

## ABSTRACT

Youth unemployment is a huge topic of concern in South Asia countries, which is one of the highest rates of youth unemployment in the world. This study aimed to find the role of GDP growth, foreign direct investment, and some other macroeconomic variables including inflation, population growth, human capital, and government expenditures on education to determine youth unemployment in South Asian Countries. Panel data analysis is done on the concerning variables for the time period between 1991-2022, by applying the Unit root test for all series, the Cross-Sectional Autoregressive Distributed Lag model, along with some diagnostic tests like the Slope Heterogeneity test and Cross-Sectional Dependency test. The result of the Cross-sectional dependence test shows that there exists a cross-section dependence in the data and the slope heterogeneity test indicates the slope coefficients are heterogenous. All other variables are stationary at level, except Youth unemployment and human capital. The findings of CS-ARDL shows that GDP growth, inflation, and human capital have negative and significant relationships with youth unemployment in the short run, all other variables are insignificant. Whereas in the long run GDP growth, inflation, and population growth are having a negative impact on youth unemployment. However, FDI does not have any significant impact on youth unemployment in the case of South Asian countries. Thus, govt. should change development policies to make sure that the poor benefit most from growth benefits and that work opportunities for young people are also created as a result of economic progress. FDI remains ineffective in reducing youth unemployment may be due to investment in such companies that do not encourage youth, so govt should establish industries in which young people are encouraged and may attract foreign investors to invest. So, that more youth can be employed in such industries.