

# Youth Unemployment and Its Impact on Economic Growth: An Analysis

Gurdeep Singh

Lecturer, Department of Management, IEM Group of Institutions, Lucknow, India

<sup>1</sup>Corresponding Author: gurpreet.singh007@gmail.com

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## ABSTRACT

Economic life in emerging countries is dominated by challenges such as unemployment and inflation. For the period 2009-2015, this study attempts to estimate the short-run tradeoff between inflation and unemployment in the Indian economy in order to determine whether such a tradeoff exists. For a short period of time, inflation and unemployment have an inverse connection, with more inflation leading to lower unemployment. In the first model, the dependent variable is unemployment; in the second model, inflation; and in the third model, real GDP is the dependent variable. The results of the study show that unemployment has a statistically insignificant influence on inflation and real GDP. According to the data, unemployment has a negative impact on inflation and a positive impact on real GDP. With a large impact on employment, prices, the standard of living of citizens, and the real GDP of countries in developing regions, unemployment is a recurring issue in all of these economies. There is a strong correlation between unemployment and inflation, although this correlation is not substantial in our current economic situation. As a result, the most important policy.

**Keywords:** economic, growth, unemployment

## I. INTRODUCTION

The year 2021 will begin on a positive note for India, despite the fact that private think tank CMIE reported a significant decline in the jobless rate and an equally impressive increase in the employment rate in January. Center for Monitoring the Indian Economy (CMIE)

In January 2021, there were 40 million unemployed people who wanted to practise but did not do so. From 9.1 percent in December 2020 to 6.5 percent in January 2021, CMIE data shows that unemployment has decreased, while the employment rate has increased.

In January 2021, there were 400.7 million people employed, up from 383.8 million in 2020 December, which was the highest level since lockdown began in March, 2020. The increase in employment in January also compensated for the three months of layoffs that occurred earlier in the year.

When the value of money is devalued due to inflation, individuals and businesses are forced to keep less cash on hand. Nominal pricing must be adjusted when the cost of goods rises. This reduces the amount of products and services produced by society as a whole.

## II. LITERATURE REVIEW

Unemployment in India is the subject of extensive research. Listed here are some examples of research:

Dr. Rubee Singh (2018) An investigation was conducted into the impact of inflation on India's GDP and also the unemployment rate. It covers the period from the year 2011 to 2018. Secondary sources were used to acquire the data. According to the findings, inflation has a negative association with GDP and unemployment, but no effect at all. A positive correlation of 0.477 between unemployment and inflation is insignificant at the 10% level of significance. GDP and unemployment rates were found to have a negligible relationship with a correlation of 0.196. So, it can be inferred that inflation has a major impact on the Indian economy, but solely in terms of GDP and unemployment.

Dolly Singh, Nmp Verma (2016) Short-run inflation-unemployment tradeoffs are calculated for the Indian economy from 2009 to 2015 to see if inflation and unemployment are mutually exclusive. There is an inverse relationship between inflation and unemployment in the near term, with higher inflation resulting in reduced unemployment and the other way

around, In the first model, unemployment is the dependent variable in the second, inflation and in the third, real GDP is the dependent variable.

Khem Chand et al (2017) It is the goal of this research to determine the effect of economic growth on India's unemployment rate. Gdp was employed as a metric of economic growth in this study. Secondary sources, such as the World Bank database, provided information on GDP and the unemployment rate. The regression and Correlation analysis had been used to examine the nature and degree of the impact of economic growth on the unemployment rate. According to research, there is a close association between economic growth and the unemployment rate.

Dr. Rubee Singh, Archana Raj (2018) To better understand the current state of young unemployment, this study examines its underlying causes, diverse manifestations, and possible solutions. More than six million well-educated young people are unemployed in India. According to the Indian Ministry of Labor, India's unemployment rate has first declined, then increased, and then reduced again over the past few years.

### III. ANALYSIS AND OBJECTIVES

- The current state of unemployment in India should be taken into account.
- In order to grasp the magnitude of the country's unemployment problem.
- Focus on the trends of unemployment from 1999 to 2021.
- To cynosure the job creation programs.

### IV. CURRENT SCENARIO OF UNEMPLOYMENT IN INDIA

Unemployment in India is expected to rise to 9.1% by December 2020. In June, India's recovery from lockup emerged, according to the Center for Monitoring Indian Economy. Unemployment is expected to be 10.99 percent in June 2020. The author, Chitranjan Kumar, In January of that year, there were 40 million unemployed people who had signed the promise but still lacked a job.

