

Rethinking Economic Growth and Employment: India's Experience with SDG 8

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1. Introduction

1.1 Background of Sustainable Development Goals (SDGs)

The adoption of the United Nations' 2030 Agenda for Sustainable Development in September 2015 marked a pivotal moment in international development discussions. Unlike the Millennium Development Goals (MDGs), which had a narrower focus and mainly targeted developing countries, the Sustainable Development Goals (SDGs) provide a universal framework that balances economic, social, and environmental sustainability. The SDGs include 17 goals and 169 targets, requiring coordinated efforts from governments, businesses, and civil society. They call for a major shift in how we think about growth strategies, moving from a focus solely on GDP expansion to a broader vision of sustainable, inclusive, and resilient development. Among the goals, SDG 8—"Decent Work and Economic Growth"—is particularly significant. It stands alone but is also closely connected to poverty eradication, gender equality, education, social protection, and climate resilience.

1.2 Overview of SDG 8: Decent Work and Economic Growth

The idea of decent work is key to SDG 8. It highlights the important aspects of employment:

Fair Wages: Workers should earn enough to support themselves and their families.

Workplace Safety: Safety and health standards must be maintained to avoid accidents and illnesses.

Social Protection: Workers should have access to social security and healthcare.

Labor Rights: Freedom to join unions, negotiate collectively, and protection from discrimination are essential.



Gender Equality: Equal job opportunities and pay for women and men are crucial.

Economic growth: Economic growth under SDG 8 means increasing the value of goods and services produced by an economy in a way that lasts over time, includes all people and groups, and is environmentally friendly. SDG 8 stresses that economic growth should accompany the creation of productive jobs, the promotion of fair working conditions, and the assurance that the benefits of growth reach everyone while not exhausting natural resources or damaging the planet.

Therefore, SDG 8 is not just about the quantity of jobs but also about their quality. It challenges policymakers to balance rapid growth with inclusiveness and to consider whether growth genuinely improves livelihoods and human well-being as well as protect interest of nature.

1.3 Relevance of SDG 8 in the Global and Indian Context

Globally, labour markets are transforming due to automation, changing demographics, climate change, and geopolitical uncertainties. Decent work is a global necessity because labour rights, social security, and fair participation in employment directly relate to reducing inequality and maintaining democratic stability.

In India, the situation is especially critical. With over 500 million people in the labour force, the country is key to global SDG progress but also faces significant contradictions. India often demonstrates jobless growth, marked by rapid GDP increases that do not create enough jobs. Challenges like rural distress, underemployment, and a large youth population highlight the need to align India's growth with SDG 8 goals.

1.4 Objectives and Scope of the Study

This study aims to explore India's experience with SDG 8 within theoretical discussions and global comparisons. The four main goals are:

1. To reassess India's growth and employment dynamics in relation to SDG 8.
2. To evaluate the structural and institutional factors that affect job creation.
3. To analyse lessons from international best practices and innovations in Indian states.
4. To recommend strategies for aligning India's growth with sustainable and inclusive employment.

1.5 Research Questions



The analysis will focus on three main questions:

- How can India balance rapid economic growth with the generation of inclusive and decent jobs?
- What obstacles hinder progress toward SDG 8?
- How can India draw on global experiences and local innovations to tackle its employment challenges by 2030?

2. Conceptual and Theoretical Framework

2.1 Defining “Decent Work” and “Sustained Economic Growth”

The ILO formalized the concept of decent work in 1999, which focuses on job creation, rights in the workplace, social protection, and social dialogue. It is a multidimensional idea that goes beyond simply having jobs to ensure fairness, dignity, and social justice at work.

Sustained economic growth refers to a steady increase in output while maintaining resource efficiency, fairness for future generations, and economic stability. For developing countries like India, the main challenge is to ensure that high growth is inclusive, fair, and environmentally friendly.

2.2 Theoretical Perspectives: Employment-Growth Nexus

The connection between employment and economic growth is a key topic in development economics, with various theoretical explanations coming from classical, Keynesian, neoclassical, and modern viewpoints.

Classical and Neoclassical Perspectives: In classical economics, employment was considered an outcome dependent on economic growth. It assumed that markets could self-correct. Meanwhile, in a neoclassical model, wage flexibility and labour movement across sectors were expected to lead to full employment over time. However, this view overlooked the structural rigidities, labour market flaws, and power imbalances present in real economies, especially in developing nations like India.

