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EMPLOYMENT THROUGH THE EMPLOYMENT EXCHANGES: AN ECONOMETRIC ANALYSIS OF EMPLOYMENT EXCHANGE DATA OF GUJARAT AND UTTAR PRADESH

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ABSTRACT

The growing nationwide unemployment problem is to be considered as detrimental to the socio-economic development of the country. Unemployment in India is a serious social issue. The current paper is a comparative analysis of Gujarat and Uttar Pradesh on the basis of percentage and growth rate of registration, vacancy notification and placement through Employment Exchanges. Moreover, the paper examines the causal nexus between the number of placements and the number of registrations through the Employment Exchanges of Uttar Pradesh and Gujarat for the period 2003-2013. Grangers concept of causality has been applied to pursue the objective. The empirical results revealed the existence of a uni-directional causal relation between the number of placements and the number of registrations through the Employment Exchanges of India.

KEYWORDS: *Registrations, Employment Exchanges, Placement co-integration, Ggranger causality.*
JEL classification: C22, J21, K31

1.1 INTRODUCTION

Labour is the key factor for the growth of any economy and is of particular importance in the developing economies as these economies primarily depend on human force for development. Therefore, the growth by way of gainful employment of the labour is essential for the sustainable development. India is no exception to this phenomenon. After independence creating employment was an important aspect for the government and policy planners. In the initial stage of the five years plans, the government failed to generate employment as required, contradictorily it only focused on the economic development of the country. During the five year plans employment was taken as a part of economic development. During those years employment has increased but the rate of increase in employment was very much less than expected. As a result, many employment programmes and rules and regulations were implemented. Under that influence The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 under the National employment service was brought into effectiveness. From this it was possible to collect employment market information and which also reduced the problem of unemployment in the country. However the benefits of the laws and rules maintained are not up to mark. From the data of NSSO 68th round (July 2011-June2012) it is very much clear that there is a vast difference between unemployment rates of Gujarat and Utter Pradesh both in the rural and urban areas. In both the urban and rural

areas, size of unemployment as percentage of labour force in Gujarat is 0.5 and 0.9 per cent respectively. However Utter Pradesh is lagging behind with 1.7 and 4.4 per cent respectively.

1.2 THE EMPLOYMENT SETUP

Employment being a concurrent subject, both the Central and State governments share the responsibility. While the Central government is responsible for laying down of policies, procedures, norms and guidelines, affiliation and certification etc under the National Employment Services; the State governments/ Union Territories are accountable for administration of employment exchanges. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 provides statutory support to these exchanges whereby all establishments employing more than 25 or more employees need to compulsorily notify vacancies to the Employment Exchanges. While the Ministry of Labour & Employment provides the policy framework for the operations in the Employment Exchanges, these are operated by the State Governments. The Employment Exchanges are controlled by Directorate General of Employment and Training (D.G.E. &T.).

1.3 ROLE OF EMPLOYMENT EXCHANGES

The primary activities of Employment Exchanges are registration of job seekers, and providing placements to them. Career counselling, vocational guidance and garnering information on employment market are the other set of responsibilities. Another key activity of the Employment Exchange is to motivate and guide the unemployed youth for taking up self-employment ventures.

There are 956 Employment Exchanges run by the State Governments to provide support to the job seekers, these include

- State Employment Exchange (SEE),
- Regional Employment Exchange (REE),
- District Employment Exchange (DEE)
- University Employment Information and Guidance Bureau (UEI &GB) etc.
- Town Employment Exchange (TEE)
- Rural Employment Bureau (REB),

Over the years, there has been a rise in the information asymmetry in that job seekers do not get the right jobs and the job providers (industry) do not get the right candidates from the Employment Exchanges. A detailed analysis of the performance of employment exchanges in India outlines the urgent need of an active overhaul of the employment exchanges as they are deemed to be an important indicator of the employment/ unemployment scenario in the country.

1.4 OVERVIEW OF LITERATURE

Literatures on the performance of Employment Exchanges are few and far between. Chakraborty Deb Kumar (2008) studies the growing unemployment in the state of Assam and views as detrimental to the socio-economic development of the state. His paper examined the growth trend of the applicants and placements as well as the causal nexus between the number of applicants on live register[1] and the number of placement through the Employment Exchanges of Assam for the period of 1975-2000. In his study he concluded that, the existence of a bi- directional causal relation between the number of applicants and the number of placement through Employment Exchanges of Assam provide the incentives for the unemployed persons to register themselves.

