs, and social divisions—based on caste, religion, ethnicity, and language—young people in North India face limited economic and social prospects in their home states. Consequently, many North Indian families are migrating to South India. While wage rates are generally higher in South India, this influx has led to a decline in wage levels for the local youth. Moreover, it poses a direct threat to the employment prospects of the youth in South India.

Fundamentally, there is a high level of competition and jealousy among the youth here. When left unchecked, this can become the root cause of prejudice and animosity. In various industrial sectors and workshops, the large presence of North Indian youth and workers has created a risk of job loss for the local workforce. This is primarily because North Indian workers are willing to accept lower wages while providing intensive physical labour, which secures their own livelihoods. Conversely, local workers face the loss of their jobs and a threat to their means of subsistence. Furthermore, they perceive a decline in wage rates to levels never seen before. This has fuelled competition between North Indian and South Indian workers—a situation that could potentially escalate into violence. In major industrial hubs like Tiruppur and Coimbatore, over a hundred thousand North Indian youths are employed; in fact, operating these factories without them would pose a significant challenge. During major festivals like Diwali, there is often anxiety about whether these workers will

return after visiting their home states. Moreover, as those who return often bring other family members along, the North Indian population in the region continues to grow day by day. Additionally, their dietary habits are increasingly being adopted by the general population; items such as chapatti, Bhel Puri, and Pani Puri have become readily available across South India and are easily integrating into the local food culture.

Like their North Indian counterparts, South Indian youth readily adopt similar trends in grooming, hairstyles, and fashion. Furthermore, much like their North Indian counterparts, they have taken to consuming addictive substances—such as betel nut and tobacco—by keeping them in their mouths. This habit not only leads to substance dependency and a loss of consciousness but also puts them at risk of severe damage to their vital organs.

India faces a complex employment crisis characterised by high youth and graduate unemployment, widespread informal labour, and a severe mismatch between academic curricula and industry requirements.

In India, Youth Unemployment is increasing over time. The unemployment rate for young and educated graduates (under 25) reaches up to 40%.

NEET Population: Approximately 25% of India's youth population, around 9.2 crore individuals, fall into the NEET category, meaning they are Not in Employment, Education, or Training.

Informal Sector Dominance in the Indian labour market. Over 90% of India's workforce operates in the unorganised or informal sector, lacking social security, written contracts, or stable income.

Wage rates for workers' official rates always differ from Real Rates. While headline official unemployment rates hover around 3% to 5.5%, analysts note this understates the crisis by excluding discouraged workers, unpaid family labour, and underemployment.

Solutions to increase the standard of employment generation programmes in India

Some suggestions are needed to increase the standard of employment generation programmes in India that Curriculum Alignment is most important things that school and university to integrate practical skilling, apprenticeships, and industry collaboration for generate new employment opportunities and make the students to professional with proper guidelines that help them to learn existing technical and technology oriented.

India has a huge population that will definitely help to multiply productive units, and the quantum of units will be maximised for upliftment of economic development. Various production units of sectors like textiles, electrical and electronics, construction to absorb large volumes of semi-skilled and rural workers. Labour-intensive manufacturing and technical skills should be encouraged in all sectors of the economy.

Social security schemes are important for Informal Workers in the country without any disruptions. Like that, strengthened safety nets, portability of benefits, and formalisation frameworks for gig and contract workers will be announced. Sectors like textiles, electronics assembly, and construction will absorb large volumes of semi-skilled and rural workers to increase labour force participation.

Finally, wage rates and compensation should be available for all the workers who are seeking jobs through employment generation programmes. Plans for the implementation work and financial sources should be materialised and monitored by government authorities to ensure the welfare of the workers.

**CONCLUSION**

As the world's most populous country, India faces numerous challenges in overcoming its socio-economic hurdles. To address these issues effectively, the nation must focus on creating more employment opportunities across all sections of society. Generating inclusive jobs will not only drive economic growth but also ensure that the benefits of development reach marginalised and diverse communities, ultimately fostering a more balanced and sustainable future. As a result, here is a lack of public support for these welfare programs for creating more jobs. They choose private jobs in private organisations and enterprises, and then they start their own business instead of preferring government employment generation programmes across the country.

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