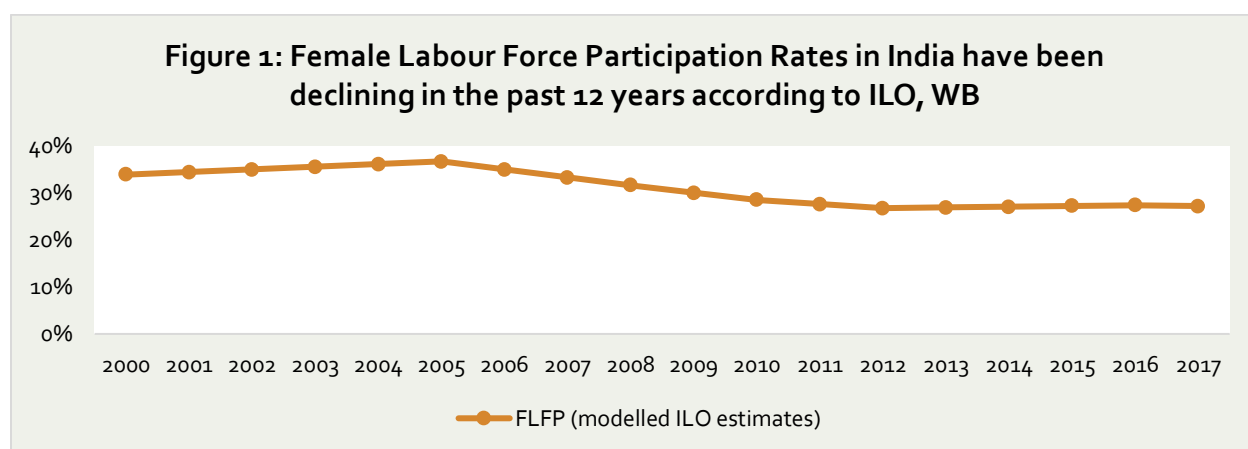


Status of Female Employment in India

Examining the Current Scenario

I. Introduction and Status

The status of female employment in India has been the subject of much debate of late in the national fora, due to its intrinsic relationship with female empowerment. The Economic Survey 2017-18 mentions an Organisation of Economic Cooperation and Development (OECD)¹ analysis that indicates that the **proportion of women who work has steadily reduced over time, from 36 percent to 24 percent in a decade**, (when examined in 2015-16) signalling a decline of 33.3 percent in Female Labour Force Participation (FLFP) in ten years. It also showed that the **gender gap in Labour Force Participation Rate (LFPR) is more than 50 percentage points in India**. This gender gap is visible in the plot for Median Earnings as well. As the Survey Report notes, women workers often constitute the most vulnerable of the workforce as they are “*employed in the least secure, informal, unskilled jobs, engaged in low- productivity and low-paying work*”. Among peers, India performs the worst compared to Brazil, Mexico and Indonesia, according to both indicators analysed by OECD. This is also corroborated by the estimates released by the International Labour Organisation (ILO) and World Bank, as given below. They have defined FLFP as percentage of working female population in the 15 years and above demographic.



Source: ILOSTAT database, 2017 ILO Labour Force Estimates

The plot above shows annual trends in Female Labour Force Participation Rate (FLFPR) in India since the turn of the millennium. It stood at 34 percent in 2000, peaked at 37 percent in 2005, but declined to 27 percent in 2017, effectively **reducing by 20.5 percent** since 2000.

¹ “The Pursuit of Gender Equity: An Uphill Battle, OECD 2017”. Seen in *The Economic Survey of India, 2017-18*.

To quote the Economic Survey 2017-18, which makes a case for gender equality, “*Addressing the meta-preference in favour of sons and empowering women with education and economic agency are critical challenges for the Indian economy*”. This statement brings out the cyclical nature of the problem: neglect of the born girl child leading to adverse health and education outcomes, which in turn, affects their economic productivity and capacity to contribute or earn an income, impacting adult women’s mobility, decision-making power and social and eventual economic emancipation. Therefore, women’s employment is critical for (1) **instrumental** reasons related to efficiency and productivity of the economy, as well as (2) the **innate** reason of women’s empowerment.

