**Introduction**

This brief presents data and information on the labour force participation of women in public sector enterprises in India. It identifies factors that may reduce women's participation in this sector and proposes a way forward for the Standing Conference of Public Enterprises (SCOPE) to respond to these challenges to increase the number of women in leadership and senior management positions within India's public sector enterprises.

**Declining female labour force participation**

In 2016, women in India are participating in the labour force at a significantly lower rate than men (women, 26.9 per cent; men, 79 per cent). The combined labour force participation rate of men and women in India peaked in 2005 and by 2016 the labour force participation rate for women had fallen by 10 percentage points while the rate for men had fallen by 4 percentage points. The declining trend of female labour force participation took place during a period of national economic growth, and this development has been widely discussed. The aggregated data hide subnational trends, for example, from 2005 to 2016, labour force participation of women in urban areas increased slightly, but unemployment among rural women drove the overall downward trend. In 2014, the International Labour Organization (ILO) attributed the decline in women's labour force participation in India to increasing educational enrolment of women, increasing earnings of male workers that discouraged women's economic participation and resulted in women taking on more unpaid domestic duties, and the lack of employment opportunities for workers.
with certain skills and qualifications especially in rural areas³.

Public sector employment on decline but remains main employer in the organized sector⁴.

The organized sector includes private and public enterprises, and accounts for 17.8 per cent of workers in India (close to 29.6 million people) as of March 2012 (figure 1)⁵. Employment growth of about 10.6 per cent from 1991 to 2012 in the organized sector was led by the private sector, which alone grew employment by 55.9 per cent during the period, thus more than compensating for the 7.6 per cent decline in employment in the public sector. The share of private sector employment grew from 28.7 per cent in 1991 to 40.5 per cent in 2012. Although the public sector makes up a declining share of the organized sector, it remains in the lead. The private sector may one day surpass the public sector as the main employer in the organized sector as India’s economy further liberalizes.

Figure 1. Share of workers in the public and private sectors, 1991 and 2012

The share of women employed in the organized sector increased by 60.1 per cent from 1991 to 2012, reaching 20.5 per cent of all employees in the organized sector (figure 2). The public sector lagged behind the private sector in the increase in female employment during this period, at 34.3 per cent in the public sector while female employment in the private sector doubled. The relatively slower increase in female employment in the public sector could be partly attributed to the overall decline in public sector employment, resulting from government retrenchment and downsizing, and the reduction in overstaffing. Indeed, the number of men employed in the public sector shrank from about 1.7 million to 1.4 million. Notwithstanding, women represented 17.9 per cent of public sector employees in 2012, well below the national average for female labour force participation of 26.8 per cent.⁶

Figure 2. Share of workers in the public and private sectors by sex, 1991 and 2012

Glass ceiling in tact: Women remain underrepresented in the workplace, and the gender gap widens up the organizational hierarchy

Women in India are closing the gap in higher education. Some 45.9 per cent of enrolled undergraduate students in India are women and 40.5 per cent of all enrolled PhD students are women.⁷ However, the percentage of female graduates tends to be higher in certain fields of

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⁵ Public sector includes state and local governments, central government, and quasi-government entities such as public sector enterprises, electricity boards, road transport corporations and so on.
study, such as arts and humanities, health and welfare and services at 54.2 per cent, 61.5 per cent and 83.4 per cent respectively, compared to 42.3 per cent in science, technology, engineering and mathematics (STEM) and 44.6 per cent in business, administration and law, as of 2014.8

