

The Declining Rate of Female Labor Participation In India: Causes and Consequences

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Abstract

Significant human activities were started underway in India since the Holocene Period (10,000 years ago) and civilization also was in progress while Mesopotamia and Egypt have long been recognized in between c.7000-600 BCE for their celebrated contributions to social and cultural development. A large number of women in India are actively engaged in traditional and non-traditional work and seriously contribute to society for overall growth and development. However, there are far fewer women than men in the paid workforce. In urban India, women participate in the workforce in impressive numbers, as such only 30 percent in the software industry. This paper had tried to investigate the reasons behind the less number of women involved in the workforce as well as the Labor Force Participation Rate (LFPR) in India. All data had been collected from secondary sources and presented via tables and graphs from different angles. It had concluded with some recommendations to get out from the critical trap regarding women in India

Keywords: Women in India, Labor Force, Woman Labor Participation Rate, Development

Introduction

The Republic of India, shortly known as 'India' is one of the populous democratic nations in the world. It is also the seventh-largest country by area, the second-most populous South Asian country in the world. Although the constitution of India grants men and women equal rights, gender disparities remain. Gender discrimination is mostly in favor of men in many realms including the workplace (Kundu, 2003 & Pande, 2007).

Female Labor Force Participation (FLFR) is a driver of growth and economic development and therefore, participation rates indicate the potential for a country to grow more rapidly. However, women's engagement in the labor market and broader development outcomes is difficult to understand. The participation of women in the labor force varies considerably across developing countries and emerging economies, far more than in the case of men. This is driven by a wide variety of economic and social factors including economic growth, increasing educational attainment, falling fertility rates, and social norms. However, greater involvement of women within the labor force has economic and social impacts. The Female Labor Force Participation Rate (FLFPR) for India remains appallingly low at around 27%, while the male labor force participation rate has

been 79.9%. Between the years 1990 and 2016, the FLFPR (% of female population age 15+) showed a declining trend in India (Rami, 2018).

Figure 01: Labor force participation rate scenario (%)



Source: World Bank, 2018

Figure 01 shows that India is in the lowest position in FLFPR. While labor force participation is minimized globally on average, women's participation has risen in high-income countries that have formalized gender-focused policies like parental leave, increased job flexibility. Particularly, women get more wages for work in those countries and they may have (i) maximized autonomy and decision-making power in the household, (ii) delays in the age of marriage and

first childbirth, and (iii) an increase in education for children in the house.

In Global Gender Gap Index, India has fallen four places from 2018, now ranking 112 of 153 countries, because of its economic gender gap. In less than 15 years, India's position has fallen 39 places, from 110th in 2006 to 149th in 2020. Among its South Asian neighbors, India now has the lowest female labor force participation, falling behind Pakistan and Afghanistan, which had half of India's FLFP in 1990 (WEF, 2021).

India has one of the lowest female labor force participation rates in the world. Less than a fourth of women aged 15 or older, are working or actively looking for a job (World Bank, 2020). The female labor participation rate in India had fallen to 20.3% in 2019 from more than 26% in 2005 which is the lowest in South Asia and neighboring countries i.e. Bangladesh and Sri Lanka are more than 30 percent. However, this paper had disclosed the real scenario of female labor force participation status in India.

Literature Review

A decline in FLFPR in India has been a dilemma for academicians, researchers, and policymakers. It is difficult to measure the participation of women in the labor force because of the nature of the work they do, i.e., home-based work, agricultural labor, etc. Women in India are over-represented in certain occupations. About 26% of women are engaged in elementary occupations, 19% are associated with craft and related trade works, and 11% are in sales and service along with technicians; only 7% occupy administrative, executive, and managerial occupations. That means women are mostly engaged in low wages sectors with long hours and informal working engagements. Even within the sectors where women dominate, they rarely hold upper managerial posts and key positions (Nigam, 2013). Women who work apart from agriculture are normally associated with the informal sector and involved in home-based occupations (Pande et al., 2016).

