

YOUTH UNEMPLOYMENT IN KERALA: AN ANALYSIS OF CAUSES, CHALLENGES AND POLICY IMPLICATIONS

By

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Abstract

Entrepreneurship and Youth unemployment have emerged as one of the most pressing socio-economic challenges in Kerala. Despite achieving high literacy rates, educational attainment, and human development indicators, the state continues to experience a significant mismatch between educational qualifications and employment opportunities. The increasing number of educated unemployed youth has resulted in economic dependency, migration, skill underutilization, and social insecurity. This study examines the determinants of youth unemployment in Kerala and evaluates the socio-economic factors contributing to the problem. The study also analyses the effectiveness of government employment initiatives and suggests policy measures to enhance employability and job creation among youth.

Keywords: youth unemployment, employability, skill development, labour market, kerala economy.

JEL Classification: J21, J64, E24

Introduction

Youth constitute a vital segment of the labour force and play a crucial role in economic growth and social development. Kerala, often recognized for its achievements in education, health, and social welfare, faces a paradoxical situation wherein a large proportion of educated youth remain unemployed. The state's

unemployment rate has consistently remained higher than the national average, particularly among graduates and postgraduates.

The issue of youth unemployment is not merely an economic concern but also a social challenge affecting family welfare, mental health, productivity, and economic growth. The expansion of educational institutions has

increased the supply of qualified youth; however, the growth of employment opportunities has not kept pace. Consequently, many educated individuals either remain unemployed or migrate to other states and countries in search of suitable employment.

Understanding the causes and consequences of youth unemployment is essential for designing effective employment policies and achieving sustainable economic development in Kerala.

Review of Literature

Several studies have examined unemployment and labour market dynamics in Kerala.

Kannan and Raveendran (2019) observed that Kerala experiences high unemployment due to structural changes in the economy and limited industrial growth.

Nair (2020) found that educational expansion has increased the number of qualified job seekers without a corresponding increase in employment opportunities.

Prakash (2021) highlighted the growing mismatch between labour market requirements and educational outcomes, particularly among graduates.

International Labour Organization (ILO, 2023) reported that youth unemployment remains a major challenge globally, with developing economies facing severe skill mismatches and labour market rigidities.

These studies indicate that educational attainment alone does not guarantee employment and emphasize the need for skill-oriented training and labour market reforms.

Theoretical Review

Human Capital Theory

According to Becker (1964), investment in education and training enhances productivity and employability. However, unemployment may persist if labour market demand does not match the skills acquired.

Labour Market Segmentation Theory

This theory suggests that labour markets are divided into primary and secondary sectors. Youth often face barriers entering the primary sector, leading to prolonged unemployment.

Structural Unemployment Theory

Structural unemployment occurs when changes in economic structure create mismatches between workers' skills and available jobs.

Job Search Theory

The theory explains unemployment as a result of the time required by job seekers to find suitable employment opportunities matching their qualifications and expectations.

Objectives of the Study

1. To examine the magnitude of youth unemployment in Kerala.
2. To identify the socio-economic factors contributing to youth unemployment.

3. To analyse the relationship between education and employment opportunities.
4. To evaluate the effectiveness of employment generation programmes.
5. To suggest policy measures for reducing youth unemployment.

Hypotheses of the Study

H1: Educational qualification significantly influences youth unemployment.

H2: Skill mismatch has a positive relationship with unemployment among youth.

H3: Lack of industrial development contributes significantly to youth unemployment.

H4: Government employment programmes positively influence youth employability.

Research Methodology

Data Sources

The study is based on both primary and secondary data.

Primary Data

Data were collected from 200 unemployed youth across selected districts of Kerala using a structured questionnaire.

Selected districts of Kerala representing urban and rural regions.

Variables Used in the Study**Dependent Variable**

YUNEMP = Youth Unemployment

Secondary Data

Secondary information was obtained from:

- Periodic Labour Force Survey (PLFS)
- Kerala Economic Review
- Ministry of Labour and Employment
- NSSO Reports
- Research Journals and Government Publications

Independent Variables

- EDU = Educational Qualification
- SKILL = Skill Mismatch
- EXP = Work Experience
- IND = Industrial Development
- GOV = Government Employment Support
- TECH = Technological Change

Sampling Design

A multistage sampling technique was employed.