Despite the reduction in the higher education gap, a significant gap remains in economic participation and gender imbalances are pervasive at all levels. According to a survey of 42 companies (29 per cent of which are headquartered in India) which collectively employ more than 400,000 people across India, the pipeline of qualified women starts small, with women holding only 24 per cent of entry-level positions9. The share of women employees declines with each ascending level of the organizational hierarchy, and women account for only 14 per cent of executive officers. Of the 323 positions in companies listed on the Bombay Stock Exchange 100 which are prerequisite for the chief executive level, only eight are held by women.10 A survey by the global executive search firm, EMA Partners International, of 240 large corporations (including Indian-owned, multinational, private and state-owned) revealed that 11 per cent had Indian women as CEOs, and over half of them were in the banking and financial services sector.11 As of 31 December 2013, nearly half of Indian women who leave the workforce leave between the junior and middle management levels, according to a study of 32 multinational companies across six markets in Asia.12

At the board level, the proportion of women directors in National Stock Exchange (NSE)-listed companies increased by 180 per cent from 4.9 per cent in 2013 to 13.7 per cent in 2016 following the implementation of the Indian Companies Act, 2013, and the Revised Clause 49 of Equities Listing Agreement13. The Act and Revised Clause mandated every listed company and every public company with paid-up share capital of INR 1 billion (about US$15.5 million) and turnover of INR 3 billion (about US$46.5 million) to have at least one female director on its board by April 2015. Compliance with the law was the main catalyst for the change, and several reports and news articles in 2015 revealed that many of the new appointments came from the owner’s network or from within the family.14

The gender pay gap is narrowing but women still make only 57 per cent of what their male colleagues earn for performing the same work15 and the gap widens with increasing educational attainment and career advancement.16 Indeed, a Times Jobs survey in 2016 of 860 organizations reported that 55 per cent of those surveyed admitted a compensation gap still exists between women and men in their organizations.17

9 A. Shyamsunder, A. Pollack and D. Travis: India Inc.: From intention to impact (New York, Catalyst, 2015).
10 A. Banerji et al.: Standard Chartered Bank: Women on corporate boards in India (Hong Kong, Community Business; and Cranfield, United Kingdom, Cranfield University, 2010).
Women in public sector enterprises in India

Public sector enterprises are those companies which are majority-owned by the central Government, or one of the many state or territorial governments in India, or both. Some public sector enterprises are among India’s biggest employers, such as Indian Railways, India Post and the State Bank of India. The entities included in the category of ‘public sector enterprises’ vary in different reports and studies. In this brief, public sector enterprises include Central Public Sector Enterprises (CPSEs), public sector banks (PSBs) and State Level Public Enterprises (SLPEs). CPSEs are companies in which the direct or indirect holding of the Central Government is at least 51 per cent. The Department of Public Enterprises, which is part of the Ministry of Heavy Industries and Public Enterprises, is responsible for CPSEs. Many CPSEs (244 of them operating according to the Public Enterprise Survey 2015-16) are leading companies of India in sectors such as coal, petroleum, steel, heavy engineering, power supply, telecommunications and transportation services. PSBs, on the other hand, are banks where a majority stake is held by the government. They include nationalized banks and state bank groups, such as Bank of India, Indian Overseas Bank and State Bank of India. Finally, state governments have majority ownership in SLPEs, and various ministries/departments in different states have administrative control of SLPEs.

Public sector enterprises have undergone structural changes as the Indian economy restructures and competition from the private sector intensifies. SLPEs as a group have equal or even larger workforce than CPSEs at times. The National Survey on State Level Enterprises 2008-09 and 2009-10 reported that SLPEs had 1.52 million employees, exceeding the 1.49 million CPSE employees for the same period. Due to lack of updated information on SLPEs, this brief focus on CPSEs and PSBs.

CPSEs challenged with a leaking pipeline

According to the Public Enterprises Survey 2015-16, the total number of CPSE employees has declined since 2006-07 to 1.2 million people (excluding contract workers) as of March 2016. The Government induced CPSEs to downsize their workforce, and women have been disproportionately affected in the process. The latest numbers show that while the total number of employees in CPSEs fell by 8.7 per cent from 2013 to 2016, the number of women employed fell by 12.8 per cent.