Rami (2018) had conducted a regression analysis using the relevant variables taken from World Development Indicators, World Bank for the period 1990–2016 to find the determinants of FLFPR in India. It has been found that FLFPR has a strong negative linear correlation with LN GDP (constant 2010 US\$), LN GDP per capita, PPP (constant 2011 international \$), female tertiary school enrollment (% gross), and literacy rate, and young female (% of

females age 15–24). Results of regression analysis suggest that 87.9% of variations in LFPR (% of female population age 15+) in India are explained by independent variables together. As per the out-sample forecast, FLFPR in India will have an increasing trend and it will be around 33.55% in 2035.

Many women become engaged in households chores and cannot think about jobs or work outside the home. Feminist economists have long debated what constitutes “work” and the invisibility of women's household labor. Mondal et. al. (2018) had argued that domestic duties and women's other paid but unrecognized work (ex. begging or prostitution) should be counted as they “involve the production of goods and services that are potentially marketable and are thus economic in nature.” When these are counted alongside market work, the drop in female labor participation is no longer so evident.

Understanding the causes of stagnation in FLFP matters for several reasons. India currently has an advantageous age structure of the population with a large and growing share of working-age people and relatively few dependents. Optimistic predictions for India's future growth often refer to this demographic dividend, which is alleged to have accounted for about a third of East Asia's high per capita growth rates in the period between 1965 and 1990 (Bloom and Williamson, 1998; Bloom, 2011). However, the benefits of a country's demographic dividend hinge on the productive employment of the working-age population. High and rising female employment levels were critical in sustaining East Asia's high economic growth (Klasen and Lamanna, 2009; Young, 1995)

Lower female participation in the labor force may lead to poor economic growth and development in long run. Employment and earnings are robust determinants of bargaining power, with impacts on female and children's well-being (Qian, 2008; Anderson and Eswaran, 2009; Afridi et al. 2012). If there are structural economic, or cultural barriers preventing women's labor force participation, women are unable to capitalize on these opportunities (Klasen and Pieters, 2013).

Methodology

This study has been carried on to analyze the ins and outs of the female labor force participation in India. All data has been collected from secondary

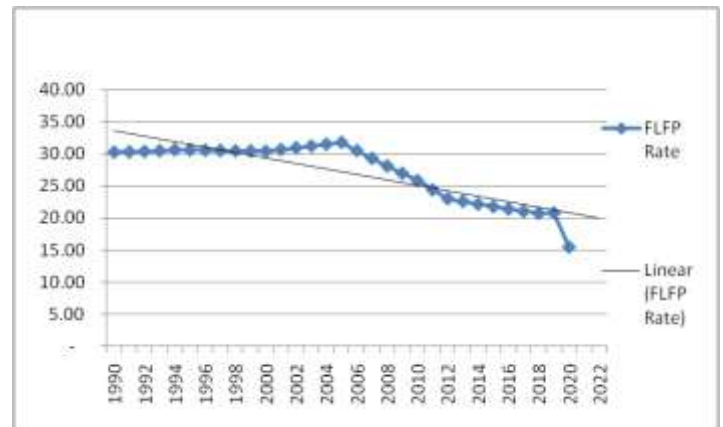
sources as such articles from Journals, newspaper columns, annual reports published by national and international agencies, i.e. World Bank data bank, etc. A simple excel spreadsheet has been used to analyze and organize data. A sample graph has been used for easy presentation. It had tried to disclose all the causes and consequences of declining the female labor participation rate in India.

