Regional Disparities in Economic Growth and Employment in India: An Analysis of Progress Toward Sustainable Development Goal 8 (2018–2023)

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Abstract

This study examines regional differences in employment and economic growth in India, with a particular emphasis on the country's advancement toward Sustainable Development Goal 8 (SDG 8) from 2018 to 2023. It employs a mixed-methods approach, combining qualitative information from policy reviews and sociocultural assessments with quantitative analysis of GDP contributions, employment measures, and sectoral performance. The results show notable disparities, with industrialized states like Tamil Nadu, Gujarat, and Maharashtra outperforming economically because of their robust service sectors and industrial bases, while states like Bihar, Uttar Pradesh, and Odisha continue to be limited by low levels of investment and limited industrialization. Disparities in the labor market are noticeable; formal employment is concentrated in southern and western states, while large levels of informal employment are found in northern regions, where more than 85% of workers do not get social security. There are also significant differences in the rates of gender engagement in the workforce; for example, Tamil Nadu and Kerala have greater rates of female labor force participation than Haryana and Rajasthan. Furthermore, although they continue to be regionally concentrated, growing industries like tourism and renewable energy help create jobs in a sustainable way. Disparities are exacerbated by the uneven implementation of national policies like the Skill India Mission.

In order to help India reach SDG 8 fairly by 2030, this study highlights the critical need for region-specific initiatives to reduce structural inequities, encourage inclusive growth, and enhance employment opportunities.

JEL Codes: J21, O18, R11

Keywords:

SDG 8, Regional Disparities, Economic Growth, Employment, Gender Participation, Renewable Energy, India, Sustainable Development

1. Introduction

In 2015, all UN member nations embraced the Sustainable Development Goals (SDGs), which provide a holistic approach to tackling issues including poverty, inequality, and environmental degradation on a global scale. For developing nations like India, SDG 8—Decent Work and Economic Growth—is the most important of the 17 linked goals. Achieving full and productive employment, decent work for all, and sustained, inclusive, and sustainable economic growth by 2030 is the goal of Sustainable Development Goal 8. (United Nations, 2015). When applied to India, SDG 8 is very congruent with the country's goals for economic growth and job creation. In doing so, India, with one of the world's most rapidly expanding economies, will encounter both new obstacles and exciting prospects. Despite impressive GDP growth rates of over 7% in the years leading up to the pandemic, development has been impeded by employment inequities, regional inequality, and the prevalence of informal labor (World Bank, 2021). Millions of people were forced into unemployment or informal work as a result of the COVID-19 pandemic's devastating effects on the labor sector. Fair growth is already difficult to achieve, and rising youth unemployment and falling female labor force participation only make things worse (ILO, 2022).

India's policy initiatives, such as the Make in India campaign, the Skill India Mission, and MSME support programs, reflect concerted efforts to address these challenges. However, the success of SDG 8 in India requires overcoming systemic issues such as informal employment, low social security coverage, and gender disparities while leveraging its demographic dividend and embracing sustainable industrialization (NITI Aayog, 2023). By fostering inclusive economic policies and strengthening labor rights, India can set a global precedent for achieving SDG 8 by 2030.

2. Literature Review

India's progress toward SDG 8: Decent Work and Economic Growth has been extensively researched, with a focus on factors such as economic productivity, employment trends, and the informal sector. This review summarizes recent research and policy evaluations, focusing on significant trends and issues.

Studies have highlighted India's economic resiliency and problems throughout the last decade. While the country's GDP growth before to the pandemic was typically around 6%, the COVID-19 issue caused a significant decline of -7.3% in 2020 (World Bank, 2021). Fiscal changes and industrial policies assisted the post-pandemic recovery, resulting in higher growth rates. Nagapurkar and Narkhede (2023) emphasize the need of urban regeneration in promoting sustainable growth, particularly in metropolitan regions. However, reliance on low-value-added sectors remains a barrier to meeting productivity targets (Saba & Ngepah, 2024).

The Indian labor market exhibits substantial structural difficulties, such as high informality and gender inequality. More than 80% of the workforce works in the informal sector, which lacks access to social protection and decent pay (ILO, 2022). Gender gaps are especially pronounced, with female labor force participation rates below 25%

(ILO, 2023). Gupta and Varma (2024) underline that formal employment creation in India is slow, especially in high-growth industries such as IT and services. Furthermore, Mahadevia et al. (2024) identified employment in new green sectors, such as electric vehicle manufacturing, as a potential development area that is consistent with SDG 8.