The econometric model is specified as:

$$YU_i = \beta_0 + \beta_1 EDU_i + \beta_2 SKILL_i + \beta_3 EXP_i + \beta_4 INC_i + \beta_5 GOV_i + \beta_6 LOC_i + \epsilon_i$$

Sample Size

200 respondents

Where:

- β_0 = Intercept
- β_1 to β_6 = Regression Coefficients
- μ = Error Term

Study Area

Variable	Description
(YU)	Youth Unemployment (Dependent Variable)
(EDU)	Educational Qualification
(SKILL)	Skill Mismatch
(EXP)	Work Experience
(INC)	Family Income
(GOV)	Government Employment Support
(LOC)	Location (Rural/Urban)
(\beta_0)	Constant
(\beta_1 - \beta_6)	Regression Coefficients
(\epsilon)	Error Term

Profile of Respondents

Table 1. Age-wise Distribution

Age Group	Frequency	Percentage
18-20	35	17.5
21-25	82	41.0
26-30	55	27.5
Above 30	28	14.0
Total	200	100

Interpretation

The majority of unemployed youth (41%) belong to the age group of 21-25 years, indicating that fresh graduates experience significant difficulties in entering the labour market.

Table 2. Educational Qualification

Qualification	Frequency	Percentage
Higher Secondary	22	11
Graduate	96	48
Postgraduate	62	31
Professional Degree	20	10
Total	200	100

Graduates constitute the largest category of unemployed youth, suggesting a mismatch between higher education and labour market demand.

Factors Responsible for Youth Unemployment

Educational Mismatch: Many graduates possess theoretical

knowledge but lack practical skills demanded by employers.

Limited Industrial Growth: Kerala's economy is dominated by the service sector with relatively low industrial expansion.

Preference for White-Collar Jobs: Many educated youth prefer government and office-based jobs, reducing participation in manual and vocational occupations.

Skill Deficiency: Employers increasingly demand technical and digital skills which many job seekers lack.

Technological Changes: Automation and digitization have altered labour market requirements.

Population Pressure: The increasing number of educated job seekers intensifies competition for limited employment opportunities.

Descriptive Analysis

Variable	Mean	Standard Deviation
Education Level	3.45	1.12
Skill Mismatch	4.10	0.89

Employment Support	2.85	1.05
Industrial Development	2.70	0.95
Youth Unemployment	4.25	0.78

The high mean value for skill mismatch indicates that respondents perceive inadequate job-related skills as a major contributor to unemployment.

Correlation Analysis

The analysis reveals:

1. Positive correlation between skill mismatch and unemployment.
2. Negative correlation between government support and unemployment.
3. Positive association between educational attainment and waiting unemployment.

These relationships indicate structural issues within Kerala's labour market.

Findings of the Study

1. Youth unemployment remains significantly high among graduates and postgraduates.

2. Skill mismatch is the most important determinant of unemployment.
3. Limited industrial development restricts employment opportunities.
4. Government employment schemes have only moderate effectiveness.
5. Many youth prefer government jobs, resulting in prolonged waiting periods.
6. Rural youth face greater employment challenges than urban youth.
7. Migration remains a major coping strategy for unemployed youth.

Suggestions

1. Strengthen industry-academia collaboration.
2. Promote entrepreneurship among youth.
3. Expand vocational and technical education.
4. Encourage industrial investment and start-up ecosystems.
5. Improve career guidance and employment counseling services.

6. Enhance digital and technological skill training.
7. Develop district-level employment generation programmes.
8. Strengthen public-private partnerships in skill development.

Conclusion

Youth unemployment continues to be one of Kerala's most critical developmental challenges. The coexistence of high educational attainment and high unemployment reflects deep structural issues within the labour market. Addressing this challenge requires coordinated efforts involving educational institutions, industries, government agencies, and youth organizations. Skill enhancement, industrial diversification, entrepreneurship promotion, and labour market reforms are essential for improving employment opportunities and ensuring sustainable economic growth. Effective implementation of these measures can transform Kerala's demographic potential into a productive workforce and contribute significantly to the state's socio-economic development.

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To cite this article

Reshma, M. (2026). Youth Unemployment in Kerala: An Analysis of Causes, Challenges and Policy Implications. *John Foundation Journal of EduSpark*, 8(2), 37–44.

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