Sharma Gaurav Assocham Research Bureau in the year 2009 in his paper titled "Relevance of Employment Exchanges in the New Millennium" contributed a praiseworthy work. His study focuses on the Performance of Employment Exchanges in India since the beginning of the New Millennium (Between 2000-01 and 2007-08) has been based upon the following parameters: Number of Employment Exchanges, Number of Applicants on the Live Register, Number of Registrations per year, Number of Jobs notified on Employment Exchanges, Number of Placements effected through Employment Exchanges, Ratio of Placements effected to Jobs notified. Henceforth he concludes the following:

In the new millennium, between FY 2000-01 and 2006-07, Ninety one (91) new Employment Exchanges have been setup in India. However, no big improvement in terms of reduction in the number of applicants on the Live register has been recorded, in fact the number increased by 1, 38,000 during the period. The Study also found that even if, post FY 2001-02, the number of vacancies notified on Employment Exchanges grew at a substantial pace, it was not met by a greater or even a parallel rise in the number of placements effected through these exchanges. Therefore, the percentage of placements to the vacancies notified on the exchanges registered a big drop from 66.21 per cent in 2001-02 to 50 per cent in 2006-07 even as the number of registrations on the Employment Exchanges grew at a CAGR of 5.5 per cent during the period.

([1]. Systematic arrangement of Index Cards pertains to applicants who are in need of employment assistance)

1.5 OBJECTIVES OF THE STUDY

- ♣ To study the Performance of Employment Exchanges of India, Gujarat and Uttar Pradesh during a decade (Between 2003 and 2013) with special reference to its parameters.
- ♣ To examine causal nexus between the number of Registration and the number of Placement through the employment exchanges of India, Gujarat and Uttar Pradesh.

The above objectives are based upon the following parameters:

- ✧ Number of Registrations[2]
- ✧ Number of Vacancies Notified on employment exchanges
- ✧ Number of Placements[3] effected through employment exchanges

1.6 RESEARCH METHODOLOGY

The study is based on the secondary data published by Labour and Employment Ministry and DGET, in various reports (Appendix Table). The study uses data pertaining from the time period 2003 to 2013.Statistical tools like percentage and growth rate are used for the analysis to arrive at the appropriate conclusion from the information collected. As well as this paper makes use of vector error correction method to test the direction of causality between the number of registration and the number of placement through the employment exchanges of India, Gujarat and Uttar Pradesh.

X is said to Granger- cause Y if Y can be predicted with greater accuracy by using past values of X rather than not using such past values, all other relevant information in the model remaining the same. In the equation

$$Y_t = \alpha_{0+} \alpha_1 Y_{t-1+} \alpha_2 Y_{t-2+} \lambda_1 X_{t-1+} \lambda_2 X_{t-2+} \varepsilon_t \quad t \text{ denotes timeperiod}$$

If λ1= λ2=0, X does not Granger cause Y. However if any of the λ coefficient is significantly different from zero, then X does Granger cause Y. The null hypothesis needs to be tested by the standard F- test importantly; the choice of lag length is arbitrary. The Granger's causality test is sensitive to the number of lags used in the analysis. In the study three different lag structures are taken in to consideration. For Granger causality test we are to ascertain whether the variables are stationary or not. If not stationary then it is worthwhile to see the order of integration. This is done through the Augmented Dickey-Fuller (ADF) test. To run ADF test, the following DF equation is estimated.

$$X_i = a + bt + pX_{t-1} + \varepsilon_i$$

Based upon this estimate, the DF procedure tests H_o: p = 1 against the alternative hypothesis

$H_{1:}$ p <1.

If the variables are non-stationary then test of cointegration needs to be carried out. However, for this it is necessary that the concerned series are not $I(0)$ and also the order of integration between the series must be equal as cointegration between two variables arises only when they are integrated of the same order. If the cointegration fails then error-correction modelling is not possible and Granger's causality test is applied. The results derived from the analysis are also limited to the existence of bias in the small sample.

1.7 PERFORMANCE OF EMPLOYMENT EXCHANGES AT STATES LEVEL

Ascertaining the performance of employment exchanges across the states, the number of employment exchanges, number of placements, number of vacancies notified and number of registration signifies the efficiency of the employment exchanges at the state level. According to the report published by Directorate General of Employment and Training, the analysis of the performance of Indian States on 31st December 2013 found the following results:

- ➢ Maximum number of Employment Exchanges are in **Uttar Pradesh (91)** followed by Kerala (89) & West Bengal (77).
- ➢ The maximum number of job-seekers were in Tamil Nadu (84.85 lakh) followed by West Bengal (74.82 lakh), **Uttar Pradesh (63.86 lakh),** Kerala (37.50 lakh) and Maharashtra (29.84 lakh).
- ➢ Number of vacancies notified to the Employment Exchanges during the year 2013 were maximum in **Gujarat (3.4 lakh)** followed by Maharashtra (0.44 lakh), Tamil Nadu (0.34 lakh) Himachal Pradesh (0.17 lakh) and Kerala (0.14 Lakh). In other States, the vacancies notified varied between 0.01 and 0.9 lakh.
- ➢ 30.02 lakh jobseekers were sponsored by the Employment Exchanges and out of these 3.49 lakh could find the placement which is less than

(2. The process of recording the particulars of an employment seeker according to prescribed procedure with a view to render him employment assistance.)