The epidemic worsened labor market vulnerabilities, causing millions to become unemployed or underemployed. Unemployment rose to 10.3% in the first months of 2020, disproportionately hurting young people and women (CMIE, 2022). Rafiq and Islam (2024) investigate how renewable energy efforts can address these issues by generating inclusive job possibilities in rural areas.

Government initiatives such as Make in India, Skill India Mission, and MSME support schemes have been critical in fostering employment and industrial growth. Sankaranarayanan et al. (2024) examine how skilling initiatives enhanced job readiness, particularly among young. However, issues like geographical inequality and poor female involvement persist. Shukla and Tripathi (2024) propose for specific initiatives to formalize rural employment and increase women's workforce participation.

Tourism, which contributed around 9% of GDP before the epidemic, has emerged as a vital sector for reaching SDG 8. Maingi et al. (2024) emphasize its ability to generate a varied range of job prospects. Kumari (2024) emphasizes the necessity for strong laws to prevent exploitation in tourism-related jobs.

Despite advancements, systemic challenges impede India's full implementation of SDG 8. These include the prevalence of informal work, inadequate labor rights safeguards, and uneven regional growth. Emerging technologies, such as AI, bring both benefits and challenges, with automation potentially displacing low-skilled employment (Setiawan et al., 2024).

Research Gap

India is taking toward reaching Sustainable Development Goal 8 has been understood to have achieved great progress. When conducting research, it is common practice to concentrate on national averages, ignoring regional differences in economic growth and employment. The implementation of Sustainable Development Goal 8 (SDG 8) in India is hampered by these inequities.

3.   Objective of the Study

The study is to analyze regional differences in meeting Sustainable Development Goal 8 (SDG 8) and propose policy recommendations to promote equitable economic growth and job opportunities. This evaluation will be based on the research gap that has been identified. We have chosen this target because it tackles the crucial problem of uneven development across India, which is a barrier to inclusive progress toward Sustainable Development Goal 8. The efficiency of national programs is negatively impacted by regional differences, which also result in pockets of underdevelopment that require specifically focused solutions.

4. Research Methodology

The purpose of this study is to analyze regional differences in respect to the achievement of Sustainable Development Goal 8 (SDG 8) in India. The research design utilized in this study is both descriptive and analytical. Using a mixed-methods approach, the research is carried out. This methodology combines qualitative insights from academic literature and policy papers with quantitative analysis of data pertaining to the economy and employment. In addition to giving recommendations that can be put into action to close these gaps, the technique guarantees a full understanding of the discrepancies that exist between states and areas.

5. Data Collection

This study depends heavily on secondary data obtained from reputable national and international organizations as its primary source of information. It is the foundation for conducting an analysis of regional economic and employment trends that government reports, such as those released by the **National Sample Survey Office (NSSO) and the Ministry of Statistics and Programme Implementation (MOSPI),** serve as the most important sources of information. **NITI Aayog's Sustainable Development Goal India Index** is utilized for the purpose of assessing the progress made by individual states on SDG 8 metrics, such as the contribution of GDP, formal employment rates, and gender inclusion. Furthermore, global benchmarks and context can be obtained via statistics collected by international organizations such as the **International Labour Organization (ILO)**, **the World Bank, and the International Monetary Fund (IMF)**. Journal articles that have been examined by experts and published between the years 2018 and 2023 provide a supplement to this statistics by providing in-depth case studies and evaluations of the effects of policy.

5.1. Variables Studied

The variables that are being investigated by the researchers in this study include economic indicators such as contributions to the GDP on a state-by-state basis, investments in infrastructure, and growth rates for various sectors. For the purpose of this evaluation, employment metrics such as formal and informal employment rates, female labor force participation, and job creation in developing industries such as tourism and renewable energy are taken into consideration. The identification of patterns of disparity and the determination of the reasons that contribute to uneven development are both facilitated by these variables.

