

# Female Labour Force Participation in India: Recent Trends and Challenges

Jayeeta Saha

Assistant professor, Economics, Maulana Azad College, Kolkata, India

**Abstract**— Women participation in the labour force has economic and social impact. Women empowerment is necessary for a nation's development. Women employment is a way through which women empowerment can be achieved. Status of women employment in a country is measured by Female Labour Force Participation Rate (FLFPR). FLFPR in India has showed a gradual declining trend over past three decades. The decline in female labour force participation rate (LFPR) in India in the phase of consistent economic growth is a puzzling phenomenon. Sharp fertility decline, expansion in female education, and high economic growth should increase female labour force participation in developing countries. The FLFPR varies considerably across developing countries. In the Middle East, North Africa and South Asia, less than one-third of women of working-age participate in work force, while it is around two-thirds in East Asia and sub-Saharan Africa. This variation is due to various economic and social factors like economic growth, increasing educational attainment, decreasing fertility rates and other social norms. Gender gaps in labour market are more prominent in developing countries, and gap is highest in South Asian countries. Female Labour Force Participation Rate actually depends on initial conditions of any country, economic structure and structural transformation of the economy and gender norms. This paper tries to find out the trend of female labour force participation rate in India over the period 1993 to 2012 and also tries to find out the reasons behind this declining FLFPR.

**Keywords**— Female Labour Force Participation Rate, Economic Empowerment, Gender gap

## INTRODUCTION

In the past three decades major changes in the Indian economy took place. During this period India has experienced a satisfactory level of economic growth (averaging 6-7% in the 1990s and 2000s), structural transformation in the economy from agricultural economy to industrial economy, increase in female educational

attainment levels (total years of schooling of the female population aged 15 and above increased from 2.6 in 1990 to 4.8 years in 2010), urbanization and decrease in fertility rate (Total Fertility Rate fell from 4.0 to 2.6 between 1990 and 2010), infrastructure facilities like access to electricity, cooking gas and piped water have improved. All these factors are expected to reduce the demand for women's time spent in domestic chores and increase their opportunities for paid work. Thus India has enjoyed economic and demographic conditions that may lead to an increase in female labour force participation rates. History shows that in other regions in the world like Latin America, Middle East and North Africa, with similar demographic dividend have achieved higher GDP growth through effective laborforce participation, savings and investment effects. India has low women work force participation rate in spite of satisfactory economic growth, steep fertility decline and expanding female education. India is expected to have similar growth experience. Paradoxically, NSSO data says that in India women work force participation rates have stagnated at about 18-14% in urban areas, and fallen substantially from 33% to 24% in rural areas between 2004-05 and 2011-12. The female labour force participation rate (FLPR) is an important factor for an economy as it leads to improved and sustained growth. India's position in female workforce participation rates in the world was 120 among the 131 countries (International Labour Organization, 2013). Even in South Asian countries, India is in sixth position among eight countries, just above Pakistan and Afghanistan.

## STATUS OF FEMALE LABOUR FORCE PARTICIPATION IN INDIA

Female workforce participation rate decreases as an economy transforms from an agricultural to industrial economy. This is because of shift from labour intensive family-based production in agriculture to capital intensive large-scale production in industry. The women with low levels of education mainly in rural areas face shortage of work in the non-agricultural sector. But with an improvement in family income and increase in the female

education, more females start to enter in the labour force mainly in service sector.

Table 1: Labour Force Participation per 1000 of Age 15-plus Years as per Usual Status

| NSSO Rounds | Rural |        | Urban |        |
|-------------|-------|--------|-------|--------|
|             | Male  | Female | Male  | Female |
| 1993–1994   | 876   | 491    | 801   | 238    |
| 1999–2000   | 845   | 364    | 782   | 180    |
| 2004–2005   | 864   | 497    | 796   | 246    |
| 2009–2010   | 825   | 378    | 762   | 194    |
| 2011–2012   | 813   | 358    | 764   | 205    |

Source: NSSO EUS rounds: 1993–1994, 1999–2000, 2004–2005, 2009–2010 and 2011–2012.

From the above table it can be said that the rural female LFPR was almost half of the rural male LFPR, while in the urban areas, the FLFPR is even less than half of the male LFPR over the period 1993-2012. Though the FLFPR in

urban areas revived marginally in 2011–2012 but in the rural areas, the declining trend was there except for the year 2004–2005.

Table 2: labour force participation rate across India from 1993-94 to 2011-12

Labour Force Participation Rates (in % ages 15-59)

|           | 1993-94 | 1999-2000 | 2004-05 | 2009-10 | 2011-12 |
|-----------|---------|-----------|---------|---------|---------|
| All India |         |           |         |         |         |
| Females   | 29.0    | 26.2      | 29.4    | 22.7    | 21.9    |
| Males     | 55.6    | 54.1      | 55.9    | 54.5    | 54.3    |
| Rural     |         |           |         |         |         |
| Females   | 33      | 30        | 33.3    | 26      | 24.7    |
| Males     | 56.1    | 54        | 55.5    | 54.6    | 54.2    |
| Urban     |         |           |         |         |         |
| Females   | 16.5    | 14.7      | 17.8    | 13.7    | 14.6    |
| males     | 54.3    | 54.3      | 57.0    | 54.2    | 54.5    |

Source: NSSO EUS rounds: 1993–1994, 1999–2000, 2004–2005, 2009–2010 and 2011–2012.