(3. An employer's acceptance of a person into a remunerative job through the Employment Exchange. This includes: acceptance by employers of applicants submitted by Exchanges for training/apprenticeship with the object of their becoming paid employees on completion of their training/apprenticeship.)

the vacancies notified (5.11 lakh) during the year 2013.

- Registration during the year 2013 is the largest in Tamil Nadu (13.18 lakh) followed by West Bengal (5.54 lakh).
- The State of **Uttar Pradesh** had the maximum number of employment exchanges (91) in the country. However, on the efficiency part, the State had an average 44 placements per exchange even as it witnessed lower rate of unemployment.
- **Gujarat** is the most efficient Indian state in terms of its performance on the employment front with an exceptional record of 6624 number of placements per employment exchange against a national average of 365 placements.
- Placement during the year 2013 was highest in Gujarat (2.72 lakh).
- Gujarat No.1 in Providing Employment through Employment Exchange since 2002
- Gujarat tops in notification of vacancies since year 2006
- Gujarat tops in SC & ST Placement since year 2005
- Gujarat tops in Percentage of Placement to Registration of women since year 2006
- Gujarat tops in SC & ST Placement since year 2005.

The study by the researchers makes an attempt to compare the Performance of Employment Exchanges of Gujarat and Uttar Pradesh with special reference to its parameters by growth rate. The information about the registration, vacancies notified and placement in Gujarat, U.P. and at India level is given in the following table.

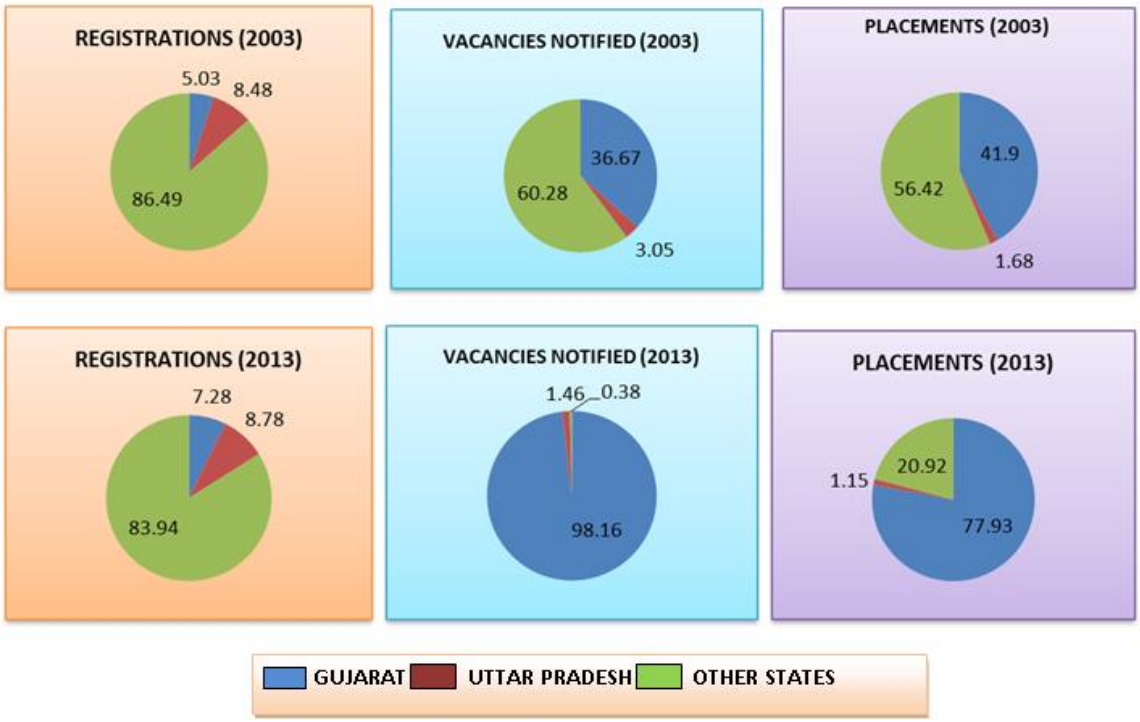
Table-1: Performance of Employment Exchange (India, Gujarat and U.P)