Keynesian Economics: John Maynard Keynes shifted focus to demand-side factors. He pointed out that total demand could be too low to guarantee full employment. Therefore, even when growth potential exists, creating jobs needs government action through fiscal and monetary policies to boost demand. The Keynesian framework is important in cases of cyclical unemployment and economic downturns, such as post-COVID India, where private demand alone cannot ensure enough job opportunities.



Lewis Dual-Sector Model (1954): W. Arthur Lewis introduced a key framework for understanding growth and employment in developing nations. His model explained how surplus labour stuck in low-productivity agriculture gradually moves to higher-productivity industrial jobs as economies grow. However, in India, this transition has not fully occurred. Agriculture still employs about 40% of the workforce but contributes less than 18% to GDP. Industrial growth has not absorbed enough labour. This mismatch shows why economic growth has not led to widespread employment.

Employment Elasticity of Growth: Employment elasticity measures the percentage change in employment that comes with a one percent change in GDP. India's declining employment elasticity—from about 0.40 in the early 2000s to less than 0.15 in recent years (Mehrotra, 2021)—highlights the issue of “jobless growth.” This means that as the economy grows, job creation does not keep pace, raising concerns that productivity gains come at the expense of job availability.

Human Capital Theory: Developed by Becker (1964), this theory emphasizes the importance of education, training, and skills in improving labour productivity, earnings, and employability. For countries like India with a young population, investing in human capital is crucial for turning demographic advantages into decent job outcomes.

Contemporary Perspectives: Current research points to the dual challenges of technological change (automation, AI, platform economy) and sustainability transitions (climate change, resource limits). These trends imply that employment policy must focus not just on job creation but also on ensuring resilience, adaptability, and environmental responsibility.

In conclusion, the theoretical literature makes it clear that growth does not inherently create jobs of good quality. Structural changes, institutional contexts, and targeted policy actions determine how much economic progress translates into decent jobs.

2.3 Linkages of SDG 8 with Other SDGs

SDG 8 plays a crucial role in the 2030 Agenda because it supports the achievement of many related goals. Employment, productivity, and decent work serve as important links in development processes, creating strong connections across various SDGs:

Link with SDG 1 (No Poverty): Employment offers the most immediate and lasting way out of poverty. Steady, well-paying jobs provide household income security, reduce reliance on welfare, and promote



upward mobility. In India, informal and low-wage jobs have been a significant barrier to reducing structural poverty.

Link with SDG 4 (Quality Education): Skills and education are key to employability. Education—in forms such as formal schooling, technical training, and lifelong learning—boosts productivity, earnings, and adaptability in the job market. The gap between India’s educational outcomes and labour market needs highlights how SDG 4 supports the goals of SDG 8.

Link with SDG 5 (Gender Equality): Women’s economic involvement not only improves household well-being but also drives inclusive growth. Boosting female labour force participation could significantly increase India’s GDP (McKinsey, 2015). Conversely, failing to ensure equal work opportunities for women can hinder progress on wider SDG goals.

Link with SDG 10 (Reduced Inequalities): Employment is a vital tool for inclusive development, which reduces economic gaps across caste, class, region, and gender. Secure and fair jobs ensure the benefits of growth are shared widely, addressing India’s historical inequalities.

Link with SDG 13 (Climate Action): Employment systems must consider environmental issues. Transitioning to a low-carbon economy requires policies that promote “green jobs,” such as those in renewable energy, recycling, and sustainable agriculture. This approach helps align job growth with climate objectives, preventing a clash between economic output and ecological preservation.

Thus, SDG 8 acts as a “**cross-cutting enabler**” for other SDGs. Achieving it depends on and contributes to broader developmental outcomes across education, social protection, gender equality, and environmental sustainability.

2.4 Indicators for Measuring SDG 8 Progress

Tracking progress toward SDG 8 needs a broad range of indicators that reflect both the quantity and quality of growth and jobs. Internationally, the United Nations (UNSD), International Labour Organization (ILO), and World Bank have outlined a standard set of relevant indicators.

Macroeconomic Indicators:

- Annual growth rate of real GDP per capita—shows whether economic progress is being maintained.
- GDP per worker (labour productivity)—measures labour efficiency.



Employment Indicators:

- Employment-to-population ratio—indicates the inclusiveness of the labour market, especially for women and youth.
- Unemployment rate by sex, age, and disability status—highlights disparities in the labour market.
- Youth NEET (Not in Education, Employment, or Training)—evaluates the risk of wasted human potential.