Indeed, the share of women in the total CPSE workforce has been falling continuously over the last three reporting years, from 9.81 per cent in 2013-14 to 9.45 per cent in 2014-15, and subsequently to 9.36 per cent in 2015-16. This decline is all the more significant because women were already an underrepresented share of CPSE employees, especially when compared to the national average of 26.9 per cent for female labour force participation.

Although women made up a proportionately smaller share of the CPSE labour force, women were better represented in managerial or executive positions in CPSEs (figure 3). The number as well as share of women in managerial or executive positions increased over the last three reporting periods, despite the decline in the total number of employees in CPSE managerial or executive positions.

9.81% 9.45% 9.36%
2013-14 2014-15 2015-16
Share of women in CPSE workforce

5 Flexing it: Women can now have it all, 7 Mar. 2017, https://www.flexingit.com/blog/women-can-now-have-it-all-95/ [accessed 19 May 2017].
19 For example, the Department of Public Enterprises excludes nationalized banks and the State Bank of India from its surveys, but other entities include them.
The increase in the share of women in top posts is commendable but it is taking place as women make up a declining share of middle and junior level employees. The percentage of women employed by CPSEs in middle level positions fell from 9.43 per cent in 2013-14 to 7.30 per cent in 2014-15 and further to 6.82 per cent in 2015-16 (figure 4). This worrying trend may suggest systemic issues causing a leaking pipeline. If this trend continues, it will reduce the talent pool of qualified women who can be promoted from within to top posts. This is a particularly important issue given that the government prefers to fill top posts in public sector enterprises with internal candidates.

For the analysis of this brief, PSBs includes nationalized banks, Standard Bank of India (SBI) and associates, as well as regional rural banks (which have at least 50 per cent central government ownership). Data for the number of employees vary even within the Reserve Bank of India (RBI) database. For consistency and to use the most updated data, this brief uses the Basic Statistical Returns published by the RBI on an annual basis. PSBs are the main employer in the banking sector in India, employing almost 0.95 million workers and accounting for more than 70 per cent of employment in the banking sector as of March 2015 (figure 5). Although PSBs are the main employer in the banking sector, the share is in decline.

The share of female employees in PSBs increased from 18.2 per cent in 2013 to 21.4 per cent in 2015, yet PSBs have the lowest share of female employees of all employers in

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the banking sector. In fact, the share of women employees in PSBs in 2015 was even lower than the 2013 share of women in private sector banks (22 per cent) and foreign banks (31.3 per cent) (figure 6). Regional rural public sector banks fare the worst when it comes to the percentage of female employees at 10.3 per cent in 2015 compared to 21.9 per cent at SBI and associates and 22.9 per cent at nationalized banks.

**Figure 6. Employment in the banking sector by sex, 2013-2015**

India’s banking and financial services sector is a key outperformer in terms of women in leadership positions. While only 11 per cent of companies in India are led by a woman, more than half of those companies are in the banking and financial services sector, though the majority are private sector banks.

RBI provides a breakdown of banking sector employees according to three categories: officers; clerks; and subordinates (figure 7). In general, banks tend to have a higher percentage of women working as clerks than in other positions. PSBs have a higher share of women subordinates than private sector banks do, and a smaller share of women working as officers and clerks.

**Figure 7. Percentage of women employed in the banking sector according to role, 2015**

Factors deterring women from working and progressing in public sector enterprises

In India in the organized sector where data are available, the number of women in the pipeline to the highest levels of management decreases with each step up the organizational hierarchy. Furthermore, the public sector is evidently weaker than the private sector in the share of women in the workforce. The employment of women in public sector enterprises in India is likely to be impacted both by issues affecting women in the country and issues specific to the sector. This section outlines some of those issues.

