

9. Gender Disparities in the Labour Market – A Review of Causal Factors

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Introduction:

Gender equality is not only an ethical imperative but also an intelligent strategy to foster innovation, creativity, and overall institutional performance."

Omar López Alfano, Technical Secretary, National Research System, Panama

This year's International Women's Day theme, "Invest in Women, Accelerate Progress," is indicative of the prospective future returns that may accrue from investing in women. Across the globe, women have time and again excelled in every field and have contributed significantly to the progress of nations. With appropriate and adequate support, women not only secure better career opportunities for themselves but also become agents of change within their families and communities. Despite such remarkable achievements, women continue to face numerous barriers and inequalities that hinder them from attaining their full potential. A few remarkable ones are lack of investment in women education and women health care along with a disproportionate allocation of economic opportunities to women. Women are paid less; most of their work is unpaid household work and they often have difficulty accessing finance and other wealth-creating resources.

Globally, among 1.4 billion unbanked adults, the predominant are women living in rural areas with limited education and resources. The level of female work force participation remains low globally. World Bank estimates (2022) show that the worldwide labour force participation rate (LFPR) for women was only 47.3% in 2022.

Despite technological advancements and high rates of economic growth, a persistent decline has been observed in the LFPR of women in developing nations. Specifically, in India, female labour force participation has decreased from 28% to 24% between 1990 and 2022. The economies of today are failing women.

Review and Discussion:

Several studies have shown that gender equality has a positive impact on economic growth, poverty reduction, health outcomes, and social stability. By unlocking the potential of women, we can accelerate progress in all these areas. Balakrushna *et. al.* in their article published in 'The Hindu' studies the economic impact of the non-participation of married women in the workforce in India and finds a considerable negative impact.

They find that a diminished level of women's labour force participation rate (LFPR) has significant consequences for women's intra and inter-household bargaining power, as well as the overall economic progress of the nation.

Claudia Goldin, Noble prize winner in Economics for the year 2023, whose research advanced the understanding of women's labour market outcomes says, "There are still large differences between women and men in terms of what they do, how they're remunerated and so on". Her deep research into the economic history of women has provided a fresh perspective into the existing gender disparities in the labour market. She was able to isolate the underlying factors that have contributed to these disparities since ages, together with the currently existing inequalities.

Ashwini Deshpande, a professor of Economics at Ashoka University, in an article published in 'The Centre for Economic Data and Analysis (CEDA)' in 2023, finds that from recording a substantial decline in the first two decades of the millennium, there has been a recent increase in Women's Labour Force Participation in India and questions its veracity. Very interestingly she finds that although an improvement in female labour force participation rates can be found, especially in the rural areas, it can be majorly attributed to improved measurement techniques for the initial years and to an increase in women in self-employment, which is a combination of paid work and disguised unemployment for the later years. However, she finds no increase in job opportunities in rural areas.

Menon and Tomy in their 2019 article titled "Women and work: Examining India's policy landscape" studied a database of 53 legislations and policies, examining the gender focus, targeting strategies, support, safety, inclusion mechanisms, eligibility criteria, benefits and geographic focus of those policies among other things. They found that although financial support is quite common, very few schemes tackle the social and familial barriers that prevent women from participating in the labour force.

They also noted a remarkable lack of critical factors such as safety and security initiatives, safe transportation and childcare facilities for young mothers. They opine these factors to be crucial for post-placement retention, which was found to be worse in women as compared to men. Further, the skilling agencies were found to suffer from a selection bias towards the more employable, thus excluding the group that actually needed the intervention.

However, Sunaina Kumar in her 2024 article on, "The female workforce in India: Emerging trends and insights" found the participation rate of the female workforce in India to be changing as younger and more educated women enter the workforce. She imposes that in order to harness the democratic dividend and to accomplish a growth rate of 8 percent by 2030, women must account for more than half of the new workforce. She holds conservative social norms and both demand and supply side factors to be responsible for the prevalent gender gap in the Indian workforce.

She also finds that due to recent structural transformations in the Indian economy, older but less educated women are exiting the workforce and younger but more educated women are entering it. This is having a positive impact on the gender gap in the country and will have a long-term impact on the economic participation of women in the Indian labour force.

Fernandez and Puri in the ICRIER Policy brief finds that despite strong economic growth, decline in fertility, expansion of education, and improved access to infrastructure, the female labour force participation rates have seen a declining trend in India since the 1990s. Their research sought to explain the trending change in female labour force participation rates from 2017–2018 to 2021–2022 and to explain the heterogeneity across demography and industries in India with regard to the same.

They find pursuit of higher education, unpaid care work, and lack of proper access to healthcare to be the most important reasons for low participation of females in the Indian workforce. As a policy recommendation, they suggest the creation of a ‘pull factor’ to draw rural women in to non-agricultural jobs. They also suggest the removal of social inequalities and improved working conditions for women. To reduce gender disparity in healthcare, behavioural interventions were suggested as a viable mechanism.

Bhalla and Kaur in their article on “Labour Force Participation of Women in India: Some facts, some queries” explore some of the alleged reasons for the low female participation rates. On close examination of NSS data, they find that there is little difference in the unpaid/paid nature of jobs between men and women.

They also find that the labour force participation rates in India is largely underestimated due to the presence of a large number of school going population. They also find little evidence of the U-shape relationship between female labour force participation and income in India. Their research rather reveals an inverted U with the inflexion coming at higher than the 95th percentile. However, they found spousal education to have a strong negative relationship with the female labour force participation rate due to considerations of ‘family statuses.

A study by UNDP covering several nations makes an interesting read. In Argentina, the National Bank of Argentina (BNA) became the world’s first bank to receive the Gender Equality Seal for Public Institutions, for its dedicated efforts in reducing gender gaps in financial inclusion. BNA is credited with benefitting over 3,000 women-led companies with subsidized lines of credit and developing a wide range of financial products dedicated to help women access finance. In India, UNDP India has partnered with the Skill Council for Green Jobs. With an aim to remove barriers that prevent women from accessing training and employment opportunities, the same Skill Council offered an incentive of INR 2,500 (US\$30) to each woman who participated in the training. Similar stories were reported in Sahel, Panama, Nigeria, and Afghanistan giving women the hope and support and more importantly the skill to stand on their own feet.

Thus, it will not be wrong to say that economic reform can only happen when institutions and policymakers are ready for gender equality. Accelerating gender equality will go a long way in promoting human development and supporting sustainable growth.

Conclusion:

Recognizing the fact that higher participation of women in the labour force is pertinent to escalation in India's economic development, the government is taking several initiatives. To enhance the employability of female workers, the Government is providing training to them through a network of Women Industrial Training institutes, National Vocational Training Institutes and Regional Vocational Training Institutes. Under the Aatmanirbhar Bharat Rojgar Yojana (ABRY) benefits of Rs. 2562.7 Crore have been provided to 15.8 lakhs women beneficiaries. Several women empowerment schemes such as STEP (training and employment programme), MSK (Healthcare Programme), Mahila E-Haat (online entrepreneurship opportunities) and many more have been initiated over the years. In her speech at the 25th Anniversary of the Fourth World Conference on Women, Union Minister for Women and Child Development Smriti Irani said that recognizing the importance of gender equality for overall economic development, India has brought more than 200 million women into the formal banking system through the Government's Financial Inclusion Initiative. Additionally, equal opportunity to access insurance, loans, and social assistance were created for women through the innovative use of digital technologies. Thus, India seems to be giving sufficient attention to the economic development of its women labour force.

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