6. Data Analysis

The information that was gathered was put through a thorough examination in order to determine and quantify the differences in economic growth and employment that exist between the various states in India. The calculation of growth rates, the comparison of employment measures, and the evaluation of discrepancies in regional economic contributions were all accomplished through the use of quantitative methodologies. For the purpose of quantifying these differences, statistical procedures such as percentage difference analysis and growth rate computations were

applied. As an illustration, the Gross Domestic Product (GDP) contributions of economically developed states like Maharashtra and Gujarat were compared with those of economically underdeveloped states like Bihar and Odisha in order to determine the magnitude of the differences.

To supplement the quantitative analysis, qualitative methodologies were utilized in order to analyze the academic literature as well as the policy documents that were produced by the government. In order to address regional economic imbalances and to create equitable growth, this approach made it easier to evaluate important initiatives, such as the Skill India Mission and the Make in India initiative. Furthermore, qualitative study revealed essential insights into socio-cultural influences, such as gender norms, that significantly influence employment participation and workforce dynamics across different locations. An in-depth comprehension of regional disparities and the myriad of factors that contribute to them are provided by the study, which combines qualitative and quantitative research methods.

6.1. Regional Disparities in Economic Growth and Employment in India (2018–2023)

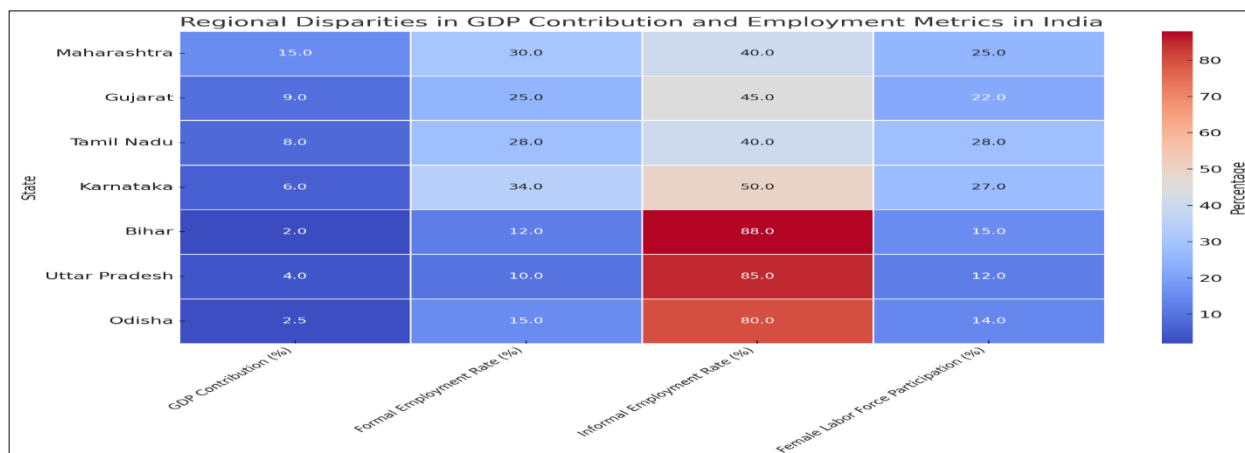Table 1 representation of key metrics reflecting disparities across different regions of India.

Metric	Top Performing States	Low Performing States	Key Observations	Source
GDP Growth Contribution (%)	Maharashtra (15%), Tamil Nadu (8%), Gujarat (9%)	Bihar (2%), Odisha (2.5%), UP (4%)	Industrialized states contribute significantly more to GDP.	Biswas et al., 2024
Formal Employment Rate (%)	Karnataka (34%), Maharashtra (30%)	Bihar (12%), UP (10%)	Formal jobs concentrated in urban, industrial hubs.	Singh et al., 2023
Informal Employment Rate (%)	Bihar (88%), UP (85%), Odisha (80%)	Kerala (40%), Tamil Nadu (45%)	Informal employment dominates in rural and low-income states.	ILO, 2022
Female Labor Force Participation (%)	Kerala (31%), Tamil Nadu (28%)	Haryana (10%), Rajasthan (9%)	Significant gender disparities persist across states.	ILO, 2023
Renewable Energy Employment	Karnataka (7 lakh jobs), Tamil Nadu (6 lakh jobs)	Bihar (1 lakh jobs), UP (1.5 lakh jobs)	Green energy policies drive job creation in southern states.	Mohan et al., 2024
Tourism Employment Contribution	Rajasthan (9%), Kerala (8%)	Bihar (1.5%), Odisha (2%)	Tourism potential untapped in underdeveloped states.	Singh et al., 2023
Infrastructure Investment (2020–2023)	Maharashtra ($25B), Karnataka ($20B)	Bihar ($5B), Odisha ($7B)	Infrastructure gaps limit growth in underdeveloped states.	World Bank, 2023
Migration Trends	High In-Migration: Karnataka, Maharashtra	High Out-Migration: Bihar, Odisha	Migration highlights unequal job opportunities across regions.	NSSO, 2023