Discussion and Findings

An increase in women’s participation in the labor market is one of the key challenges in India’s development (World Bank, 2001). An increase in FLFPRs and earnings can lead to rapid growth and development, a decrease in poverty, and enhancement of prosperity. The earnings of women will have positive impacts, not only on their health but on the health and education of their children. Females are investing more from their earnings in the education and health of their children in comparison to males (Qian, 2008). The Female Labour Force Participation Rate (FLFPR) for India remains appallingly low at around 27%, while the male labor force participation rate has been 79.9%. Recent economic progress in India has not permeated to women, as such considering FLFP as a proxy for women’s economic progress (Rami, 2018). Compared to China with a similarly large population like India is 64% or with of USA is 56.3% (World Bank, 2017).

Inequality between women and men persists in global labor markets concerning opportunities, treatment, and outcomes. Over the last two decades, significant educational achievements of women have not shown comparable improvements in their positions at work in many developing nations. Women are more likely to become and remain unemployed, have fewer chances to participate in the labor force, and often have to accept lower-quality jobs in those locations including India. Progress in surmounting these obstacles has been slow and is limited to the developed nations only. In the developed world, the gaps in labor force participation and employment have narrowed down and women are seen shifting away from contributing to family work and moving to the services sector, the quality of women’s jobs remains a matter of concern. However, the unequal distribution of unpaid care and household work between women and men and between families and society is an important determinant of gender inequalities at work (International Labor organization, 2016).

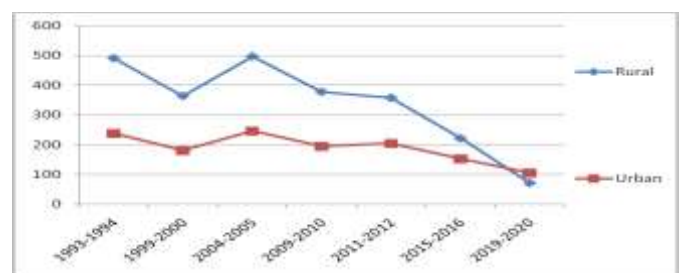
Figure 02: FLPR (%) in India (1990-2020)



Source: World Bank, 2020

Four out of five women are not working in India. Only Yemen, Iraq, Jordan, Syria, Algeria, Iran, the West Bank, and Gaza have a lower female labor force participation (FLFP) rate than India. In 1990, India’s FLFP was 30.3 percent. By 2019, it had declined to 20.5 percent, according to the World Bank. Figure 02 shows that while the men’s labor force participation rate slightly decreased over time, too, it is four times that of women at 76.08 percent in 2019. The trend of this figure is declining continuously. That is in the future the rate of female labor participation will be even less than the present.

Figure 03: Female Labor Force Participation Rate per 1000 of Age 15-plus Years as per Usual Status



Source: Statista, 2021 and NSSO, 2013

Figure 03 presents that with over a large proportion (NSSO 2011–2012, 68th round) of the female labor force being concentrated in rural areas. The rural female Labor Force Participation Rate (LFPR) has been almost half of the rural male LFPR, while in the urban areas, the FLFPR is even less than half of the male LFPR (figure 3). While the FLFPR marginally revived in urban areas in 2011–2012, in

the rural areas, the declining trend continues except for the year 2004–2005.

Causes of Declining FLFPR in India

In India, there are four key factors responsible for the decline in FLFPR in recent years- rising enrolment in secondary schooling; increase in household incomes, where women formed a part of the agricultural labor force; faulty calculation of women’s participation in the labor force; and lack of employment opportunities for women in the non-farm sector. In comparison to illiterate women, Indian women with graduate education have 30% and 20%, respectively, a higher chance of being a regular salaried worker in rural and urban areas, respectively (Dasgupta and Verick, 2016)

In India, much of the discussion on the falling trends have focused on some of these key explanations: 1) rising educational enrolment of young women; 2) lack of employment opportunities; 3) effect of household income on participation. Nonetheless, the nature of economic growth in the country has meant that jobs were not created in large numbers in sectors that could readily absorb women. Besides those labor market characteristics, gender gaps are more distinctive in many developing countries including India (Kaur, 2016). Here, a few major causes of declining FLFPR in India are discussed under title points-