### V. UNEMPLOYMENT MEASUREMENT IN INDIA

Government statistics and programme implementation ministry's national sample survey office (MOSPI) estimates of India's overall unemployment rate:

1. Usual status approach: - Those who haven't worked for a significant amount of time over the course of a year prior to the date of the poll are considered unemployed by this method.
2. Weekly status approach: - According to this methodology, only those people are counted as unemployed who have not had a job for at least an hour in the seven days preceding the date of the poll and who have not had a lucrative job to fall back on.
3. Daily status approach: - A person's unemployment status is measured on a weekly basis under this method. Even if a person is unemployed for only 60 minutes in a day, they are considered unemployed for that day.

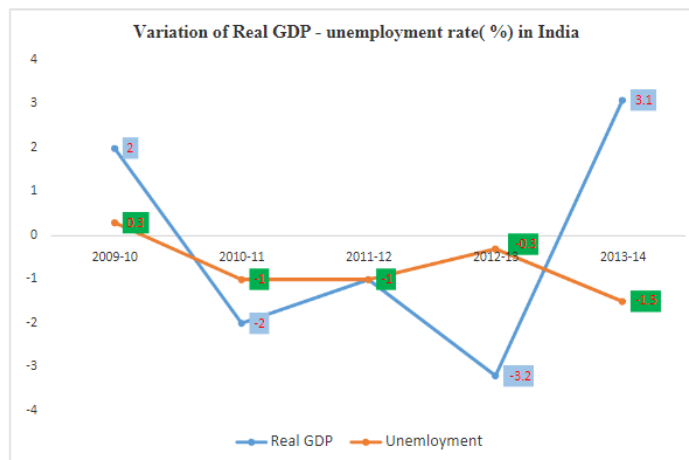
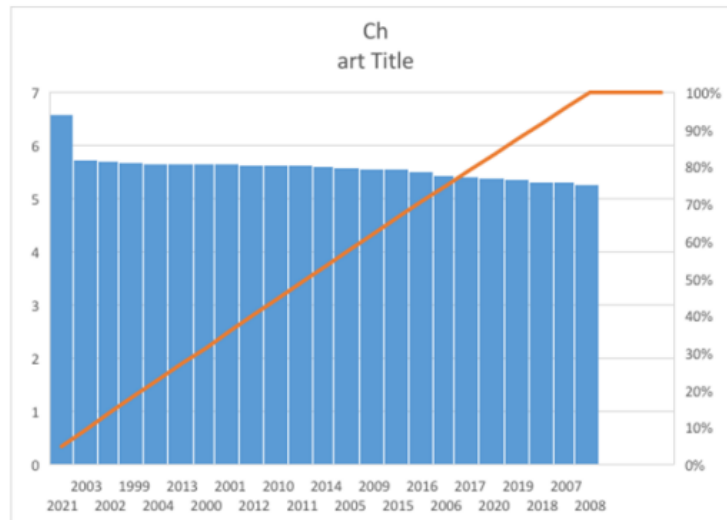


Figure 1: Variation between real GDP—unemployment in India upto 2013-14



**Figure 2:** Unemployment in India from 1999 to 2021

There was 5.69 percent unemployment in 1999, and it dropped to 5.66 percent in 2000. By 2018, the unemployment rate will have dropped to 5.57 percent from its peak of 5.57 percent in 2015. With a 5.33 percent unemployment rate in 2018, Unemployment is expected to rise by 5.36 percent, 5.4%, and 6.6% in each of the following years: 2019, 2020, and 2021.

## VI. EMPLOYMENT GENERATION PROGRAMS IN INDIA

The government's primary responsibility is to create jobs and ensure that those jobs are well-paying. The government has taken a variety of steps to get the economy moving, including:

1. Embolden private sector of economy
2. Expedition following various arrangements fascinating substantial investment
3. The Ministry of Housing and Urban Affairs is accelerating the growth of public spending on a variety of initiatives, including the Mahatma Gandhi National Rural Employment Grantee Act (MANREGA), the Pt. Deen Dayal Upadhaya Grameen Kaushalya Yojana (DDU-GKY), and other programmes run by the Ministry of Rural Development. (Office of Public Relations and Information).

## VII. CONCLUSION

The corona virus is wreaking havoc on India's vast human resources. As a modern report from the Center for Monitoring India like encouraging the private sector and disbursing public funds on a wide range of different programmes, 21 million compensations have been lost between April and August alone. National food for work programme, SGSY, etc. are examples of these types of programmes. Not even a high labour participation rate can be considered acceptable.

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