Year	Registration (in thousands)			Vacancies Notified (in thousands)			Placement(in thousands)		
	India	Gujarat	U.P.	India	Gujarat	U.P.	India	Gujarat	U.P.
2003	5462.5	273.3 (5.03)	463.2 (8.48)	256.1	68.3 (36.67)	7.8 (3.05)	154.9	64.9 (41.90)	2.6 (1.68)
2013	5969.4	434.3 (7.28)	524.2 (8.78)	348.5	342.1 (98.16)	5.1 (1.46)	348.5	271.6 (77.93)	4 (1.15)
Growth Rate (%)	9.28	58.91	13.17	36.08	400.88	34.62	124.98	318.49	53.85

Note: Figures in brackets indicate percentage shares of India's total
Source: Reports of DGET, Govt. of India 2003, 2013.

A study of last ten years i.e. 2003 to 2013 clearly depicts the growth rate of registration in Gujarat is 58.91%, whereas the growth rate in India is 9.28% and in Uttar Pradesh is only 13.17%. The above table shows that the growth rate of vacancy notification in India and Uttar Pradesh is 36.08% and 34.62% respectively. But in Gujarat the growth rate of vacancy notification is 400.88%. This shows the incredible growth in Gujarat compared to Uttar Pradesh and India. According to the table, the growth rate of placements in India, Gujarat and Uttar Pradesh is 124.98%, 318.49%, and 53.85% respectively. The above table also shows the percentage shares of Gujarat and Uttar Pradesh in India's total with respect to all the indicators of employment exchanges.

Chart-1: Proportionate Share of Three Indicators of Employment Exchanges of Gujarat, Uttar Pradesh and Other States in India's Total in 2003 and 2013



The table no.1 and chart no.1 show the Proportionate Shares of three Indicators of Employment Exchanges of Gujarat, Uttar Pradesh and Other States in India's Total in 2003 and 2013. In the year 2013 the shares of Gujarat and Uttar Pradesh in total registrations are 5.03% and 8.48% respectively. The shares of Gujarat and Uttar Pradesh in total placements are 41.90 and 1.68 % respectively. Even in the total vacancy notification the shares of Gujarat and Uttar Pradesh are 36.67% and 3.05%. If one compares these data with the year 2013 the share of Gujarat and Uttar Pradesh in total registration are found to be 7.28% and 8.78% respectively. The shares of Gujaratand Uttar Pradesh in total placement are 77.93% and 1.15% respectively. Even in total vacancy notification the shares of Gujarat and Uttar Pradesh are 98.16% and 1.46% respectively.

1.8 EMPIRICAL RESULTS AND DISCUSSION

The testing of the stationarity of the data is the pre-requisite for studying the nature of causality between variables. The results of the ADF tests are reported in following tables .As the table shows, the null hypothesis of non stationarity is not rejected for the variables viz., number of registration and the number of placement in their levels.

Table-2 Unit root Tests of Stationarity for Placements – At All India Level

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	2.374879	0.9891	1.903389	1.947217	-
Intercept	3.188700	0.9999	1.247323	1.313065	0.0271
Intercept with Trend	1.414523	0.9996	1.428746	1.516402	0.1932/0.6673
(First Difference)					
None	1.496601	0.9511	1.618716	1.638576	-
Intercept	0.544345	0.9748	1.815952	1.845743	0.6249
Intercept with Trend	**-5.87616**	**0.0071**	**1.543122**	**1.608863**	**0.3287/0.0494**
(Second Difference)					
None	-9.24370	0.0000	1.685934	1.695865	-
Intercept	-9.99061	0.0001	1.623525	1.643385	0.1885
Intercept with Trend	-10.5155	0.0003	1.558198	1.587989	0.4917/0.2315

It can be seen from the above table the Augmented Dicky-Fuller (ADF) test statistics in level shows presence of unit root. The Placements series (second difference) does not have a unit root problem but intercept coefficient as well as intercept and trend coefficient both are not significant. The Placements series (First difference) does not have a unit root problem and intercept coefficient as well as intercept and trend coefficient both are significant and the both criteria AIC as well as SBC – are minimized in Placements series (First difference) with intercept and trend.

Below Table shows the Augmented Dicky-Fuller (ADF) test statistics in level shows presence of unit root. The registration series (second difference) does not have a unit root problem but intercept coefficient as well as intercept and trend coefficient both are not significant. The registration series (First difference) does not have a unit root problem without intercept and trend. The both criteria AIC as well as SBC – are minimized at registration (First difference).

