

“Economic Growth with Productive Employment and Decent Work in India from 2015”

Dr. Mangade Ganesh Bajirao

Dept. of Economics
Varadkar-Belose College, Dapoli.

Abstract:

The United Nations Sustainable Development Goal 8 emphasizes the achievement of sustained, inclusive, and sustainable economic growth along with full and productive employment and decent work for all. This study examines whether economic growth in India since 2015 has translated into productive employment and decent work conditions. Using secondary data from government sources, UNDP, ILO, and Periodic Labour Force Survey reports, the study analyses trends in national income growth, unemployment rates, labour force participation, and employment structure across Indian states. The findings reveal that although India experienced economic growth during the period, its ability to generate productive and decent employment remained limited. Growth momentum weakened before the COVID-19 pandemic, while the lockdown caused a sharp rise in unemployment across all states. Labour Force Participation Rates remained persistently low, particularly among certain states, indicating structural weaknesses in the labour market. The employment structure continues to be dominated by self-employment, with declining shares of regular wage employment, raising concerns about job quality and informality. The study concludes that economic growth alone is insufficient to ensure productive employment and decent work unless supported by targeted employment policies, labour market reforms, and inclusive development strategies aligned with sustainable development goals.

Keywords: Economic Growth; Productive Employment; Decent Work; Labour Force Participation Rate; Unemployment; Sustainable Development Goals; Indian Economy; Employment Structure.

INTRODUCTION:

UNDP declared its SDGs for the period from 2015 to 2030. In that goal 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. On the one hand UNDP expected economic growth with inclusiveness and sustainability and on the other hand it expected productive employment and decent work for all. But the question is: Let us assume that economic growth, if inclusive, leads to full and productive employment and decent work. Economic growth leads to an increase in the national income of a country as well as an increase in per capita income. If the per capita income of the people is increasing, economic growth can be said to be inclusive. Experiences in this regard are different across the world and different scholars have narrated the following.

UNDP itself mentioned in its reports “Global unemployment increased from 170 million in 2007 to nearly 202 million in 2012, of which about 75 million are young women and men”. If world economies showing more growth means that providing more jobs to people is also productive. But the actual picture is different.

Productive employment refers to work that is not only about having a job but also emphasizes the importance of the work being meaningful, contributing to economic growth, and improving the overall

well-being of individuals and society. It's not just about the quantity of jobs but also about their quality and the positive impact they have on the economy and people's lives.

Productive employment is a form of employment that generates economic value, encourages skill development, and promotes innovation and creativity. It ensures fair compensation, job security, and social inclusion. It contributes to a country's growth and development, contributes to a decent standard of living, and promotes social inclusion by providing equal opportunities for all individuals. Productive employment goes beyond the basic concept of having a job, focusing on the quality and impact of work on individuals, society, and the economy. It aligns with the broader goals of sustainable development and a thriving, inclusive society.

"Decent work" is a concept promoted by the International Labor Organization (ILO) and refers to employment that is productive and delivers a fair income, provides security in the workplace, ensures social protection for families, and promotes social dialogue and workplace equality. The concept is part of the broader goal of achieving sustainable and inclusive economic development.

The concept of decent work focuses on fair income, social protection, and open communication between employers, workers, and their representatives. It ensures a decent standard of living for workers and their families, and promotes social justice by providing healthcare, maternity leave, and unemployment benefits. It also encourages collaboration between employers, workers, and their representatives to address workplace issues and improve decision-making. This aligns with sustainable development goals.

Objectives of Research problem are:

- To find out the growth is sustainable on the basis of criteria of productive employment and decent work.
- To find out the situation of productive employment and decent work in India.

Hypothesis of study:

- There is significant relationship between economic growth and productive employment.
- There is significant relationship between economic growth and decent work conditions.

Research Methodology

- Research design (qualitative, quantitative, or mixed-method approach)
- Data sources (secondary data from government reports, ILO, World Bank, etc.)
- Analytical framework (trend analysis, policy evaluation)

REVIEW OF LITERATURE:

Different studies show the relationship between growth performance and level employment and its effect on the economy.