II. Low Female Employment in India: Reasons

Due to the varied nature of the population composition and the differing statuses (both economic and social) which women enjoy across different states, the reasons for low female employment are varied. One of the chief problems which plague any analysis of female employment is the lack of government study on the status on female employment in India. While the National Sample Survey Organisation (NSSO) and Employment-Unemployment Survey (EUS) do provide state wise data in female employment, there is no study which identifies women friendly sectors state wise or provides reasons for declining female employment. The following analysis provides a general view of the reasons behind low female employment however these reasons are hypothesis based on academia reports, a government study will go a long way in unearthing the forces which drive female employment and its counter, unemployment.

This analysis becomes all the more relevant as it is revealed that, in comparison to other South Asian countries, India does not perform well in terms of Female LFPR. For a period of ten years from 1990 to 2013, while Female LFPR has grown in countries like Bangladesh and Pakistan and stabilized in Sri Lanka, Female LFPR has declined in India by **6.9 percentage points**, from **34.1 percent in 1990 to 27.2 percent in 2013**².

- A. Gender Differences:** While an oft-cited reason leading to low economic empowerment of women, it is of paramount importance driving low female employment. Gender differences and consequently preference for the male child and adult has an impact on the economic capacities of women from birth. Male preference and consequently low regard for females leads to inadequate health and education opportunities, from a very young age. Improper nutrition and lack of education deters women from being healthy contributing members of the work force.
- B. Access to Education leading to higher aspirations:** While access to education for females has increased, many economists have theorized that as education empowers women, employment choices for them become more stringent. Both social norms and lack of quality employment opportunities have an impact on the employment options for women with secondary and tertiary education. However, this

² ILO Report: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro/new_delhi/documents/genericdocument/wcms_342357.pdf, accessed as on 31st July, 2018

is more of any urban phenomenon, a significantly larger portion of women in the rural population are part of the work force.

C. Lack of Quality Employment Opportunities: This reason is especially valid for rural regions, employment opportunities in rural areas have not kept pace with the growth in the urban regions. The Unemployment Rate (UR) for women in the rural population is **47/1000** which is significantly higher when compared to male UR standing at **21/1000**³. While domestic duties are a major impediment to any kind of employment, few or the lack of major formal employment opportunities for rural population have particularly hurt the progress of economic empowerment for females. Even entrepreneurship opportunities for rural population are hard to come due to lack of banking infrastructure in the far-flung areas and weak market linkages in others. It is safe to say that while these factors hurt the economic interests of all population, they especially have an overwhelming impact of female employment as they are the more vulnerable gender.

As the overlying reasons mentioned above provide a macro picture, a more detailed data-centric picture of the status of the both urban and rural female employment is provided in the ensuing sections.

III. Urban and Rural Employment

It is important to examine trends of female unemployment across urban and rural India, given that the nature of employment and economic activity in these areas differ significantly. This section provides a disaggregation of female employment and Female (LFPR) in urban and rural areas. Further, it attempts to identify and evaluate government interventions pertaining to female employment in both domains.

According to the Census 2011, the total number of female workers in India is 149.8 million and female workers in rural and urban areas are **121.8 and 28.0 million** respectively. Out of total 149.8 million female workers, **35.9 million females** are working as cultivators and **another 61.5 million** are agricultural labourers. Of the remaining female workers, **8.5 million** are in Household (HH) Industry and **43.7 million** are classified as other workers⁴.