Work Quality and Decency Measures:

- Informal employment as a percentage of total employment—critical for India, where around 85% of workers are in the informal sector.
- Labour rights compliance, occupational safety, and wage indicators—assess fairness and quality in work.
- Proportion of workers with social protection coverage (pensions, insurance, maternity benefits).

Equity and Inclusivity Indicators:

- Gender wage gap and the share of women in managerial roles—show progress toward equality.
- Average hourly earnings of employees by sex, age, disability, and occupation.

Sustainability Indicators:

- Resource efficiency (material consumption per unit of GDP).
- Share of green jobs in renewable energy, sustainable industries, and climate adaptation.

In the Indian context, several of these indicators are monitored through the NITI Aayog SDG India Index and the Periodic Labour Force Survey (PLFS). However, challenges in measurement remain due to data gaps in informal sector activity, gig economy participation, and gender-disaggregated employment patterns. Strengthening statistical capacity, especially at state and district levels, is essential for accurately tracking SDG 8 progress in India.

3. The Global Context of SDG 8

3.1 Worldwide Progress



Despite some advances in reducing poverty and improving education, SDG 8 continues to be a challenge globally. According to the ILO, over 2 billion people worldwide remain in informal jobs, lacking access to security and benefits. Advanced economies face stagnating productivity, while many developing nations struggle to turn high GDP growth into job gains.

3.2 Regional Disparities

In Europe, job recovery is limited by austerity measures and automation. Africa's fast-growing population has surpassed job creation, resulting in rising unemployment. East Asian countries like China and Vietnam show the benefits of labour-intensive industrialization, but they now face challenges from increasing wages and automation.

3.3 Global Challenges

Global labour markets face three main challenges: automation, which threatens up to 40 percent of jobs; informal labour, leaving over half the workforce unprotected; and ongoing inequality, which undermines inclusive growth.

3.4 Best Practices

Several models provide valuable lessons: Germany's dual training system connects education and industry through apprenticeships; South Korea combines technology with education to prepare a future-ready workforce; and Brazil's conditional cash transfers link social inclusion with labour market participation.

4. India and SDG 8: The National Context

4.1 Economic Growth Patterns

Since 1991, India's liberalization has led to significant GDP growth, making it one of the fastest-growing economies globally. However, job creation has not kept pace. Growth has concentrated in capital-intensive sectors like IT and finance, generating few jobs relative to output. In contrast, labour-intensive manufacturing sectors like textiles and leather remain underdeveloped and unable to absorb India's large workforce. This has resulted in persistent jobless growth, with economic activity coexisting alongside stagnant job opportunities.

4.2 Formal vs. Informal Sector Employment



Informality characterizes India's labour market, with about 85 percent of workers employed informally. Informal workers often lack contracts, social security, and legal protection, leaving them exposed to economic shocks. The prevalence of informality challenges SDG 8's vision for secure and decent work, revealing the dual nature of India's labour market.

4.3 Demographic Dividend and Youth Unemployment

India's young demographic presents potential benefits, with nearly two-thirds of its population under 35. However, high youth unemployment rates—exceeding 20 percent in some states—indicate wasted potential. While educational attainment has improved, skill mismatches prevent young graduates from finding suitable jobs. If not addressed, the demographic dividend could turn into a liability, leading to frustration and instability.

4.4 Gender Dimensions

Female labour force participation has decreased from 31 percent in 2005 to 23 percent in 2022. Women face barriers like unpaid care work, unsafe transport, and workplace discrimination. This decline limits women's empowerment and hampers overall productivity and growth. Closing the gender gap is essential for achieving SDG 8.

4.5 Migration, Labour Rights, and Social Protection

Seasonal migration is common in India, with millions moving from rural to urban areas for work. The COVID-19 lockdowns in 2020 revealed the vulnerability of migrant workers, many of whom lost their jobs overnight and lacked access to social protection. The crisis highlighted the urgent need for portable labour rights and social security mechanisms across states.

4.6 Government Initiatives

The government has launched several initiatives to address employment challenges. MGNREGA provides rural households with wage security and has created over 2 billion person-days of work each year. The Skill India Mission aims to skill 400 million workers, while Make in India looks to boost manufacturing competitiveness. Start-up India encourages entrepreneurship, especially in technology and services. While these programs are ambitious, their effectiveness is often limited by implementation issues, funding constraints, and structural challenges.