**Country factors**

**Gender bias**

In the male-dominated society in India, ingrained social attitudes about men and women prevent women from participating fully at work and advancing their careers. A poll of 3,000 people in India by Gallup and the ILO in 2016 suggested that social acceptance for women doing paid work is increasing. Some 70 per cent of male and female respondents

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24 Centre for Social Research (CSR): Women managers in India: Challenges and opportunities (New Delhi, 2009).
agreed with the statement “it is perfectly acceptable for any woman in your family to have a paid job outside the home if she wants one”. The survey also found that more female respondents (41 per cent) prefer to stay at home than to work at a paid job (30 per cent), while 39 per cent of male respondents preferred women in their family to work at a paid job while only 30 per cent prefer women to stay at home.25 Women's reluctance to work at a paid job may stem from the double burden of working for pay while also caring for the family, due to the deep-rooted belief in India that care-taking is the responsibility of women. Indeed, more than 70 per cent of male and female respondents to the World Values Survey (Wave 6) 2010-2014 in India agreed with the statement “when a mother works for pay, the children suffer”.26 Furthermore, high unemployment (which has been an issue in India despite economic growth) can impact attitudes about gender and work. For example, 52.4 per cent of those surveyed agreed with the statement, “when jobs are scarce, men should have more right to a job than women” (male, 59.3 per cent compared to female, 43.4 per cent).27 McKinsey Global Institutes analysed those results against the labour force participation rate and found a strong inverse correlation between agreement with the statement “when jobs are scarce, men should have more right to a job than women” and low female labour force participation.28 The statement also implies that limited employment opportunities will reduce women’s economic participation more than men’s.

Economic growth has resulted in better earnings for male workers, and this has been cited as a factor in falling rates of female labour force participation. Higher wages for men enable some women to forego paid work and undertake primarily unpaid domestic duties. Those women who participate in the labour force are expected to meet care-taking responsibilities for the home and family while juggling work.

When asked about reasons for leaving the paid workforce temporarily, 54.5 per cent of women leaders (compared to 15 per cent of men) cited care-taking responsibilities.29 The gender imbalance in care-taking responsibilities results in women leaving the workforce, even if temporarily, even though this reduces their chances for promotion and impedes their career progression particularly in the public sector where promotions are linked to seniority.

In addition to gender roles in society, women also face stereotypes against their capability. For example, Indian women fund managers perform well in their jobs and the banking sector in India has a higher number of female CEOs than most other sectors, yet there remains a widespread perception that women are weak in finance. Only 7 per cent of India’s fund managers are women.30

Motherhood penalty

McKinsey Global Institutes found a strong inverse correlation between the female-to-male ratio in leadership positions and agreement with the statement “when a mother works for

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26 The World Values Survey is a global network of social scientists led by an international team of scholars, with headquarters in Sweden. The India survey sample size was 4,078. World Values Survey – Wave 6 Results, India 2012, p. 3, http://www.worldvaluessurvey.org/WVSOnline.jsp [accessed 20 May 2017].
27 Ibid., p. 2.
pay, the children suffer”, thus the high rate of agreement corresponded to low numbers of women in leadership positions. This belief indicates a continuing gender bias and double standard related to parenting and family life. In 2016, a TimesJobs survey of over 800 married working professionals with both partners employed found that 80 per cent of women (compared to 10 per cent of men) considered leaving their job due to child-care issues. Only 60 per cent of female respondents expressed that they were happy to be working parents, compared to 90 per cent of their male counterparts. The survey findings seem to indicate that women would be more likely than men to leave paid employment to cope with the responsibilities and obligations of family life. Women who leave paid employment, however, face difficulty in returning to the workforce, and when they return their chances at promotion are greatly reduced.

**Lack of female role models**

In India, women are more likely than men (26.2 per cent women compared to 9 per cent men) to report the lack of role models as a barrier to advancement. Gender bias, the motherhood penalty and the lack of company interventions to remove barriers to women’s career advancement have resulted in few female role models in top posts. Women at lower levels of the hierarchy or those just beginning their careers may conclude from the absence of women at the highest levels that advancement to top posts is impossible. The lack of female role models could influence women to curtail their career ambitions.