Recent studies by NITI Aayog have shown an increase in the '*not-in-labour-force*' to population ratio⁵ for female. This ratio for the female belonging to agricultural labour, cultivators, and non-farm HHs have increased by 8.49, 6.05 and 4.63 percentage points between 2004-05 and 2011-12. Withdrawal of female from labour-force was highest among agricultural labour HHs followed by cultivators and non-farm HHs both in percentage and absolute terms. The Economic Survey posits that this drop in FLFP in agriculture could be due to the structural transformation of agriculture. Increasing mechanisation in agriculture has resulted in the availability of

³ Employment Unemployment Survey 2016

⁴ Annual Report 2017-18, Ministry of Labour and Employment.

⁵ Indicates the proportion of population not offering themselves for any economic activity.

machines for farm work traditionally undertaken by women, thus reducing the demand for female agricultural labour. In the case of males, withdrawal from work-force was found only among the agricultural labour HHs.

Table 1: Labour Force Participation Rate and Unemployment Rate (per 1000) for persons aged 15 yrs & above according to Usual Principal Status Approach (ps) for each State /UT

Sl.No	States/UTs	Labour Force Participation Rate (per 1000)		Unemployment Rate (per 1000)	
		Rural (Female)	Urban (Female)	Rural (Female)	Urban (Female)
1	Andhra Pradesh	561	221	34	95
2	Arunachal Pradesh	403	163	108	98
3	Assam	202	216	136	199
4	Bihar	149	76	75	147
5	Chhattisgarh	623	208	10	120
6	Delhi	187	120	92	83
7	Goa	240	250	269	113
8	Gujarat	240	250	9	19
9	Haryana	156	118	61	186
10	Himachal Pradesh	170	169	194	19
11	Jammu & Kashmir	99	122	318	130
12	Jharkhand	226	130	116	190
13	Karnataka	362	264	16	31
14	Kerala	312	303	308	290
15	Madhya Pradesh	203	87	87	73
16	Maharashtra	463	128	16	55
17	Manipur	330	262	33	117
18	Meghalaya	466	471	54	208
19	Mizoram	642	439	12	64
20	Nagaland	590	388	65	172
21	Odisha	196	131	116	113
22	Punjab	108	117	186	231
23	Rajasthan	250	91	123	138
24	Sikkim	331	319	351	465
25	Tamil Nadu	509	250	61	67
26	Telangana	529	267	17	148
27	Tripura	316	308	505	467
28	Uttarakhand	220	115	116	95
29	Uttar Pradesh	121	76	200	262
30	West Bengal	199	160	91	129

31

Puducherry

341

279

136

81

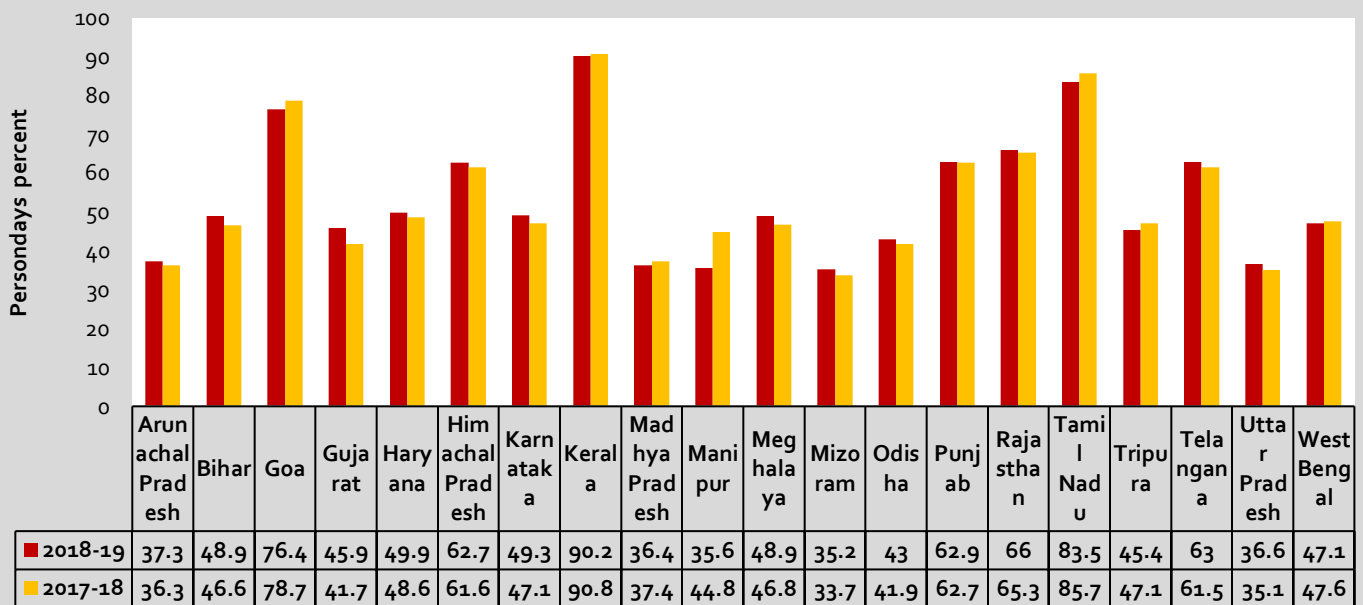
Source: Report on 5th Annual Employment-Unemployment Survey 2015-16, Ministry of Labour and Employment Labour Bureau.

