

Examining the impact of Sectoral Growth on Unemployment in Post Reform India

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Abstract

Economic growth is of prime importance for the development and prosperity of an economy. When the economic growth takes place in an economy, it is expected to create employment opportunities for the people who are looking for job in an economy. The current study aimed to analyze the employment creating capacity of Indian post reform growth. For the purpose of the study annual data for the variables, sectoral growth and unemployment was used from 1991 to 2018. The study found that there exist negative relationships between primary sector growth and unemployment rate both in the short run as well as long run with relationship coefficients of -5.67 and -2.497 respectively. Further the study found that there insignificant relationship between secondary sector growth and unemployment rate both in the short run as well as long run. Further the results found that the does not exist any relationship between services sector growth and unemployment rate neither in short run nor in the long run. The study concluded that unemployment rate was only sensitive to primary sector growth both in the short run as well as long run. The study supported the case of jobless growth in India for the study period particularly in services sector, which is the major contributor to the overall GDP growth of Indian economy.