K. Burggraeve G. de Walque H. Zimmer (June 2015) these three researchers find out the relationship between economic growth and employment in the Study related to Belgium Economy. In Belgium in particular, it is estimated that, in terms of deviation from their respective trends, a 1 % rise in GDP brings a 0.5 % increase in employment. These figures are in line with the European average. However, it must be pointed out that this stable relationship between employment and growth may conceal a variation in job "quality", as part-time jobs are constantly expanding. In the Research article they find out the above findings.

William Seyfried, Winthrop University (2011) in his research paper title is EXAMINING THE RELATIONSHIP BETWEEN EMPLOYMENT AND ECONOMIC GROWTH IN THE TEN LARGEST STATES in USA find out following finding the nature of the relationship between employment and economic growth in the ten largest states. The elasticity of employment with respect to real GDP was

estimated to be 0.47 using a pooled regression while ranging from 0.31 to 0.61 in state-specific regressions. Persistence in employment growth was found in every state – ranging from a low degree of persistence in Michigan to a high in California. Next, the potential for lags in the relationship was considered. Results indicated that economic growth has some immediate effect on employment.

Dorin JULA, Nicolae-Marius JULA (2013) in the article published by *Romanian Journal of Economic Forecasting* titled **ECONOMIC GROWTH AND STRUCTURAL CHANGES IN REGIONAL EMPLOYMENT**. Both discuss growth and employment and find out some outcomes. They found evidence that aggregate economic growth is causing structural change in regional employment and not the reverse. Why? Structural changes precede economic growth only if the government’s efforts were directed towards stimulating these transformations. The opposite situation a causal relationship from economic growth to structural changes appears when a contradictory behavior of macroeconomic management was adopted.

India Employment Report (2024) In India employment growth remained stagnant up to 2019 and then moved upward. Between 2000 and 2012, employment in India experienced an annual growth rate of 1.6 per cent, while gross value added grew at a much faster rate, at 6.2 per cent. The rise in labour productivity up to 2019 was accompanied by capital deepening. Labour productivity consistently increased alongside capital deepening, indicating that economic growth was increasingly associated with technological progress and productivity gains rather than employment. Employment has shifted from low-productivity agriculture to relatively higher-productivity non-agriculture sectors.

ANALYSIS OF STUDY:

On the basis of criteria of productive employment, if we checked the Indian economy, we found some facts that are shown in statistics of various reports of governments. Economic contribution of various sectors of economy and employment generation and condition of employment. We found the following statistics.

Economic Growth in India Since 2015

Gross Domestic Product (GDP) serves as a broad measure of a country's economic activity, representing the total economic value of all goods and services produced within a country's borders during a given period. Analyzing GDP trends and sectoral contributions provides insight into the structural evolution of the economy and the different roles of different industries.

As per the economic survey of India for the year 2021 22 gross national income for the year 2015-16 growth rate was 8% and in the year 2019-20 it was 7.9%. For the same period, the per capita net national income growth rate was respectively 6.7% and 2.5%. Both the growth rate of gross national income and per capita net national income shows negative trends as per the statistics shown in table no 1.1.

Table 1.1. Annual Growth Rates of Gross National Income and Net National Income						
(Per cent)						
	Gross national income		Net national income		Per capita net national income	
Year	Current	Constant	Current	Constant	Current	Constant
	prices	prices	prices	prices	prices	prices
(1)	(2)	(3)	(4)	(5)	(6)	(7)

2015-16	10.5	8.0	10.8	8.0	9.4	6.7
2016-17	11.8	8.3	12.0	8.2	10.6	6.9
2017-18	11.1	6.9	11.1	6.7	9.9	5.5
2018-19 (2nd RE)	10.5	6.6	10.3	6.4	9.3	5.3
2019-20 (1st RE)	7.9	4.2	7.7	3.6	6.6	2.5
2020-21 (PE)	-3.0	-7.2	-3.0	-7.4	-4.0	-8.4
2021-22 (1st AE)	17.8	9.4	17.8	9.5	16.7	8.4
Source: National Statistical Office						

