

Women's labour force participation in India: Why is it so low?



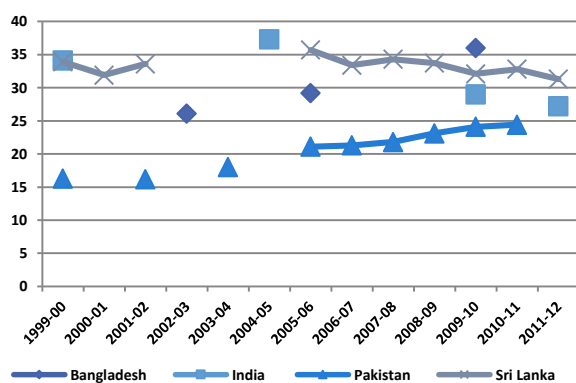
By Sher Verick, ILO¹

Trends in female labour force participation

Female labour force² participation is a driver of growth and therefore, participation rates indicate the potential for a country to grow more rapidly. However, the relationship between women's engagement in the labour market and broader development outcomes is complex.

The **participation of women in the labour force varies** considerably across developing countries and emerging economies, far more than in the case of men. In the Middle East, North Africa and South Asia, less than one-third of women of working-age participate, while the proportion reaches around two-thirds in East Asia and sub-Saharan Africa. This variation is driven by a wide variety of economic and social factors including economic growth, increasing educational attainment, falling fertility rates and social norms. Besides labour market gender gaps are more pronounced in developing countries, and disparity is highest in South Asian countries.

Figure 1: Trends in female labour force participation rates in South Asia (per cent) (various years)



Source: Based on data from National Statistical Offices

Notes: Sri Lanka - 10+, excluding North and Eastern provinces

The rate of female labour force participation in South Asia was just 30.5 per cent in 2013, while the rate for men was 80.7 per cent. Considerable diversity in the female participation rates can be observed in the region (Figure 1) and historical gender roles, spaces and stereotypes continue to affect outcomes.

The longer term trends suggest that **women have increased their participation in Bangladesh**, which is due to the growth of the readymade garment sector and an increase in rural female employment, mainly on account of the spread of micro-credit. Apart from Nepal, where the participation rate for women reached 79.4 per cent in 2010-11 (not shown on Figure 2) and the Maldives (54 per cent in 2009-10), Bangladesh now has the highest rate in the region. The rate has also increased in **Pakistan**, albeit from a very low starting point, and is particularly low in the urban areas, while participation has remained relatively stable in **Sri Lanka**, though the latter has witnessed robust economic growth and strong improvements in social indicators in recent years.

Most notable is the **falling engagement of women in the Indian labour force**, which occurred despite strong economic growth and rising wages and incomes.

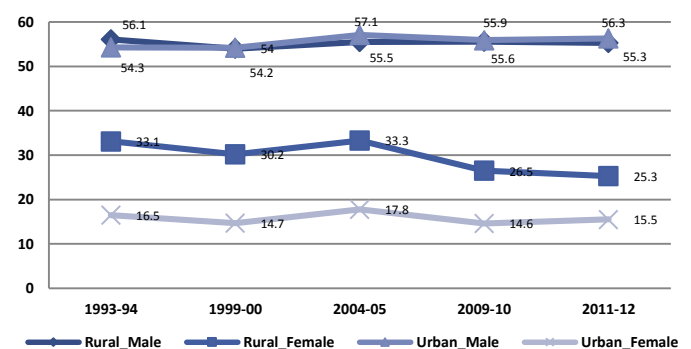


Falling labour force participation of women in India

Longer term trends suggest that female labour force participation rates in India have been puzzling. Female participation rates declined from 34.1 per cent in 1999-00 to 27.2 per cent in 2011-12, and wide gender differences in participation rate also persists.

Also there are considerable variations between urban and rural areas. The participation rate of rural women decreased from 26.5 per cent in 2009-10 to 25.3 per cent in 2011-12 (usual status definition), while the rate for urban women increased from 14.6 per cent to 15.5 per cent over the same period.

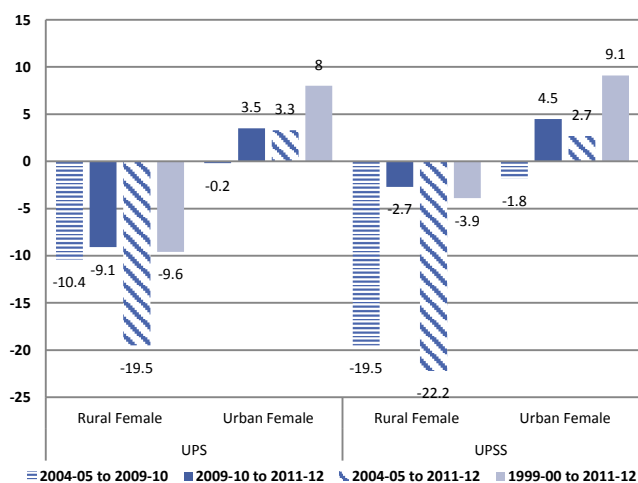
Figure 2: Falling labour force participation rate among women, (per cent) (Usual status, all ages)



Source: National Sample Survey, various rounds.