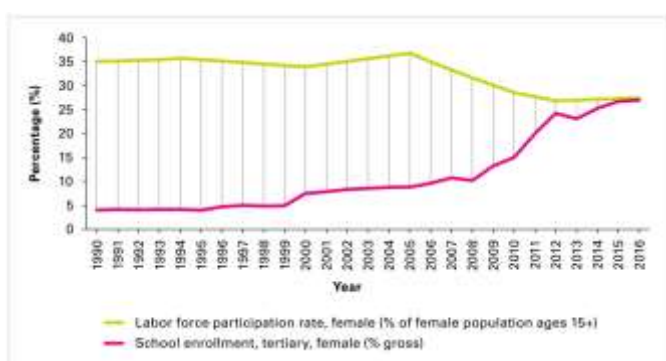


Figure 04: FLFPR and Female Tertiary School Enrollment Rate in India (1990 to 2016)

Source: World Bank, 2017

1. Education: Over the last few years, India has made considerable progress in increasing access to education for girls. While greater education leads to

greater economic participation for men, it is not the same for women. It is observed that a U-shaped relationship had been found between the education rate and labor force participation rate in India. Women with no education and women with tertiary education display the highest rates of labor force participation among Indian women. In between those two options, females with a moderate level of education get fewer jobs or job access opportunities which may have India’s negative economic growth.

In India, female labor force participation and education have followed a U-shaped pattern, with the lowest participation rates experienced by women with secondary schooling (Kapsos et al., 2016). Figure 4 has proved it perfectly.

2. Home-Making: Traditionally, Indian women are involved in all kinds of domestic works, particularly if they are married due to the cultural and societal expectations of women as caregivers. The fact is over 90 percent of women who did not work were primarily engaged in domestic duties. Around 92 percent of these women considered domestic works as their principal activities and 60 percent of women in rural areas and 64 percent in urban areas had considered that no other member to carry out the domestic duties other than herself (NSSO, 2013).

On average, Indian women perform nearly six hours of unpaid work each day, while men spend a paltry 52 minutes (OECD, 2015). Another report by NSSO (2013) had noticed that a shift was made from paid to unpaid work from 1993-94 to 2011-12. The total female work participation was greater than that of men in India at 86.2 percent compared to 79.8 percent for men if women’s domestic work and other paid but unrecognized work was counted. There is still some decline in female labor participation, 6.1 percent in the rural areas and 3.8 percent in the urban region, that the researchers attribute to women’s increased involvement in education. Around 40-60 percent of women and men in rural and urban parts of India believe that married women whose husbands earn a good living should not work outside the home (Jain and Sujaya, 2016).

3. Government Rules: The labor market in India is very complex. Women from poorer households are actively involved in income-generating activities to afford the family expenditure. But

when a household income per capita increases, women start to leave the workforce. Since family status is linked to women staying inside the home, domestic work becomes more attractive as the family income increases (Rami, 2018). However, Indian women also struggle with well-meaning but discriminatory government policies like amended India's Maternity Benefit Act 2017, which increased women's paid maternity leave from 12 weeks to 26 weeks. This act reinforces women's role as primary caregivers and increases employer bias, especially in the absence of similar benefits for fathers. Women in India are also not allowed to work in any factory overnight, with Section 66(1)(b) of the Factories Act 1948 specifically stating that women can only work in a factory between the hours of 6 a.m. and 7 p.m. There are no such restrictions on men. This policy harmed women's participation by constraining women's work hours (Gupta, 2021).

4. Gender-Biased Wage: It is another big impediment to women's labor force participation is the gender wage gap. Women are paid 34 percent less than men for the same job with the same qualifications, despite India's Equal Remuneration Act of 1976 that mandates equal pay for the same work and prohibits hiring discrimination. Indian women perform a double shift at work and home just to earn less than their male counterparts at work, all the while facing down normative, cultural, and legal challenges, pushing many to leave the workforce (Avtar Group, 2020).