Table 3: Unit root tests of stationarity for Registration – At All India Level

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	0.802580	0.8674	0.098210	0.142038	-
Intercept	-2.79619	0.0930	-0.21913	-0.15862	0.0233
Intercept with Trend	-3.51974	0.0930	-0.36588	-0.27511	0.0095/0.1323
(First Difference)					
None	**-4.81939**	**0.0003**	**-0.03598**	**-0.01407**	**-**
Intercept	-4.73979	0.0066	0.095098	0.138926	0.4407
Intercept with Trend	-4.24256	0.0431	0.292999	0.358740	0.9674/0.7140
(Second Difference)					
None	-3.57199	0.0036	0.813080	0.797626	
Intercept	-3.09728	0.0728	1.091501	1.068320	0.8724
Intercept with Trend	-2.73652	0.2636	1.337476	1.306567	0.7314/0.7503

Table – 4 Johansen Test for Co-integration between Registration and Placements – At All India Level (Trace Test)

Hypothesized No. of CE(s)	Trace Statistic	0.05 Critical Value	Prob.	Conclusion
None r = 0	31.61567	15.49471	0.0001	One Co integrating Relationship
At most 1 r > 0	4.340865	3.841466	0.0372	
Johansen Test for Co-integration (Maximum Eigen value Test)				
Hypothesized No. of CE(s)	**Max-Eigen Statistic**	**0.05 Critical Value**	**Prob.**	**Conclusion**
None r = 0	27.27480	14.26460	0.0003	One Co integrating Relationship
At most 1 r + 1	4.340865	3.841466	0.0372	
Source: Estimated by researcher				

Table 4 express the results of the co-integration test. The Trace-Statistic value is shown to be greater than the critical values 5% levels. Therefore, we reject the null hypothesis of no co-integrated equation among the variables. Thus, we conclude that there is at most one co-integrated equation among the variables. The results of Maximum Eigen value test statistics also gives the same conclusion here. Finally, we can say that there is a long run relationship between registrations and placements.

Table.5: Long run Causality Test Based on VECM: Placement and Registration – At All India Level

Direction of Causality	ECM_{t-1}	T-Statistic	P-Value	Result
Causality from Placement to Registration	**-0.404310**	**3.604806**	**0.0155**	Uni directional Causality
Causality from Registration to Placement	0.067045	0.066439	0.9496	
Source: Estimated by researcher				

The long run causality test based on VECM result presented in Table 5 revealed the long run causal relationship among Placement and Registration. The result showed that the error correction term for co-integrating equation with placement as a dependent variable is negative and significant at one percent, implying that there exists a strong long run relationship running from Placement to Registration. However, the error correction term for co-integrating equation with Registration as the dependent variable is not negative and significant. It means that there is no long run causal relationship running from Registration to Placement. Therefore, we conclude that there is uni-directional causality running from Placement to Registration in long run.

Table 6: Unit root tests of stationarity for Placements – For Gujarat

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	1.682315	0.9669	0.170197	0.200455	-
Intercept	-1.160040	0.6455	0.167520	0.228037	0.2168
Intercept with Trend	-1.963321	0.5509	0.054887	0.145663	0.0742/0.1530
(First Difference)					
None	-2.596419	0.0160	0.565065	0.586979	-
Intercept	**-3.622742**	**0.0300**	**0.341693**	**0.385521**	**0.0479**
Intercept with Trend	-3.787257	0.0735	0.388188	0.453930	0.1168/0.3243
(Second Difference)					
None	-3.511713	0.0040	0.991314	0.975860	-
Intercept	-3.147205	0.0684	1.273757	1.250576	0.9144
Intercept with Trend	-2.752121	0.2603	1.545385	1.514476	0.8750/0.8498

It can be seen from table 6 the Augmented Dicky-Fuller (ADF) test statistics in level shows presence of unit root. The placement series (second difference) does not have a unit root problem but intercept coefficient as well as intercept and trend coefficient both are not significant. The placement series (First difference) does not have a unit root problem and intercept coefficient is significant and the both criteria AIC as well as SBC – are minimized at placement (First difference) with intercept.

