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m THE IMPACT OF UNEMPLOYMENT ON ECONOMIC GROWTH IN INDIA

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i Abstract: this article explores the nuanced relationship between economic growth and unemployment in India. Economic growth signifies prosperity through increased production. Conversely, unemployment acts as a hurdle. The interplay between these factors is dynamic: economic growth tends to reduce unemployment, while downturns can exacerbate it.

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a ВЛИЯНИЕ БЕЗРАБОТИЦЫ НА ЭКОНОМИЧЕСКИЙ РОСТ В ИНДИИ

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è Аннотация: в этой статье исследуется взаимосвязь между экономическим ростом и безработицей в Индии. Экономический рост означает процветание за счет увеличения производства. И наоборот, безработица действует как препятствие. Взаимосвязь между этими факторами динамична: экономический рост, как правило, сокращает безработицу, в то время как экономические спады могут усугубить ее.

Ключевые слова: экономический рост, безработица

India, a rapidly growing economy, has witnessed significant economic transformations in recent decades. Central to the discourse on its economic landscape is the intricate relationship between economic growth and unemployment. Delving into the dynamics of a nation's economy can be both fascinating and complex. One crucial aspect of this intricate web is the relationship between economic growth and unemployment. In the context of India, this connection holds key insights into the nation's economic health [1].

This article aims to delve into the multifaceted dynamics that define this relationship. India's economic growth trajectory has been noteworthy, marked by reforms, globalization, and technological advancements [2].

The country has experienced substantial GDP growth, emerging as one of the world's fastest-growing economies. The sectors driving this growth include IT, manufacturing, and services.

