

“ECONOMIC GROWTH AND UNEMPLOYMENT IN INDIA”

Dr.Chhaya K patel

M.A,B.Ed.,Ph.D., GSLET(ECONOMICS)

Adhyapak Sahayak

Z.F.WADIA WOMEN’S COLLEGE

&

N.K.JHOTA COLLEGE OF COMMERCE,

ATHWALINES,SURAT.

Email:- chhaya9181@gmail.com

Voice:-8160876455



Abstract:

India is the second most populous country in the world after China, with 1.21 billion people, and the seventh largest country in the world by area, with 3.287 million square kilometers (2011 census). The IMF World Economic Outlook (April, 2019) has projected the GDP growth rate as 7.3 % and is the fastest growing nation in the world. India's GDP is growing at a very reasonable rate, but the jobless rate is alarmingly high. As a result, this study attempts to provide an overview of the Indian unemployment situation using secondary data gathered from online sources.

Introduction:

GDP is the primary subject of any study on economic development and growth. It is widely held that growth and economic development, particularly in the direction of qualitative development in a variety of areas like employment, education, and health, are typically the outcomes of rising GDP. Furthermore, it is widely accepted that GDP growth leads to desirable sustainable development, which must benefit even the nation's poorer regions.

Numerous research have been done on the connection between unemployment and economic growth. Indeed, it is among the most contentious topics in national strategy. Regarding the study of economic growth, there is also a widespread perception that additional job opportunities are created by economic growth. Numerous economists have researched this subject. In the 1960s, economist Arthur Okun became the first to examine the fundamental connection between unemployment and economic growth; his work has come to be known as OKUN'S LAW. According to Ben S. Bernanke's summary of OKUN'S LAW, "real GDP must grow approximately 2 (two) percentage points faster than the rate growth of potential GDP over that period in order to achieve a 1 (one) percentage point decline in the unemployment rate in the course of a year." For instance, OKUN'S LAW states that in order to reduce the unemployment rate by 1 (one) percentage point, GDP must expand at a pace higher than 4% for a year, even if the potential rate of GDP growth is 2%.

However, the aforementioned OKUN'S LAW is never relevant in the current economic expansion since the employment rate does not rise in tandem with the economy, resulting in what is referred to as "Jobless Growth." Economists are wondering a lot about how economic expansion affects employment growth because the majority of nations are dealing with high unemployment.

India's primary economic growth and unemployment growth scenarios.

- The International Monetary Fund (IMF) (2019) projects that India's GDP will increase by 7.3% in 2019, making it the world's eighth fastest-growing country. Tables 1.1 and 1.2 demonstrate that unemployment continues to rise despite such strong development.
- India's unemployment rate increased from 5.9 percent in February 2018 to 7.2 percent in February 2019, the highest since September 2016, according to data compiled by the Centre For The Monitoring Indian Economy (CMIE), as seen in Table 1.3. The CMIE also stated that 400 million people were projected to be employed overall in February 2019. Additionally, jobless rates fell from 43.2% in January 2019 to 42.7% in February 2019. Additionally, Table 1.3 demonstrates that the unemployment rate in urban regions is higher than that in rural ones.
- The rate of youth unemployment is likewise extremely concerning. According to the 2011 Census of India, youth (15–24 years old) make up one-fifth (19.1%) of the country's total population. Furthermore, by 2020, youngsters are predicted to make up 34.33 percent of India's overall population. The working-age population's labour force participation rate is 42.74 percent, per the CMIE Report (February 2019). Remarkably, young people with education up to a diploma have the greatest unemployment rate (37%), followed by graduates (36%), and postgraduates (36%).
- It's also important to note the rising unemployment rate for women. According to Table 1.4 of the CMIE Report (February 2019), the labour force participation rate for women was 16.81% in January 2016 and dropped to 10.97% in February 2019. Additionally, it demonstrates that fewer women are looking for work as

The GDP growth rate of India from 2014 to 2024 (in comparison to the year prior)

Table 1.1

| | |
|------|------|
| 2014 | 7.41 |
| 2015 | 8 |
| 2016 | 8.17 |
| 2017 | 7.17 |
| 2018 | 7.05 |
| 2019 | 7.26 |
| 2020 | 7.49 |
| 2021 | 7.74 |

| | |
|------|------|
| 2022 | 7.73 |
| 2023 | 7.74 |
| 2024 | 7.74 |

SOURCE : IMF (April 2019)

Table 1.2 shows the unemployment rate in India from 2008 and 2018.

| | |
|------|-------|
| 2008 | 2.27% |
| 2009 | 2.48% |
| 2010 | 2.44% |
| 2011 | 2.52% |
| 2012 | 2.69% |
| 2013 | 2.82% |
| 2014 | 2.77% |
| 2015 | 2.78% |
| 2016 | 2.73% |
| 2017 | 2.56% |
| 2018 | 2.55% |

SOURCE : World Bank (April 2019)

Table 1.3: India's Unemployment Statistics.

| MONTH | UNEMPLOYMENT RATE (%) | | |
|------------|-----------------------|-------|-------|
| | INDIA | URBAN | RURAL |
| Aug 2018 | 6.27 | 6.72 | 6.6 |
| Sept 2018 | 6.47 | 7.38 | 6.05 |
| Oct 2018 | 6.83 | 7.12 | 6.69 |
| Nov 2018 | 6.65 | 7.33 | 6.32 |
| Dec 2018 | 7.02 | 7.46 | 6.80 |
| Jan 2019 | 6.86 | 8.58 | 6.05 |
| Feb 2019 | 7.20 | 7.69 | 6.97 |
| March 2019 | 6.65 | 7.72 | 6.15 |
| April 2019 | 7.35 | 7.75 | 7.25 |
| May 2019 | 7.17 | 8.53 | 6.53 |
| June 2019 | 7.91 | 8.29 | 7.72 |
| July 2019 | 7.51 | 8.57 | 7.72 |

Conclusion:

India's economy is undoubtedly expanding, but this expansion does not always translate into higher unemployment rates. In actuality, economic expansion leads to more issues with unemployment, which negatively impacts many areas. Therefore, in order to achieve fully sustainable growth, a positive development strategy is urgently needed.

REFERENCES:

- Indian Government Bureau of Labour Statistics. (October 8, 2010) The Employment and Unemployment Survey Report for 2009–10 PDF • World Population Review.com <https://imf.org/en/countries/IND>, retrieved March 29
- <https://unemployment.cmie.com/> in India • "Job Crisis Among The Youth," Quartz India, June 10, 2019 (Nuper Anand)
- "Women Are More Affected by India's Unemployment Crisis Than Men," Business Insider India (Vivek Kaul), March 14, 2019.
- "Here's what we know for sure about jobs in India", Economic Times (Shamika Ravi) April 2019.
- "These are the things we know for sure about jobs in India," Shamika Ravi, Economic Times, April 2019.