Table 7: Unit root tests of stationarity for Registration – For Gujarat

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	0.772939	0.8638	-0.487540	-0.457282	-
Intercept	-3.230100	0.0521	-1.861644	-1.795903	0.0153
Intercept with Trend	-2.956132	0.1976	-1.991291	-2.268107	0.0252/0.1575
(First Difference)					
None	**-2.362227**	**0.0257**	**-1.303773**	**-1.283912**	**-**
Intercept	-2.762635	0.1054	-1.337731	-1.307941	0.2563
Intercept with Trend	-3.447077	0.1197	-1.576463	-1.536742	0.1196/0.1875
(Second Difference)					
None	-2.342502	0.0266	-0.896243	-0.886312	-
Intercept	-2.024335	0.2725	-0.660924	-0.641063	0.7758
Intercept with Trend	-1.832560	0.6048	-0.447550	-0.417759	0.7512/0.6838

However, the results of the Augmented Dicky-Fuller (ADF) test statistics in level for registration in Gujarat shows presence of unit root. The registration series (second difference) also have a unit root problem. The registration series (First difference) does not have a unit root problem without intercept and trend. The both criteria AIC as well as SBC – are minimized at registration (First difference).

Table – 8 Johansen Test for Co-integration between Registration and Placements for Gujarat (Trace Test)

Johansen Test for Co-integration (Trace Test)				
Hypothesized No. of CE(s)	**Trace Statistic**	**0.05 Critical Value**	**Prob.**	**Conclusion**
None r = 0	24.05041	15.49471	0.0020	One Co integrating Relationship
At most 1 r > 0	8.160139	3.841466	0.0043	
Johansen Test for Co-integration (Maximum Eigen value Test)				
Hypothesized No. of CE(s)	**Max-Eigen Statistic**	**0.05 Critical Value**	**Prob.**	**Conclusion**
None r = 0	15.89027	14.26460	0.0274	One Co integrating Relationship
At most 1 r + 1	8.160139	3.841466	0.0043	
Source: Estimated by researcher				

Tables 8 express the results of the co-integration test. The Trace-Statistic value is shown to be greater than the critical values 5% levels. Therefore, we reject the null hypothesis of no co-integrated equation among the variables. Thus, we conclude that there is at most one co-integrated equation among the variables. The results of Maximum Eigen value test statistics also give the same conclusion here. Finally, we can say that there is a long run relationship between registrations and placements.

Table-9 Long run Causality Test Based on VECM: Placement and Registration or Gujarat

Direction of Causality	ECM_{t-1}	T-Statistic	P-Value	Result
Causality from Placement to Registration	**-1.115471**	**-3.727806**	**0.0136**	Uni directional Causality
Causality from Registration to Placement	0.916133	2.544023	0.0384	
Source: Estimated by researcher				

The long run causality test based on VECM result presented in Table 9 revealed the long run causal relationship among Placement and Registration. The result showed that the error correction term for co-integrating equation with placement as a dependent variable is negative and significant at one percent, implying that there exists a strong long run relationship running from Placement to Registration. However, the error correction term for co-integrating equation with Registration as the dependent variable is significant but not negative. It means that there is no long run causal relationship running from Registration to Placement. Therefore, we conclude that there is uni-directional causality running from Placement to Registration in long run.

Table 10: Unit root tests of stationarity for Placements – For Uttar Pradesh

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	-0.804700	0.3422	2.381365	2.411624	-
Intercept	-2.200710	0.2167	2.174133	2.234650	0.0799
Intercept with Trend	-2.683028	0.2625	2.136447	2.227222	0.3441/0.2129
(First Difference)					
None	**-4.233151**	**0.0009**	**2.350441**	**2.372355**	-
Intercept	-3.949097	0.0190	2.562351	2.606178	0.7954
Intercept with Trend	-3.702419	0.0808	2.762296	2.828038	0.6773/0.7258
(Second Difference)					
None	-5.171377	0.0003	3.103202	3.113132	-
Intercept	-4.761016	0.0081	3.351620	3.371481	0.9255
Intercept with Trend	-4.233368	0.0510	3.578803	3.608593	0.7401/0.7479

Above Table shows the Augmented Dicky-Fuller (ADF) test statistics in level shows presence of unit root. The placement series (second difference) does not have a unit root problem but intercept coefficient as well as intercept and trend coefficient both are not significant. The placement series (First difference) does not have a unit root problem without intercept and trend. Both the criteria AIC as well as SBC – are minimized at placement (First difference).

Table 11: Unit root tests of stationarity for Registration – For Uttar Pradesh

Level					
	ADF	**Sign.**	**AIC**	**SBC**	**Sign.**
None	0.449482	0.7896	3.361629	3.405457	-
Intercept	-2.924154	0.0769	2.833625	2.894142	0.0197
Intercept with Trend	-3.204352	0.1393	2.856091	2.946866	0.0167/0.2817
(First Difference)					
None	**-4.419445**	**0.0006**	**3.167860**	**3.189774**	**-**
Intercept	-4.239689	0.0128	3.344469	3.388297	0.5855
Intercept with Trend	-3.747018	0.0771	3.548885	3.614627	0.9283/0.7538
(Second Difference)					
None	-4.536544	0.0006	4.009353	4.019283	-
Intercept	-4.099868	0.0182	4.258174	4.278034	0.9357
Intercept with Trend	-3.589181	0.1013	4.485056	4.514846	0.7420/0.7463

Above Table shows the Augmented Dicky-Fuller (ADF) test statistics in level shows presence of unit root. The registration series (second difference) does not have a unit root problem but intercept coefficient as well as intercept and trend coefficient both are not significant. The registration series (First difference) does not have a unit root problem without intercept and trend. Both criteria AIC as well as SBC – are minimized at registration (First difference).