Evidence from the 68th Round indicates no overall reversal in the female labour force participation rate, which is estimated to be 22.5 per cent (for all ages), a further slump from the 23.3 per cent reported in 2009-10. In this regard, the female labour force participation rate in rural areas is showing a continuous declining trend, while it reported an increase in the urban areas. The latest data from 2011-12 also reveals that fewer women in rural areas are working; however, if they are working, they are more likely to be in subsidiary or more marginal employment in comparison to 2009-10.

Figure 3: Net increase in the number of women workers in India (Millions)



Source: National Sample Survey, various rounds.

What explains low participation in India?

The decision of and ability for women to participate in the labour force is the outcome of various **economic and social factors that interact in a complex fashion at both the household and macro-level**. Based on global evidence, some of the most important drivers include educational attainment, fertility rates and the age of marriage, economic growth/cyclical effects, and urbanization. In addition to these issues, social norms determining the role of women in the public domain continue to affect outcomes.

In India, much of the **discussion on the falling trends has focused on four key explanations**: 1) rising educational enrolment of young women; 2) lack of employment opportunities; 3) effect of household income on participation; and 4) measurement (Chaudhary and Verick, forthcoming; Kapsos et al., 2014; Mazumdar and Neetha, 2011).

Over the last decade or so, India has made considerable progress in increasing **access to education** for girls as increasing numbers of women of working age are enrolling in secondary schools. 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, especially for those in rural areas. Despite inadequate job creation, **household incomes** did rise, which potentially reduced women's participation, especially in subsidiary activities ("income effect") due to **change in preferences**. Finally, though most women in India work and contribute to the economy in one form or another, much of their work is not documented or accounted for in official statistics, and thus women's work tends to be under-reported. In India, a substantially high proportion of females report their activity status as attending to domestic duties.³ In 2011-12, 35.3 per cent of all rural females and 46.1 per cent of all urban females in India were attending to domestic duties, whereas these rates were 29 per cent and 42 per cent respectively in 1993-94. Therefore, mis-measurement may not only affect the level but also the trend in the participation rate.

It is interesting to note that significant proportion of women usually engaged in domestic duties reported their willingness to accept work if the work was made available at their household premises. Of the total women usually engaged in domestic duties, 34 per cent in rural

areas and about 28 per cent in urban areas reported their willingness to accept work and tailoring was the most preferred work in both rural and urban areas. Among the women who were willing to accept work at their household premises, about 95 per cent in both rural and urban areas preferred work on regular basis. About 74 per cent in rural areas and about 70 per cent in urban areas preferred 'part-time' work on a regular basis while 21 per cent in rural areas and 25 per cent in urban areas wanted regular 'full-time' work (Chaudhary and Verick, forthcoming).

Comprehensive approaches are needed...

Women's labour force participation and access to decent work are important and necessary elements of an inclusive and sustainable development process. Women continue to face many barriers to enter labour market and to access decent work and disproportionately face a range of multiple challenges relating to access to employment, choice of work, working conditions, employment security, wage parity, discrimination, and balancing the competing burdens of work and family responsibilities. In addition, women are heavily represented in the informal economy where their exposure to risk of exploitation is usually greatest and they have the least formal protection.

Considering these insights, policy makers in India and throughout the region should take a **comprehensive approach to improving labour market outcomes for women** through improving access to and relevance of education and training programs, skills development, access to child care, maternity protection, and provision of safe and accessible transport, along with the promotion of a pattern of growth that creates job opportunities. Beyond standard labour force participation rates, policy-makers should be more concerned about whether women are able to access better jobs or start up a business, and take advantage of new labour market opportunities as a country grows. A policy framework encouraging and enabling women's participation should be constructed with active awareness of the "gender-specific" constraints that face most women. Gender-responsive policies need to be contextually developed.

Ultimately, the goal is not merely to increase female labour force participation, but to provide opportunities for decent work that will, in turn, contribute to the **economic empowerment of women**.

For further information please contact

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¹ This update was prepared by Sher Verick and Ruchika Chaudhary of the ILO Decent Work Team for South Asia. It provides a snapshot of women's labour market trends in India and South Asia.

² The labour force consists of both employed and unemployed individuals, but not those who are inactive (due to education, discouragement, caring duties, retirement, disability, etc.)

³ In the Indian context, domestic duties are defined as non-SNA and extended SNA activities and are classified under codes 92 and 93 of the usual principal activity status.