**Public sector enterprise factors**

**CPSEs**

The number of women employees in CPSEs is decreasing at a faster rate than the overall decline in employment in the last three years. Although there are no detailed studies of this trend, some explanations have been proposed. This section briefly analyses the proposed explanations and possible factors in this trend.

One factor in the trend may be demographic. Many public sector enterprise employees “were hired in the 70s and 80s when women participation was low, and those added later were only replacement”. Nevertheless, this observation does not explain why the decline in the number of women employed in CPSEs from 2013 to 2016 was larger than the overall decline in the number of employees. The number of male employees fell by only 5 per cent during the period and the number female employees fell by 12.8 per cent. The net impact of those changes was to reduce the proportion of female employees in CPSEs and increase that of male employees.

Another explanation was that many CPSEs are in the technical and heavy engineering sector which is heavily skewed towards men despite the increasing number of women graduates in those fields. As noted above, in 2014, women made up 42.3 per cent of STEM graduates. Nevertheless, as the president of the Indian Staffing Federation stated, “government enterprises are still not meritocracies. If they were, there would be a better distribution of women. When you aren’t a meritocracy, inherent biases are reflected more”.

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33 Catalyst: Leadership gender gap in India Inc: Myths and realities (2015).
36 Ananda, op. cit.
PSBs

In the banking sector, a lower percentage of employees of PSBs are women compared to foreign banks and private sector banks. The PSB policy of linking promotions to relocations may prevent women from qualifying for advancement, especially as PSBs require relocation every 3-5 years early in an employees’ career. The requirement for relocation was meant as a counter-fraud measure, but one of its impacts is to block the career progression of women in PSBs. By contrast, foreign and private sector banks require transfer mainly at senior levels, while at lower levels of the hierarchy there are opportunities for vertical mobility within the same city.

The research also revealed that the basis for promotion in PSBs differs from private sector banks. While promotion is based on performance and merit in private sector banks, promotion in PSBs is based on seniority and performance. The emphasis on seniority disadvantages women as motherhood and care-taking responsibilities (which are particularly significant in the Indian society) reduce their number of years in the workforce. Lastly, flexible working conditions are found to be less available in PSBs than private sector banks although maternity benefits are roughly comparable.

Hiring practices

Generally speaking, job descriptions in director-level vacancy announcements published by public sector enterprises seem to reinforce gender bias. The announcements use male pronouns to describe the duties of the position, and this may hinder women from applying or unconsciously shape the mindset of interviewers regarding a candidate’s fitness for the position. These factors suggest that gender bias is a barrier to women’s advancement in public sector enterprises.

What has been done?

Legislations and regulations have been enacted or will be introduced in the near future to increase the number of women in public sector enterprises in India. This section summarizes progress in this area.

The Companies Act 2013 and Revised Clause 49 of Equities Listing Agreement required every listed company to have at least one female director on its board. This led to a 180 per cent increase in the proportion of women on boards of National Stock Exchange (NSE)-listed companies from 4.9 per cent in 2013 to 13.7 per cent in 2016. Listed CPSEs likewise were required to appoint at least one woman director on the board to ensure compliance with the provisions.

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37 CSR: Women managers in India: Challenges and opportunities (New Delhi, 2009).
Unintended consequences of the mandate included several new appointments from the promoter group (i.e., a founding or controlling owner, often a family member). Half of the 100 tenured corporate directors in India surveyed by KPMG indicated that companies are hiring women directors merely to comply with the regulation. Nearly 600 companies announced the appointments of women directors in the last three days before the deadline set by the Government and 1,375 Bombay Stock Exchange-listed companies (about 25 per cent) and 191 NSE-listed companies (about 11 per cent) were non-compliant with the mandate as of March 2016, suggesting a lack of buy-in. Failure to comply entails penalties: companies that missed the deadline but comply within three months are fined INR 50,000 (around US$770) each. Those who are late by more than three months but less than six months are fined INR 50,000 (around US$770) and pay additional INR 1,000 (around US$15.50) per day of non-compliance, while those who do not comply within six months of the deadline are fined INR 142,000 (around US$2,200) in addition to INR 5,000 (around US$77) per day until the date of compliance. Further actions may be taken against the owners and directors, but it is unclear whether these penalties were enforced.