The results of the co-integration test for Uttar Pradesh given in the following table 12 . The Trace-Statistic value is shown to be smaller than the critical values 5% levels. Therefore, we cannot reject the null hypothesis of no co-integrated equation among the variables. Thus, we conclude that there is no long run relationship among the variables. The results of Maximum Eigen value test statistics also give the same conclusion here. Finally, we can say that there is no long run relationship between registrations and placements.

Table – 12 Johansen Test for Co-integration between Registration and Placements for Uttar Pradesh (Trace Test)

Johansen Test for Co-integration (Trace Test)				
Hypothesized No. of CE(s)	**Trace Statistic**	**0.05 Critical Value**	**Prob.**	**Conclusion**
None r = 0	13.95134	15.49471	0.0843	No Co integrating Relationship
At most 1 r > 0	3.398561	3.841466	0.0652	
Johansen Test for Co-integration (Maximum Eigen value Test)				
Hypothesized No. of CE(s)	**Max-Eigen Statistic**	**0.05 Critical Value**	**Prob.**	**Conclusion**
None r = 0	10.55278	14.26460	0.1781	No Co integrating Relationship
At most 1 r + 1	3.398561	3.841466	0.0652	
Source: Estimated by researcher				

Table-13 Long run Causality Test Based on VECM: Placement and Registration of Uttar Pradesh

Direction of Causality	ECM_{t-1}	T-Statistic	P-Value	Result
Causality from Placement to Registration	-1.464765	-1.559659	0.1796	No Causality
Causality from Registration to Placement	-0.059667	-0.430531	0.6847	
Source: Estimated by researcher				

The long run causality test based on VECM result presented in Table 13 revealed the long run causal relationship among Placement and Registration. The result showed that the error correction term for co-integrating equation with placement as the dependent variable is negative but not significant at one percent, implying that there is no long run relationship running from Placement to Registration. The error correction term for co-integrating equation with Registration as a dependent variable is negative but not significant. It means that there is no long run causal relationship running from Registration to Placement. Therefore, we conclude that there is no causality between Placement and Registration in long run.

1.9 CONCLUSION

The data on the selected parameters of employments exchanges of Gujarat and Uttar Pradesh clearly depict that the performance of employment exchange stands out to be higher in Gujarat compared to Uttar Pradesh. Furthermore, according to the Johansen test for co-integration, registration and placement are significantly co-integrated at India level and Gujarat level but in the case of Uttar Pradesh these variables are not significantly co-integrated. According to VECM, there is uni-directional causality from placement to registration means placement leads to registration at India level and Gujarat level. Whereas, in the case of Uttar Pradesh there is no long run causality between these two parameters.

Thus we can say that not just in investments, Gujarat outshine other Indian States on the employment front too. Besides being known for its business friendly climate and heavy weight investment outlays, Gujarat has been ranked first in terms of the overall employment scenario among the Indian states with impressive performance of its employment exchanges and low level of unemployment. However the performance of Uttar Pradesh is not up to mark. Ironically, the issue of unemployment remains a matter of misplaced priority. The growth pattern adopted is also not employment-oriented. The best example of this is of the agriculture, which has witnessed a sharp mechanisation. Industries are not coming and the emphasis is only large industries rather than small and medium scale industries, which have more job potential. The allied sectors of agriculture like horticulture, food processing, fisheries, dairy and poultry farming are just in infancy in the state despite having huge potential. In the face of the prevailing situation, unemployment dole makes no answer to the vexed problem of job crunch.

For the government of U.P., the burgeoning unemployment problem comes as a daunting challenge. The grim reality urgently calls for a drastic shift in planning and development approach before it becomes unmanageable.