Table 1.2 (see annex) unemployment rate in percent according to current weekly status for different states persons above 15 years unemployment rate in percentage of person unemployed among the person as per the labour force weekly status for different states in India persons above 15 years issues State wise trends was different for the year 2018-19, 2020, 2021 as per various rounds of quarterly periodic labour force survey bulletin of ministry of statistic and program implementation shows in table number 8.12

All states show high unemployment rate during April June 2020, because of COVID pandemic lockdown of the economy, but before that and after pandemic shows high in the state Jammu and Kashmir Odisha Bihar Rajasthan Uttar Pradesh shows high compared to all India average for respective years.

Table 1.3 (see annex) Table 8.10: Labour Force Participation Rate (LFPR) (in %) according to current weekly status for different States (persons, 15 years and above) Labour force participation rate (LFPR) in percentage of persons in the labour force in the population for the year 2018, 2019 and 2020 for three quarters shows all states and all India average was below 50%. All India labour force participation rate in percentage for April- June 2018 it was 35.6% and in the first quarter of 2021 January to March it was 37.5%, which means increased by only 2% in the particular period. In the state of Bihar, it was only 27.3% in the period January-March 2021. In the State of Tamil Nadu, Telangana, West Bengal, Andhra Pradesh, Gujarat and Maharashtra shown high labour force participation rate above national average but it's not satisfactory because it's less than 50%.

India's employment landscape is dominated by self-employment, followed by regular and casual employment. In 2022, self-employment accounted for 55.8% of employment, while casual and regular employment accounted for 22.7% and 21.5%, respectively. Self-employment remained stable at around 52% between 2000 and 2019, while regular employment increased by nearly 10%. However, by 2022, self-employment increased by 3.8 percentage points to 55.8%, while regular employment declined by 2.3 percentage points to 21.5%. Casual employment also declined, from 33.3% in 2000 to 22.7% in 2022.

CONCLUSION AND RECOMMENDATIONS

Key Findings:

- India's growth momentum weakened over time, as both Gross National Income and per capita Net National Income growth rates declined between 2015–16 and 2019–20.

- The COVID-19 lockdown caused a sharp spike in unemployment across all states in April–June 2020, with persistently higher unemployment in states like Jammu & Kashmir, Bihar, Odisha, Rajasthan, and Uttar Pradesh.
- Labour Force Participation Rate (LFPR) remained structurally low across India, staying below 50% in all states, with only a marginal national increase from 35.6% (2018) to 37.5% (2021).
- Significant inter-state disparities exist, with states such as Bihar showing very low LFPR, while southern and western states perform relatively better but still below desirable levels.
- India’s employment structure remains dominated by self-employment, which increased post-pandemic, while regular and casual employment shares declined, indicating rising informality and job quality concerns.
- Policy recommendations for sustainable employment and decent work:
 - Implement targeted policies to increase female and youth participation through childcare support, skill-based education, flexible work arrangements, and safe workplace infrastructure, especially in low-LFPR states.
 - Encourage formal sector job creation by supporting MSMEs, easing compliance burdens, and incentivizing industries that generate regular wage employment rather than informal self-employment.
 - Design state-specific employment strategies for high-unemployment states such as Bihar, Uttar Pradesh, Rajasthan, and Jammu & Kashmir, focusing on local skill needs and sectoral strengths.
 - Align skill development programs with emerging sectors like manufacturing, logistics, digital services, and green energy to improve employability and productivity.
 - Expand social security coverage for self-employed and casual workers, and strengthen labour market data systems to support timely, evidence-based policy interventions.