The following section identifies and assesses government interventions in both urban and rural employment. For rural employment, the MGNREGS (Mahatma Gandhi Rural Employment Guarantee Scheme) provides a right-based programme to boost labour-force participation. Similarly, the Maternity Benefits (Amendment) Act 2017 provides a policy framework to make industries more women-friendly, thus having a great impact on urban female employment.

A. MGNREGS: The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is the major government initiative that provides a platform to women for employment opportunities. The MGNREGS reserves minimum **33 percent** for women participation and provides 100 days of guaranteed wage employment in a financial year to every rural HHs. Women participation has increased significantly and perceived it giving them a sense of independence and security.

As per the Economic Survey 2017-18⁶, **4.6 crore HHs** were provided employment with a total of 177.8 crore person days during 2017-18. Out of the total number, **54 percent of person days were generated by women**. Further, recent trends from 2013-14 to 2017-18 highlight that participation by women in the total person days generated has been **more than 50 percent**. Fig 1, shows the state-wise women person days out of total (in %) under MGNREGA. States like Kerala, Tamil Nadu, Rajasthan, Telangana shows a greater percentage point of women participating under MGNREGS.

Figure 2: Women Persondays out of Total (percent) in States



⁶ Economic Survey 2017-18, Section: Social Infrastructure, Employment and Human Development, accessed as on 30th July 2018.

Source: MGNREGA Website, http://mnregaweb4.nic.in/netnrega/all_lvl_details_dashboard_new.aspx, accessed as on 31st July, 2018

Further, the Ministry of Women and Child Development (MoWCD) has launched '**Mahila E-Haat**', a unique direct online marketing platform leveraging technology for supporting women entrepreneurs/Self Help Groups/NGOs for showcasing the products/services which are made/manufactured undertaken by these women⁷. Currently, this platform has impacted directly and indirectly over **26,000 SHGs** and **3.75 lakh beneficiaries**.

B. Maternity Benefit (Amendment) Act, 2017: The Union Government has been making efforts to remove the negative affect of maternity on women's work participation rate in the labour market. In light of this, the Maternity Benefit (Amendment) Act, 2017 was brought in by the Central Government to protect the employment of women and provide the women full-paid absence from work to take care of her child.

The Act amends the Maternity Benefits Act, 1961 and has provided benefits such as:

- Women working under the organised sector are now entitled to paid maternity leave of 26 weeks, up from 12 weeks, benefiting 1.8 million women.
- Mothers who adopt a child below the age of 3 months will receive maternity leave of 12 weeks.
- Women are now permitted to work from home, if the nature of work assigned permits her to do so.
- Creche facility made mandatory for organisations with 50 or more employees.