5. Challenges in Achieving SDG 8 in India

India's progress towards SDG 8 faces several deep-rooted challenges.

First, labour market dualism, with a small formal sector and a vast informal sector, limits the economy's ability to create secure and well-paying jobs. Informality weakens social protection and undermines inclusive growth.

Second, there is a significant skill mismatch. India produces millions of graduates each year, but many lack the skills needed by modern industries. At the same time, sectors with potential for jobs, like manufacturing and agriculture-based businesses, often struggle to attract investment and policy support.

Third, the COVID-19 pandemic caused a massive loss of employment, destroying over 100 million jobs in April 2020 alone (CMIE). The recovery has been uneven, with informal workers and women facing the greatest challenges. This crisis exposed the vulnerability of India's labour market and the shortcomings of existing safety nets.

Fourth, the challenges of climate change and energy transition introduce new risks. As India aims for net-zero targets, industries that rely on fossil fuels will shrink, endangering millions of jobs. The shift to green energy requires careful planning to ensure that displaced workers are retrained and moved into renewable energy, sustainable agriculture, and circular economy sectors.

Finally, institutional weaknesses pose a major obstacle. India's labour laws have typically been complex and fragmented, discouraging companies from increasing formal employment. Although recent labour codes seek to simplify these laws, concerns remain about their ability to protect workers while allowing business flexibility. Additionally, underfunded social security programs and weak monitoring systems further slow progress.

6. Strategies and Policy Recommendations

To achieve SDG 8 in India, we need to adjust economic and social policies. This includes addressing labour market issues, improving skills training, expanding social protection, and boosting productivity sustainably. Policy recommendations should target multiple levels—macro-economic, institutional, sectorial, and community-based—while supporting India's broader goals of reducing inequality, eliminating poverty, and ensuring environmental sustainability.

6.1 Fostering Inclusive and Sustainable Growth in India



India's past growth has mainly come from services, not manufacturing or agriculture. This has resulted in limited job creation despite high GDP growth. Moving forward, growth policies should prioritize labour-intensive sectors, including traditional ones like textiles, construction, and agriculture, as well as new areas like renewable energy and waste management.

To achieve inclusive growth, we must ensure that marginalized groups—such as women, Scheduled Castes, Scheduled Tribes, differently abled persons, and informal workers—are included in productive jobs. This means addressing gaps in education, health, access to credit, and labour rights, with support from targeted government interventions. Growth must also be sustainable, preserving environmental resources. Therefore, green job policies—like renewable energy projects, afforestation, and eco-tourism—should be integrated into India's development plans.

6.2 Skill Development, Education, and Innovation for Employment

India's demographic advantage will only be valuable if it matches the right skills. Evidence shows significant skill mismatches, with many graduates unable to find work due to theoretical education and lack of practical skills (FICCI, 2021). Thus, the education system should shift from rote learning to more practical and industry-relevant programs.

Innovation also plays a key role in employment. By encouraging start-ups, technology incubators, and research and development investments, India can create high-value jobs while also tackling future challenges like automation. Public-private partnerships can connect industry needs with vocational training through apprenticeship programs modelled after Germany's dual education system. In India, programmes like Skill India and Digital India play a crucial role too.

6.3 Strengthening Social Protection and Labour Rights Framework

India's social protection system is still incomplete, fragmented, and poorly coordinated. The pandemic exposed these issues, leaving millions of migrant and informal workers without support. A comprehensive social protection framework is necessary, ensuring universal access to healthcare, unemployment benefits, pensions, maternity leave, and workplace safety standards (ILO, 2020).

Labour rights must also evolve with the changing economy. The growth of gig and platform work requires new regulations to protect minimum wages, bargaining rights, and access to social insurance. Additionally, India's recent consolidation of labour laws into four codes needs effective implementation to make compliance easier for businesses while protecting worker dignity and rights.



6.4 Promoting Entrepreneurship, MSMEs, and Digital Economy

Micro, Small, and Medium Enterprises (MSMEs) are crucial, employing nearly 110 million people in India. Policies need to tackle their ongoing challenges—such as access to credit, poor infrastructure, and limited global value chain integration. Formalizing MSMEs through digital solutions, simplifying insolvency processes, and creating cluster-based models can improve sustainability and productivity.

Digitalization in India comes with both risks and opportunities. While automation can eliminate low-skilled jobs, the digital economy creates new roles in e-commerce, logistics, fintech, and service delivery. By promoting digital literacy, ensuring affordable internet access, and establishing regulatory standards for digital work, India can seize opportunities and reduce exclusion.