REFERENCES:

1. Burggraave, Koen, Grégory de Walque, and Helene Zimmer. "The relationship between economic growth and employment." *Economic Review* 1 (2015): 32-52.
2. Seyfried, William. "Examining the relationship between employment and economic growth in the ten largest states." *Southwestern Economic Review* 32 (2011): 13-24.
3. Jula, Dorin, and Nicolae Marius Jula. "Economic growth and structural changes in regional employment." *Romanian Journal of Economic Forecasting* 16, no. 2 (2013): 52-69.
4. https://www.ilo.org/sites/default/files/2024-08/India%20Employment%20-%20web_8%20April.pdf
5. <https://www.undp.org/sustainable-development-goals>

Appendix I

Table 1.2 : Unemployment Rate (UR) (in per cent) according to current weekly status for different States (persons, 15 years and above)												
	2018			2019				2020			2021	
	Apr- Jul- Sept	Jul- Oct- Dec		Jan- Mar- Apr- Jun- e	Jul- y- Sept	Oct- t- Dec		Jan- Mar- ch	Apr- ril- Jun- e	Jul- y- Sept	Oct- t- Dec	Jan- - Mar- ch

	n											
Andhra Pradesh	74	7.7	8.1	8.5	9.1	10.1	10.0	12.6	26.0	13.9	9.3	7.3
Assam	73	6.5	6.0	9.2	10.5	10.2	9.8	9.6	15.6	9.9	8.5	9.3
Bihar	114	12.4	13.4	10.4	10.2	8.6	8.6	10.0	12.8	11.1	9.0	8.0
Chhattisgarh	117	9.5	7.8	8.9	8.8	9.0	9.7	9.3	16.1	15.4	14.5	11.6
Delhi	99	9.4	11.8	13.2	11.0	11.7	10.2	12.9	17.9	12.0	8.0	8.1
Gujarat	45	4.8	4.5	4.1	3.0	4.3	3.3	3.7	10.5	4.5	4.0	3.8
Haryana	98	9.2	10.8	10.4	11.5	7.1	6.8	7.0	13.3	9.9	11.7	10.3
Himachal Pradesh	109	9.3	11.2	11.3	9.9	10.8	7.4	12.8	14.9	8.6	7.5	7.8
Jammu & Kashmir	139	13.3	13.5	13.8	10.9	11.0	15.5	17.3	18.2	17.4	17.8	17.6
Jharkhand	139	12.0	10.4	9.5	8.9	8.3	7.5	11.8	32.0	19.8	16.0	11.4
Karnataka	61	6.3	5.9	4.3	4.3	3.9	4.3	4.3	13.0	7.4	7.1	6.7
Kerala	147	14.5	11.6	11.6	12.8	13.9	12.5	16.4	27.3	18.9	16.7	14.2
Madhya Pradesh	132	10.8	11.4	12.4	12.8	12.1	11.5	12.5	28.9	14.9	11.3	9.8

Maharashtra	89	9.9	9.6	8.3	7.6	5.8	5.5	6.3	35.6	22.6	13.7	12.5
Odisha	100	13.6	14.2	15.7	14.6	10.9	10.8	11.3	22.9	16.5	15.0	13.7
Punjab	84	9.3	7.0	7.6	8.9	9.8	9.8	9.4	13.3	10.8	9.2	7.6
Rajasthan	110	10.2	10.9	10.2	10.6	9.7	10.4	12.7	24.6	15.1	12.8	12.6
Tamil Nadu	92	8.7	8.4	9.0	8.5	6.9	7.4	8.6	17.4	10.3	8.9	9.1
Telangana	114	12.7	12.4	11.5	12.4	10.9	11.5	12.1	25.5	15.4	10.6	10.6
Uttarakhand	104	11.9	13.6	14.2	11.7	9.9	9.3	9.6	26.8	10.9	11.6	14.3
Uttar Pradesh	151	12.8	15.8	12.5	11.4	11.1	8.8	9.7	16.7	13.4	11.2	10.6
West Bengal	74	8.8	8.0	7.4	6.3	6.1	5.5	7.0	16.5	10.7	6.7	4.8
ALL INDIA	98	9.7	9.9	9.3	8.9	8.4	7.9	9.1	20.9	13.3	10.3	9.4