However, concerns continue to exist regarding this act. The primary concern with the Act is that additional maternity benefits come at a cost to companies. This additional cost associated with hiring women employees may result in companies becoming even more unwilling to hire women. Moreover, at a time when a number of countries have incentivised and encouraged sharing of the childcare burden by making provisions for paternity leave within childcare legislation. India's legislation has come under scrutiny for placing the complete burden of childcare on the female by not including any provision for paternal leave or shared childcare.

IV. Female Entrepreneurship in India

Given the numerous kinds of barriers that women face in obtaining and retaining '*good jobs*', entrepreneurship provides an alternate avenue to productive participation in the workforce. However, India is not performing well on the index of female entrepreneurship either, with **only 21.49 percent of total establishments and 13.41 percent of non-agricultural establishments in India being owned by women**.⁸

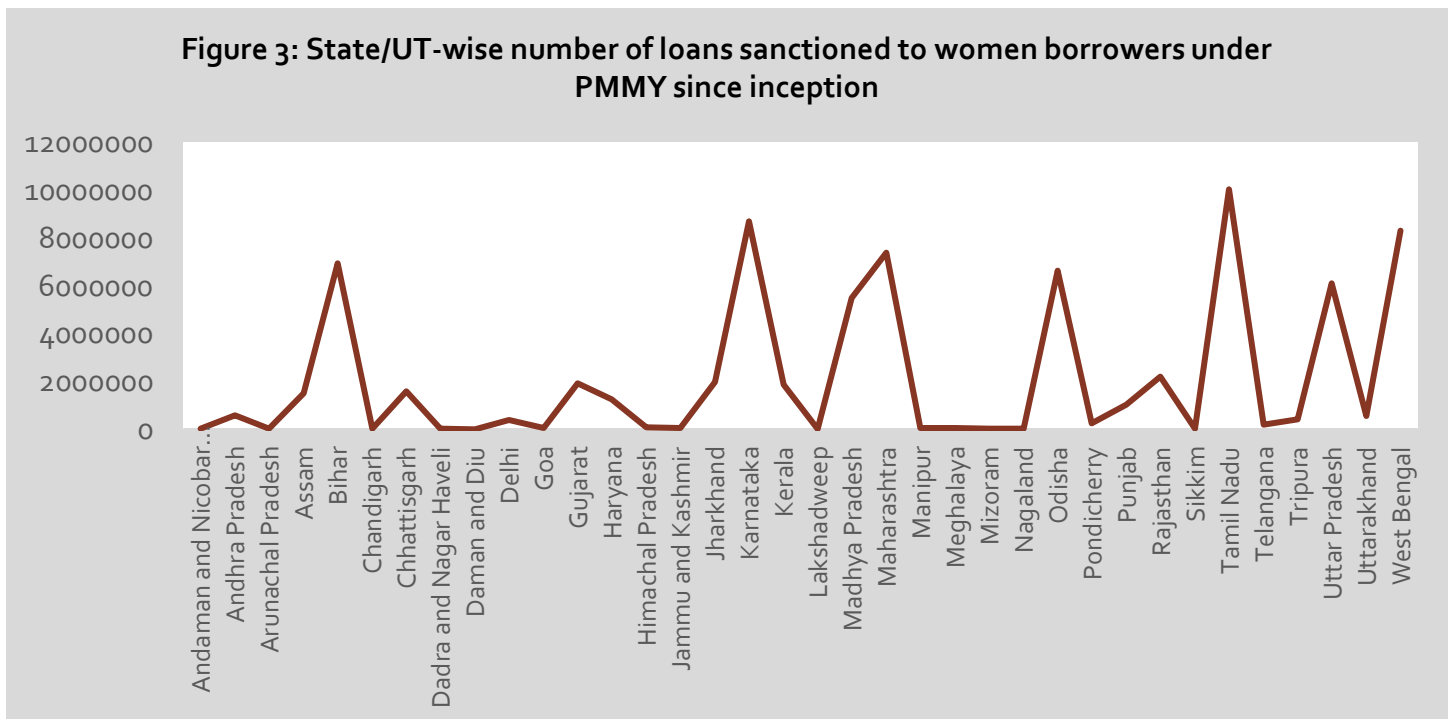
As in the case of employment, women face a number of constraints in pursuing entrepreneurship as a means of livelihood. The most important factors pertaining to business success are, a good business proposition,

