

## Long-Term Growth–Employment Relationship in India

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### Abstract

This article focuses on the growth–employment relationship and the determinants of labour force participation rate. In the time-series framework, employment is seen to have a greater impact on GDP rather than vice versa. This is quite consistent with the literature that employment contracts can be long term in nature, and they are usually not flexible in the short run. Hence, fluctuations in the commodity market do not affect employment immediately. The effect of employment on growth through the demand linkage is usually overlooked, which is brought out by this study, suggesting that demand deceleration caused by sluggish expansion in jobs can make economic growth unsustainable in the long run. From supply side of labour, poverty-induced participation in the job market is evident, and women are seen to be largely engaged in the agricultural sector. The effect of physical infrastructure on women’s work participation is positive. Large household size and child to women ratio affect women’s work participation adversely. On the whole, the positive effect of health and education and a strong impact of physical infrastructure on labour market participation of rural women are evident.

**Keywords:** Employment, elasticity, labour force, growth, poverty

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