1.10 SUGGESTIONS

The aim of the Government to start employment exchanges in the country was to reduce the problem of unemployment in India which was a serious issue. After the evaluation of the comparative study of employment exchanges in Gujarat and Uttar Pradesh the researcher suggested the following:

- ☆ The present state of affair can be made better through key initiatives, for instance by modernising the employment exchanges through information and communication technology, creating and maintaining information for providing employment services for urban, semi-urban and rural areas, being a prime source for job news in employment schemes and programmes.
- ☆ Due to industrialization and economic development in the country there is necessity of the educated youth in industries. Anyhow a company fails to find an appropriate candidate for it, which results in increase in unemployment. Hence, here the employment exchange plays a vital role successfully. To overcome the situation the researcher suggests arranging maximum employment fairs.
- ☆ There should be a strict legal provision instructing the employment exchange to interact with the company's representatives, build a healthy relationship, identify the posts and with the help of media spread messages amongst the youth.

- ☆ Arrange awareness program to spread the existence and importance of employment exchange offices to the local public.
- ☆ Either for the company or the job seeker each twelve level schools, colleges and universities should have an employment exchange counter by which one who completes education can register same as they do for their examinations and this information will be shared with the head office located in the town or city or village which enable direct access for the need full .
- ☆ A mission mode project has been sanctioned with outlay of Rs 150 crores. With the proper implementation of this project, the existing Employment Exchanges will be repositioned as the hub for all career related services and focus on providing career counselling and vocational guidance activities which are the need of the day and are not being provided by any other agency, either governmental or private. The project aims at proving youth with the right career choice and their association with the National Career Service will be life-long so that they actively contribute to a productive and efficient workforce. In this regard the researcher demands equal and effective implementation in the State of Uttar Pradesh too.
- ☆ By keeping in mind various limitations of the working of employment exchanges Ministry of Labour and Employment has presented 'The Employment Exchanges (Compulsory Notification of Vacancies) Amendment Bill 2013' which must be properly implemented by all the states at the same level.
- ☆ To reduce the problem of unemployment the website: wwwsewayojna.org has created by the government of Uttar Pradesh. People of Uttar Pradesh should be encouraged to visit the site for better employment opportunities.
- ☆ The Government of India has launched an online portal: www.eex.dcmsme.gov.in for job seekers in the micro, small and medium enterprises (MSME) sector. From this employment exchange portal for industries where jobseekers can find employers or vice-versa. This facility should be provided for services sector as well.
- ☆ The Employment Exchanges Act should be amended to allow private Employment Exchanges to provide job placement services to both private sector and public sector.
- ☆ Incentivize the private sector to join hands in the management of exchanges by way of imparting professional expertise.
- ☆ Since in this study it has been concluded that there has been uni-directional causality from placement to registration, the government should make all effort to increase placement through employment exchange so that registration also increase accordingly.

Over the years, there has been a rise in the information asymmetry in that job seekers do not get the right jobs and the job providers (industry) do not get the right candidates from the Employment Exchanges. But the scenario has totally changed and if the employment exchanges perform their duties sincerely and whole heartedly the plight of the country might change with a drastic increase in employment.

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APPENDIX-1

NUMBER OF EMPLOYMENT EXCHANGES, REGISTRATION, VACANCIES NOTIFIED, SUBMISSIONS, PLACEMENTS AND LIVE REGISTERS IN GUJARAT, UTTAR PRADESH AND AT ALL INDIA LEVEL (2003 TO 2013)

Year	Number of employment exchanges			Numbers of Registrations			Number of Vacancies notified			Number of Placements		
	GUJ	UP	AI	GUJ	UP	AI	GUJ	UP	AI	GUJ	UP	AI
2003	42	84	945	273.3	463.2	5462.5	68.3	7.8	256.1	64.9	2.6	154.9
2004	42	84	947	197.73	306.5	5373.0	74.4	6.6	274.6	64.9	1.7	137.7
2005	42	84	938	193.2	308.7	5437.1	121.5	20.6	349.2	92.9	1.6	173.2
2006	42	84	947	239.4	1535.2	7289.5	145	3.5	358.2	99	1.7	177.0
2007	44	90	965	350.4	486.8	5434.2	245	5.8	525.8	178.3	3.3	263.5
2008	44	90	968	389.9	362.4	5315.7	290.7	6	571.0	217.7	1.6	304.9
2009	41	95	969	395.2	324.2	5693.7	191.2	6.8	419.5	153.5	6.4	261.5
2010	41	95	969	406.5	383.4	6186.0	260.7	5.7	706.9	202.8	7.2	509.6
2011	41	92	966	416.5	466.5	6206.3	317.3	9.2	819.7	225.6	5.6	471.5
2012	41	91	956	444	440.9	9722.2	344.4	1.1	427.6	246	1.6	2982.2
2013	41	91	956	434.3	524.2	5969.4	342.1	5.1	348.5	271.6	4	348.5

Source: *Various Reports of DGET, Govt. of India.*

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