Note: UR is defined as the percentage of persons unemployed among the persons in the labour force.
Appendix II

Table 1.3: Labour Force Participation Rate (LFPR) (in per cent) according to current weekly status for different States (persons, 15 years and above)												
	2018			2019				2020				2021
	April - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec	Jan - March	April - June	July - Sept	Oct - Dec	Jan - March
Andhra Pradesh	40.0	40.0	39.4	38.2	37.6	39.1	39.0	39.4	37.6	38.6	39.0	40.1
Assam	36.6	37.0	35.0	35.4	35.0	36.4	36.7	36.9	35.9	35.6	36.2	37.2

Bihar	26.5	26.4	27.3	27.3	27.4	27.3	27.2	27.6	27.1	27.6	28.2	27.3
Chhattisgarh	37.6	39.5	38.2	36.0	36.2	37.4	37.1	38.8	35.4	37.1	37.3	36.6
Delhi	35.6	35.4	36.5	35.3	36.7	37.6	38.1	37.9	36.5	34.5	35.2	35.6
Gujarat	35.7	37.4	37.0	36.7	37.7	37.8	39.1	39.7	37.2	38.9	39.0	39.8
Haryana	33.9	36.0	36.6	36.4	36.9	36.0	36.8	37.4	36.1	35.2	35.7	34.5
Himachal Pradesh	39.9	39.7	40.6	40.2	40.3	39.1	43.1	41.8	42.2	43.1	41.4	43.3
Jammu & Kashmir	37.3	37.8	36.5	35.7	36.3	37.1	40.1	40.5	39.0	38.9	38.5	39.2
Jharkhand	29.0	29.8	30.1	30.4	29.9	30.6	34.1	34.9	32.3	32.9	33.0	33.2
Karnataka	36.4	36.2	37.2	37.3	37.6	38.2	38.4	38.0	37.3	38.9	38.9	39.7
Kerala	35.1	35.9	35.6	36.7	37.2	36.3	36.4	37.2	34.5	36.0	36.1	35.7
Madhya Pradesh	35.7	36.0	36.2	35.1	34.1	35.2	36.0	36.6	36.2	36.1	36.1	35.8
Maharashtra	36.3	37.1	37.5	37.7	37.3	38.1	38.3	38.6	36.6	38.2	38.2	38.5
Odisha	33.1	34.8	34.0	35.0	35.7	35.3	36.5	36.0	34.9	37.7	35.4	35.9
Punjab	37.4	38.0	37.2	38.3	38.3	38.7	39.4	38.9	37.1	36.5	38.2	38.6
Rajasthan	32.4	32.1	33.3	33.1	33.2	34.4	34.0	34.5	30.8	31.8	32.5	33.6
Tamil Nadu	39.2	39.3	39.3	39.9	39.6	41.0	41.5	41.9	39.8	41.9	42.2	42.4
Telangana	37.6	38.2	38.5	38.3	38.2	39.8	39.5	39.7	40.7	40.0	40.0	40.3
Uttarakhand	33.0	32.4	32.2	33.5	33.3	34.4	34.5	36.0	35.1	36.3	36.4	35.6
Uttar Pradesh	31.0	31.0	31.6	30.0	31.1	31.6	31.5	32.2	31.5	33.3	33.6	33.6
West Bengal	38.7	40.1	39.5	39.2	39.5	40.4	40.6	40.8	38.3	40.4	40.7	40.6
ALL INDIA	35.6	36.1	36.3	36.0	36.2	36.8	37.2	37.5	35.9	37.0	37.3	37.5

Source: Various rounds of quarterly Periodic Labour Force Survey (PLFS) bulletins, Ministry of Statistics and Programme Implementation

Note: LFPR is defined as the percentage of persons in the labour force in the population.