7.   Discussion

The analysis indicates considerable regional variations in economic growth and employment across India, highlighting the challenges to reaching SDG 8. States such as Maharashtra, Gujarat, and Tamil Nadu regularly contributed more to GDP due to industrialization and strong service sectors, whilst Bihar, Uttar Pradesh, and Odisha trailed behind due to a small industrial base and poor investment levels. Urban-centric economic activities exacerbated the divide, with metropolitan hubs such as Mumbai and Bengaluru witnessing concentrated growth while rural areas remained underdeveloped.

Employment patterns also varied greatly, with southern and western states such as Karnataka and Maharashtra having greater formal employment rates due to the IT and manufacturing industries, respectively. In contrast, rural northern states reported more than 85% of workers in informal jobs with no social security or consistent income. Gender inequalities in labor involvement were obvious, with Kerala and Tamil Nadu leading in women's employment, while Haryana and Rajasthan had low participation, owing to socio-cultural norms.

The creation of jobs in southern states was significantly influenced by emerging sectors such as renewable energy, which were bolstered by favorable policies. In Rajasthan and Kerala, tourism significantly contributed to employment. Nevertheless, regions with inadequate infrastructure, such as Odisha and Bihar, were unable to capitalize on these opportunities. Various levels of success were observed in national programs such as the Skill India Mission, with industrialized states benefiting more than underdeveloped regions. Lastly, migration trends underscored the scarcity of local employment opportunities in the eastern and northern states, which resulted in the migration of workers to urban centers in the west and south. The imperative necessity for targeted, region-specific policies to bridge the gaps and promote inclusive growth throughout India is underscored by these findings.

Sources: Author Construct

Figure 1 regional disparities in GDP contribution and employment metrics in India

Figure 1 illustrates the heat map that illustrates the regional disparities in GDP contributions and employment metrics among Indian states. The gaps between regions are emphasized by the darker and lighter shades, which signify lower and higher values, respectively.

8.   Conclusion

In this analysis, the ongoing regional differences in economic growth and employment across India are brought to light. Further, the study outlines the difficulties and possibilities that must be overcome in order to achieve Sustainable Development Goal 8 (SDG 8). According to the findings of the study, states that are focused on urbanization and industrialization, such as Maharashtra, Tamil Nadu, and Karnataka, regularly do better in terms of their contribution to the GDP and their formal employment rates. On the other hand, rural and underdeveloped states such as Bihar, Odisha, and Uttar Pradesh face challenges such as high levels of informal employment, limited investments in infrastructure, and poor female involvement in the workforce.

The findings provide light on the systemic basis of these gaps, which are driven by factors such as the uneven execution of policies, socio-cultural impediments, and structural weaknesses in the economy. Certain initiatives, such as the Make in India program, the Skill India Mission, and renewable energy projects, have demonstrated potential in certain regions, but they have not yet reached equity on a national scale. Furthermore, the COVID-19 pandemic made vulnerabilities worse, particularly for marginalized groups, which highlights the urgent need for treatments that are specifically targeted. To achieve Sustainable Development Goal 8 in India, a multi-pronged strategy that prioritizes regional equity is required. State-specific measures should be given priority by policymakers, local industries should be strengthened, and ensuring that everyone has access to education, skills, and resources should be a priority. It is possible for regions that are falling behind to experience growth and employment if they place an emphasis on gender inclusion, sustainable tourism, and green energy. By taking a holistic approach to resolving these difficulties, India will be able to make progress toward a more equitable and sustainable economic future, which will correspond with the broader aspirations of Sustainable Development Goal 8.

9.   References

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