6.5 Leveraging International Cooperation and Global Partnerships

India cannot achieve SDG 8 alone. Global partnerships are crucial for sharing best practices, accessing technology, and mobilizing resources. For instance, climate finance can support India's green transition, while cooperation with countries like Brazil and South Africa can provide insights on social safety programs. Multilateral forums such as the G20 offer India a platform to influence global labour and trade standards in line with SDG 8.

7. Case Studies / Empirical Insights

Case studies provide valuable context and evidence of India's progress towards SDG 8. They reveal differences across countries and Indian states, while showcasing examples of successful programs and areas for improvement.

7.1 Comparative Insights: India vs. Emerging Economies

China: Successfully used export-oriented manufacturing to absorb excess rural labour. It established industrial clusters and global value chain links, effectively reducing poverty and increasing employment.

Brazil: Combined conditional cash transfers (Bolsa Família) with poverty reduction efforts, increasing labour market participation among vulnerable families.

India: Relies heavily on IT and service exports, creating high-skilled jobs but leaving many excluded. The key lesson is clear: balancing manufacturing with social protection is vital for linking growth with widespread employment.



7.2 Best Practices from Indian States

Kerala: High literacy rates, vocational institutions, and support for overseas employment have made Kerala a model for skill-based labour mobility.

Gujarat: Developing industrial corridors and Special Economic Zones (SEZs) to attract investment demonstrates how industrial policy can drive job creation.

Tamil Nadu: Noteworthy for boosting women's participation in the workforce through self-help groups and the textile sector.

7.3 Case Studies of Successful Employment Schemes

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act): This is the world's largest public works program, providing 100 days of guaranteed rural employment each year. While it alleviates rural distress, it struggles with payment delays and limited skills training.

PMEGP (Prime Minister's Employment Generation Programme): Focuses on creating self-employment opportunities by funding small businesses.

7.4 Grassroots and Community-Based Initiatives

Community-led programs show resilience and inclusiveness in job creation.

Self-Employed Women's Association (SEWA): Organizes women workers in the informal sector into cooperatives, empowering them and increasing their access to social security.

Self-Help Groups (SHGs) in rural areas provide loans, support micro-enterprises, and promote collective empowerment, especially for women.

8. Way Forward

The path ahead for SDG 8 in India involves a holistic approach that aligns growth with decent work, green jobs, digital opportunities, and inclusive governance.

8.1 Aligning India's Development Path with SDG 8 Goals

India should incorporate SDG 8 into national planning efforts. Current schemes across government sectors need to work together under a coordinated framework to make employment generation a priority



in development strategies. Efforts to localize SDG goals at the state level, led by NITI Aayog's SDG India Index, should be strengthened to include district and panchayat planning.

8.2 Green Growth, Digital Economy, and Future of Work in India

Shifting to a green economy can create millions of jobs in areas like renewable energy, energy efficiency, sustainable farming, and circular economy initiatives. At the same time, India must prepare for disruptions from automation and artificial intelligence that mainly impact low- and mid-skilled jobs. Building resilience will require reskilling programs, digital literacy initiatives, and strong adaptation policies.

8.3 Role of Public-Private Partnerships and Civil Society

Collaboration among the government, private sector, and civil society is essential. The government should regulate and provide social protection, while the private sector focuses on innovation, job growth, and investment. Civil society organizations, including NGOs and trade unions, play a crucial role in monitoring and advocating for decent work principles in policy implementation.

8.4 Roadmap for 2030: Bridging the Gap between Policy and Practice

To reach SDG 8 by 2030, we need a roadmap that includes:

- Establishing state-level employment missions.
- Making social protection accessible and universal, particularly for migrants.
- Building education pathways to employment through industry collaboration.
- Institutionalizing impact assessments for employment policies.
- Connecting green financing with job-rich climate strategies.

9. Conclusion

India's path toward SDG 8 is marked by contradictions. On one side, it is a dynamic global economy; on the other, it struggles with persistent unemployment, informality, and exclusion. If not fully utilized, the demographic dividend risks becoming a liability.

To achieve the promise of SDG 8, India must adopt an integrated strategy: grow labour-intensive sectors, empower women, reform education and skills, ensure universal social protection, and promote green and



digital transitions. By doing this, India will not only secure its developmental future but also make a significant contribution to global sustainable and inclusive growth.

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