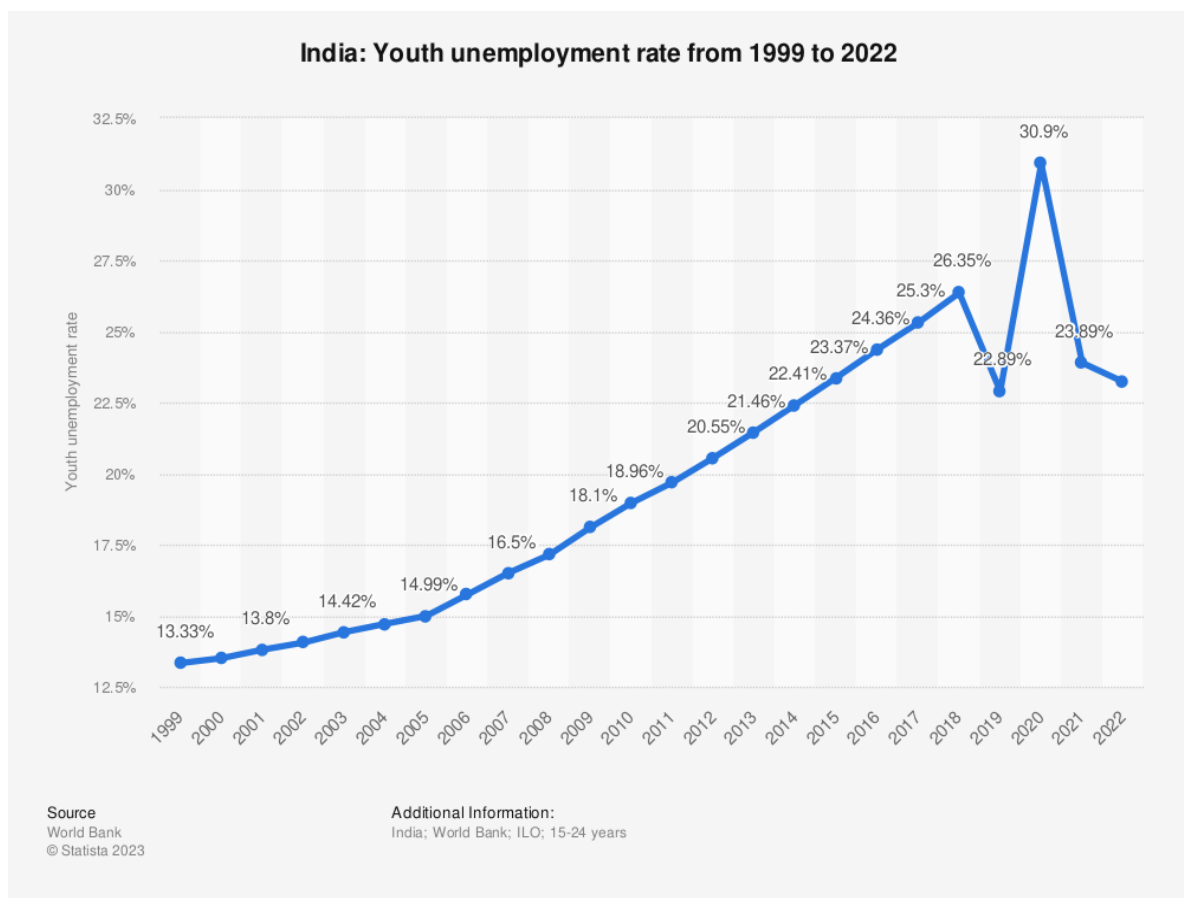


Figure 1-Youth unemployment rate from 1999 to 2022

Despite economic expansion, India grapples with persistent unemployment challenges. The labor market is diverse, comprising formal and informal sectors, each facing distinct issues. Structural and frictional unemployment persist, with mismatches in skills and job requirements.

Economic growth is like the heartbeat of a nation's economy. It represents the increase in the production of goods and services over time. In simple terms, when a country's economy grows, it means that more people are working, businesses are expanding, and citizens generally enjoy a higher standard of living [3].

On the flip side, unemployment can be seen as a roadblock to this progress. When people who want to work cannot find employment, it not only affects them personally but also puts a dent in the overall economic picture. Unemployment is measured by the percentage of the workforce that is actively seeking employment but is unable to secure a job.

$$\text{Unemployment Rate} = \text{Unemployed} / \text{Civilian Labor Force}$$

Now, let's connect the dots between economic growth and unemployment in India. When the economy is booming, businesses are flourishing, and demand for goods and services is high. This often leads to an increase in job opportunities, reducing the level of unemployment. A growing economy tends to absorb more workers into the labor market [4].

Conversely, during economic downturns, businesses may face challenges, leading to a slowdown in hiring. This can result in higher unemployment rates as job opportunities become scarcer. The relationship is dynamic – as one factor changes, it influences the other.

Governments play a crucial role in managing this delicate equilibrium. Policymakers use various tools to stimulate economic growth during downturns, such as fiscal and monetary policies. By promoting investments, reducing interest rates, and implementing infrastructure projects, governments aim to revitalize the economy and create job opportunities [5].

However, rapid economic growth may also pose challenges. If it outpaces the ability of the workforce to adapt or if it primarily benefits certain sectors, it can lead to inequality and disparities in employment opportunities [3].

Factors Contributing to Unemployment:

1. **Population Growth:** India's large population poses both opportunities and challenges. While it provides a vast labor force, it also strains job creation efforts, particularly in sectors unable to absorb the growing numbers.

2. **Skill Mismatch:** Rapid technological changes often lead to a gap between the skills demanded by the job market and those possessed by the workforce. This mismatch contributes to unemployment, particularly among the youth.

3. **Informal Sector Challenges:** A significant portion of employment in India exists in the informal sector, characterized by low job security and limited benefits. This sector often bears the brunt of economic uncertainties [2].

Impact of Economic Growth on Unemployment:

1. **Job Creation:** Economic growth typically results in increased demand for goods and services, leading to job creation. Dynamic sectors like IT and services have been instrumental in absorbing skilled labor.

2. **Inclusive Growth Challenges:** While economic growth has undoubtedly created jobs, the challenge lies in ensuring inclusive growth. Certain sectors, such as agriculture, still grapple with low productivity and underemployment.

The Indian government has implemented various initiatives to address unemployment, including skill development programs, Make in India, and initiatives promoting entrepreneurship. However, the effectiveness of these measures varies across regions and sectors.

In conclusion, the relationship between economic growth and unemployment in India is intricate and multifaceted. While economic growth has led to job creation, challenges persist due to factors like population growth, skill mismatches, and the prevalence of the informal sector. Addressing these challenges requires holistic and targeted policy measures to ensure that the benefits of economic growth are distributed

equitably across the diverse workforce. As a budding economist, understanding the symbiotic relationship between economic growth and unemployment is essential. It's akin to navigating the seas of economic development, where policymakers act as captains steering the ship. Striking a balance between fostering growth and addressing unemployment is a constant challenge, but it is through this delicate balance that nations chart a course towards sustained prosperity. As you delve deeper into your economics studies, keep exploring the intricacies of India's economic landscape – a canvas painted with the dynamic hues of growth, employment, and the policies that shape their intertwined destiny [2].

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