5. Workplace Environment: Any violence against women in public places, particularly the risk of sexual assault and unsafe work environments, discourages Indian women from entering the labor market. In a country ravaged by high rates of violence against women, these states will no longer hold companies accountable for providing safety like transport for night shifts, nurseries, or adequate lighting (World Bank, 2019 and Jaiswal, 2016).

Corona Pandemic Hit The Labor Market as well as FLFPR in India

Despite a rising GDP and increasing gender parity in terms of falling fertility rates and higher educational attainment among Indian women, India's FLFPR continues to fall. India's job stagnation and increasing unemployment in the past few years, a problem that is aggravated by the COVID-19 pandemic that made this situation worsen. Women were already the worst

hit by India's unemployment crisis. While the overall Indian unemployment rate was at 7 percent before India's March lockdown, it was already as high as 18 percent for women. A preliminary study found that Indian women have already lost more jobs than men during the COVID-19 pandemic (Google and Bain & Company, 2019).

To combat the economic downturn brought on by COVID-19, some states have proposed changes in labor laws. This could disproportionately harm women. Uttar Pradesh, the largest and the most populous Indian state, has suspended 35 of its 38 labor laws for three years, including laws like the Minimum Wages Act, Maternity Benefit Act, Equal Remuneration Act (ERA), and more. Suspension of many of these labor laws could push even more women out of the workforce as employers extend work hours, widen the gender pay gap without the safety of the ERA, and reduce women's mobility by taking away health and safety mechanisms.

The female labor participation rate in India fell to 16.1% during the July 2020 quarter, the lowest among the major economies, a government report said, reflecting the impact of the pandemic and a widening job crisis. The percentage of women in the labor force had fallen to a record low of 15.5% during the April-June 2020 quarter when India imposed a strict lockdown to curb the spread of the COVID-19 virus. Most employed women in India are in low-skilled work, such as farm and factory labor and domestic help, sectors that have been hit hard by the pandemic. The unemployment rate among women touched 15.8%, compared with 12.6% among male workers during three months that ended in September 2020, the latest quarter for which data was released (Government of India, 2020).

Most economic activities have resumed in the country after state governments eased pandemic curbs in response to a decline in coronavirus infections from May peaks. That is likely to help create more jobs for all workers, government officials said. In July-2021, the unemployment rate fell to 6.95% from the June figure of 9.17%. Asia's third-largest economy, which shrunk 7.3% in the fiscal year ending in March, the worst recession in the last seven decades, is expected to grow at 8-9% year-on-year in the current fiscal year (CMIE, 2021).

Conclusion

India has the lowest FLFPR (20.5%) in South Asia, even lower than Pakistan (21.9) and Bangladesh (36.3) as recorded by ILO (2020). The reality is that four out of five women in India are not working officially. So, it is a high-time to step in for increasing participation of females in the labor force as well as to create an environment, providing opportunities and freedom for women to attain decent and dignified work which will contribute significantly to the economic empowerment and the holistic development of women, thereby ensuring gender equity in the labor market in India. Further research is to be initiated to find the solution to solve this issue. However, few recommendations may be proposed, but not limited to the following barbs only-

- a. Special importance should be given to how to create jobs and enhance opportunities for entrepreneurship programs for women in both rural and urban locations.
- b. Tertiary education needs to be encouraged based on occupational skill development for women.
- c. Public awareness against unpaid household services, and support for the child and elderly care centers.
- d. Ensure water and sanitation are available for women at the workstation.
- e. Facilitate support services including transportation, public toilets, and street lighting which may lead to ensuring the safety of women during traveling to the job.
- f. Legal rights related to protection from violence and sexual harassment, equal pay, safe working conditions, non-discrimination, and representation should be strengthened and implemented strictly.

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