⁷ http://www.wcd.nic.in/sites/default/files/Mahila_percent20E-haat_percent2024012017.pdf, accessed as on 31st July 2018

⁸ Sixth Economic Census, 2014 (Ministry of Statistics and Programme Implementation)

availability of adequate funding, and an understanding of how to set up and manage the business. A study on women's entrepreneurship conducted by the United Nations Development Programme (UNDP) reveals based on surveys that an absence of business management skills is a major barrier faced by women with entrepreneurial aspirations. The barriers that exist in this domain are also closely linked to the structural challenges that women face given existing gender norms. For instance, women can conceptualise ideas for and enter only select business domains. However, the **most significant barrier is posed by accessibility to finance for setting up businesses**, with around 70 percent of women surveyed across 4 cities citing access to credit as a barrier.⁹

In recognition of the fact that credit access is the most critical challenge, the Government of India has introduced schemes to mitigate the situation. The **Pradhan Mantri Mudra Yojana (PMMY)** was initiated to provide micro or small businesses with access to institutional finance up to Rs.10 lakhs. The scheme prioritises women entrepreneurs with almost 75 percent of loans under PMMY catering to women borrowers. As of December 22, 2017, more than **7.55 crore loans** have been extended to women borrowers. In addition to providing loans, the PMMY refinancing agency MUDRA (Micro Units Development and Refinance Agency) offers a **0.25 percent** rebate on refinance interest rate to women borrowers.¹⁰



Source: Lok Sabha Starred Question No. 267, answered on January 5, 2018.

⁹ Women's Voices: Employment and Entrepreneurship in India, UNDP, July 2015.

¹⁰ Lok Sabha Starred Question No. 267, answered on January 5, 2018.

Figure 3, illustrates the state-wise performance of the MUDRA scheme, as on 5 January 2018. As per this figure, Tamil Nadu leads the way under PMMY with more than 1 crore loans sanctioned to women borrowers. Bihar, Karnataka, Maharashtra and West Bengal also perform well on this criterion.

In addition to PMMY, the Government of India also instituted the **Stand Up India scheme** with a similar objective. The scheme aims to provide institutional financing in the manufacturing, services or trading sector between Rs. 10 lakh and Rs. 1 crore to at least one Scheduled Caste(SC)/Scheduled Tribe(ST) borrower and one woman borrower per bank branch. With an overall target of at least 2.5 lakh borrowers, it should provide credit to around 1,25 lakh women borrowers. **As of 4th March 2018, Scheduled Commercial Banks had sanctioned 45,004 loans to women entrepreneurs under Stand Up India.**¹¹

Government efforts have not been restricted to the domain of facilitating access to institutional credit. The Ministry of Micro, Small and Medium Enterprises (MSME) has launched a portal called 'Udyam Sakhi' to address the issue of business management skills. This will provide a platform to provide women entrepreneurs with the support and guidance required at various levels of entrepreneurship.¹² Despite these multi-dimensional efforts spearheaded by the government, the **Mastercard Index of Women Entrepreneurs (MIWE) 2018, India ranks 52nd out of 59 countries** on the availability of conditions to promote female entrepreneurship.

V. International Experience: Japanese Success in Enhancing Female Employment

The focus of policy studies with regard to female employment turned to Japan with the recent introduction of '**Womenomics**', a planned state effort to boost Female Labour Force Participation (FLFP). While Japanese PM Abe's '**Womenomics**' initiative is recent, the fact is that Japan's female labour force participation has been steadily and rapidly improving from 2000 onwards. According to OECD Labour Force Statistics for Prime-age Women (25-64), Japan's Female (LFPR) has risen from 66.5 percent to 76.3 percent. This shift is important to analyse for two reasons – 1. studies show that policy initiatives have had a key role to play and 2. Japan faces many structural problems in terms of gender norms, that are similar to the Indian scenario.