The amendment to the Maternity Benefits Act to empower working women was passed by the lower house on 9 March 2017. It is now pending presidential assent and is expected to come into force shortly. The proposed changes extend maternity leave from 12 to 26 weeks, introduce 12 weeks’ maternity leave for adopting and commissioning mothers, require establishments engaging 50 or more employees to provide creche facilities and allow employees four visits per day to the creche, and offer remote working provisions (depending on nature of work and mutual understanding between employer and employee). Several corporations, especially multinationals, have proactively updated their maternity benefit policies to comply with the amendment and some have exceeded its requirements by providing further benefits such as in-house day care services.

Other initiatives taken primarily by multinational companies in India encourage hiring, retaining and promoting women talents. These initiatives include blind hiring to remove gender bias and ensuring that recruitment agency partners have sufficient women representation at the interview stage (such as Bharti Enterprises and American Express). Some schemes to promote women cater to India’s social context (such as General Electric’s “Bring Mother-in-Law to Work”, Tata Group’s Tata Second Career Internship, Intel’s “Home to Office”, IBM’s “Bring Her Back”, SAP’s “Stay in Touch” and Philips’ “Back in the Game” programmes) to encourage women to return to work. While most of these programmes are not being monitored for impact, public sector enterprises can review these initiatives and leverage lessons learned to compete for women talents.

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41 KPMG: Towards gender balanced boards (Mar. 2017). Data quoted was sourced from PRIME Database, 2016.
Tata’s Second Chance Internship Programme

Launched in March 2008, the programme is a management programme targeting women professionals who wish to return to the professional space after having taken a career break of at least six months for various reasons. Women in the programme are provided opportunities to take on flexible work assignments with various companies in the Tata Group.

Way forward for SCOPE

Overall, reversing the downward trend in the share of women employed by CPSEs would be important to address for public sector enterprises in India to improve the bottom line. A continued weakening of women’s labour force participation could further reduce the supply of women talents for top positions. To reverse the current trend, it is important to understand the causes and SCOPE is well-positioned to provide that intelligence.

Public sector employers can begin by evaluating responses gathered in exit interviews (if available). Surveys of female former employees should then be conducted to gather additional data. The data may help identify factors contributing to the downward trend in the number and share of women in the middle and junior levels.

Against the backdrop of the falling percentage of women in middle levels, there is an increasing share of women in managerial and executive positions in CPSEs. An analysis of this trend would require information on the background of women serving in these roles, such as whether they had experience working in the private sector.

Another topic for research that SCOPE could initiate would be on steps public sector enterprises have taken to improve gender balance across all levels to identify what works and what does not. Several surveys have been conducted on efforts (or plans) to promote gender diversity in the workplace, but they did not differentiate between public and private enterprises.

Additional research specifically on public sector enterprises would be beneficial to assess their status and progress towards gender balance. The Department of Public Enterprises has emphasized that all CPSEs should take steps for skill upgrading and career progression of women in the workforce and a survey could identify and consolidate information on initiatives that have been undertaken. Impact assessments of the initiatives would also provide valuable data on efforts to improve the rate of women’s labour force participation. It may not be feasible to conduct in depth research on multiple companies and their initiatives, but it may be possible to use empirical studies as the basis for a checklist of minimum characteristics that workplaces must have to support the advancement of women and use the checklist to conduct surveys of public sector enterprises.

For more information please contact

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