According to NSSO data female labour force participation rates aged 15-59 have fallen from 16.5% in 1993-94 to 14.6% in 2011-12 in urban areas, and fallen substantially from 33% to 24.7% in rural areas. As a result, India's overall female labour force participation rates have fallen. The rising population share in urban India due to migration with low female participation in workforce has exacerbated the decline. This is an important issue for India's economic development. India is now experiencing a phase of the 'demographic dividend' where the share of working-age people is high, which can enhance growth rates through high labour force participation, savings, and investment effect. But if females stay mostly out of the work force, this effect will not work and India may face

labour shortages problem in different sectors of the economy.

### REASONS FOR LOW FEMALE WORK FORCE PARTICIPATION RATE

Low FLFPR has continued to prevail over the last two decades and further decreasing trend has been observed since 2005 to 2012 mainly in rural areas. Women labour force participation is a driver of growth and it indicates a country's growth potential. Women participation in the labour market is the result of various economic and social factors. Some important factors are educational attainment, fertility rates, pattern of economic growth, and

urbanization, migration, social norms for the role of women in society etc.

In India, main factors that are responsible for falling trends in women participation in workforce are rising educational enrolment of young women, lack of employment opportunities both in rural and urban India, increase in household income due to economic growth. For the last twenty years or so, a considerable numbers of women in working age are enrolling in educational institution as a considerable progress in access to education for girls has been made in India. The nature of India's economic growth is such that jobs market could not absorb women in large number, especially in rural areas. Despite inadequate job opportunities for women, household incomes did rise, which reduced women's participation willingness, due to change in preferences. This is due to household income effect. Moreover, though women in India work and contribute to the economy, their work is not accounted properly mainly in rural areas and unorganised sector in official statistics. Mechanisation in agricultural sector is mainly responsible for declining female workforce participation rate in rural areas. Shortage of male labour in the agricultural sector (as males are migrating from rural to urban areas for higher wages in construction work), rise in household income (due to economic growth) and technological change together led to modernisation in this sector. As women generally perform more manual work than men in agriculture, the process of mechanisation reduces the demand for female labour. Now there is an increasing use of seed drills, fertiliser drills for sowing and planting, power weeders for weeding, harvesters and threshers, which were occupations traditionally done by women. The composition of growth had been a crucial factor in determining the type of female employment in India. Economic growth in India has not been employment intensive. Agriculture and manufacturing sectors are labour intensive but have not led the overall economic growth in India. Here it is mainly the service sector that drove the economic growth and this sector requires high skill that a majority of women do not have. Thus only growth is not sufficient for raising women's economic activity. The process of growth is important to determine its impact on women labour employment. Policies that lead growth in sectors which are favourable to women are necessary to increase women's participation in labour markets. Another important factor is that women face various types of challenges in the workplace, taking different forms, patriarchal hierarchy (as the bosses are mainly male), sexual harassment, lack of infrastructure at workplace (absence of female toilet) rendering them vulnerable to harassment. Such vulnerability often acts as a demotivating factor for them.

## **POLICY RECOMMENDATIONS AND CONCLUSION**

The Female Labour Force Participation Rate is a topic of immense discussion over the last few decades. The economic and social benefits of an inclusive labour force in a country are well known to all. However economic, social, and cultural constraints prohibited full participation of women in the labour force. Despite a satisfactory economic growth, India is experiencing a declining trend of FLPR. Pursuance of higher education, unpaid care work, and lack of proper access to healthcare are the most important reasons for this trend. Thus, policy makers should frame policies that are necessary to address these issues. The government should support girls' education and provide benefits to families, especially those in rural areas where female literacy is low. The Sarva Shiksha Abhiyan (SSA) scheme is the first step towards achieving this goal. The scheme will help to increase overall girls' enrolment in schools by strengthening existing schools. This is done by providing additional classrooms, drinking water and toilets. It also provides grants for the management and development of school infrastructure. Working at home and taking care of children are the main reasons for which many women do not participate in the labour market. Therefore, incentives should be created in both rural and urban areas to solve this problem. In rural areas the government should focus on nonfarm activities and create "pull" factors that will attract women to the labour market. These jobs may arise in manufacturing or service industries. A key task for government should be to attract more women to the workforce by creating policies that reduce existing conflicts, increase security benefits and improve performance. Also, agro-based manufacturing needs to be promoted and bring women into these activities. Further, research is also needed to understand the forces that could increase female labour force participation as women's education levels increase.

In terms of skills training, the government should be aware of the impact of skills training on job quality. The most appropriate way to support this goal is to develop the existing resources of job training organizations. There is a need of infrastructure development to increase FLFP, for example by making clean water more accessible and improving transportation, which can allow women to work outdoors by reducing the hours they spend at home. Implementation of policies that eliminate distortions and discrimination against women in workplace (for example discrimination in wages) to encourage female labour force participation is necessary. Awareness of legal rights to equal treatment should be increased. Finally, better quality control in employment statistics is required to prevent

mismeasurement of women's labour force participation. To conclude, India is in an advantageous position globally, given its economic growth, demographic dividend and high investment position. Proper economic and social policies are required to get the full economic potential of women, which can then empower women, raise economic growth and ensure a more inclusive growth process.

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