While it is difficult to identify specific policies that have directly impacted Female LFPR in Japan, there is undoubtedly a strong correlation between policy changes over a period of time and the outcomes for female employment. One aspect of this set of policy actions that has made a potentially significant impact is the range of child care policies. Given that there has been particular improvement in FLFPR of the 25-40 age group, it is likely that these policies made a significant impact. A series of reforms in 1992 and 1995 expanded maternity leave from 12 weeks to one year of paid leave available to both parents. In 2014, as part of '**Womenomics**', the number of day care slots were increased by 219,000 and the state made provisions to replace 2/3rd of workers' earnings over the first six months of paid leave. Along with progressive child care policies, Japanese labour laws were also changed considerably to remove earlier restrictions on women's employment. For example, until the 1990s, there were women's protection provisions that restricted women's labour market involvement by

¹¹ Lok Sabha Unstarred Question No. 2419, answered on March 9, 2018.

¹² Lok Sabha Unstarred Question No. 1865, answered on July 30, 2018.

limiting the nature of occupation accessible, as also the hours of work that women could engage in. The ‘Womenomics’ campaign also intervened at a broader level with lower tax rates for married women and fixed targets for representation of women in business houses. It is clear therefore that a series of positive policy changes preceded the increase in female employment metrics.¹³

Despite the widely acknowledged Japanese success story in female employment, there remain obstacles to prescribing this as a solution for developing countries like India. First, the inherent limitations within the Japanese model are gradually becoming evident. While the female employment rate has risen, the gender wage gap continues to be a very high **27 percent**. This is partly due to the fact that women are forced to take up lower quality of jobs, with a large part of employment rise catered by part-time jobs.¹⁴ Second, the legal and policy changes in Japan were accompanied by cultural shifts, as indicated by the World Values Survey data. This change in gender norms supported and facilitated the success of policy actions.¹⁵ In the India context, it is questionable whether significant cultural shift has occurred in the gender realm, to replicate similar processes. Third and last, given the background of an ageing population and declining workforce numbers, Japanese policymakers were forced, to an extent, to make initiate actions that inducted women to add to the workforce. The current demographic situation in India does not require drastic action to supplement the workforce, and this could reflect in policy priorities.

VI. Conclusion

In spite of the various programmes of the government, the country has not made great strides in female employment (**Figure 1**) or entrepreneurship, as shown by the declining trend in FLFPR. It is clear from the analysis and from the Japanese experience that policy actions, while essential, cannot be fully effective in the absence of deeper structural changes in society with regard to attitudes towards women.

The country will need to formulate economic and social strategies that work parallelly to overcome the challenge. The economic strategy, as pioneered in other Asian countries (such as Bangladesh and Vietnam) would be to promote new industries that are drivers of women’s employment. In light of this, the Economic Survey 2016-17 also pointed towards the need to focus on and incentivize industries (such as textiles and footwear) that can usher in social transformation. While attitudes and values cannot change overnight, it is apparent that targeted economic incentives can overcome the pull of tradition. The right incentives for industry and entrepreneurship will provide the necessary impetus to overcome the barriers to female employment

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¹³ <https://www.brookings.edu/research/lessons-from-the-rise-of-womens-labor-force-participation-in-japan/>, accessed as on July 31, 2018.

¹⁴ <https://www.oecd.org/policy-briefs/japan-improving-the-labour-market-outcomes-of-women.pdf>, accessed as on July 31, 2018.

¹⁵ <https://www.brookings.edu/research/lessons-from-the-rise-of-womens-labor-force-participation-in-japan/>, accessed as on July 31, 2018.

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