

FEMALE LABOUR FORCE PARTICIPATION IN SELECT URBAN REGIONS OF INDIA

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Abstract:

The pandemic has ushered in umpteen challenges and opportunities for females affecting the constant trade-off between work and home requirements. It is pertinent to account for the precarious downtick in the working age female labour force participation which comprises of a huge productive labour force. The Global Gender Gap Index (GGGI), 2021 published by the World Economic Forum (WEF) reveals that out of the total 156 countries, India ranks 151st in Economic Participation and Opportunity which is a sub-index of the Gender Gap Index. These findings highlight the urgency of urban region analysis that specifically studies the factors that affect the FLFPR in urban regions of India.

Keywords: FLFPR, urban, precarious downtick, prescriptive strategies.

JEL: J16, J21, J22, A14.

Introduction:

The phenomenon of declining FLFPR is a complex issue involving convolution of structural and socioeconomic factors. Despite the unprecedented growth rate convolution, declining fertility rate and rising literacy rates, these factors continue to deter the participation rates among females. Marital status, high spousal education, high household income, social norms, religion, motherhood, and occupational segregation that leads to lesser availability of female centric jobs are few of the factors that hinder female labour force participation. Incongruous to the global trends India has persistently witnessed a decline in Female Labour Force Participation Rate (FLFPR) for more than two decades.

This particular trend can be witnessed in the following figure that highlights the downward trend of female participation rates across South-East Asian Economies neighbouring India.

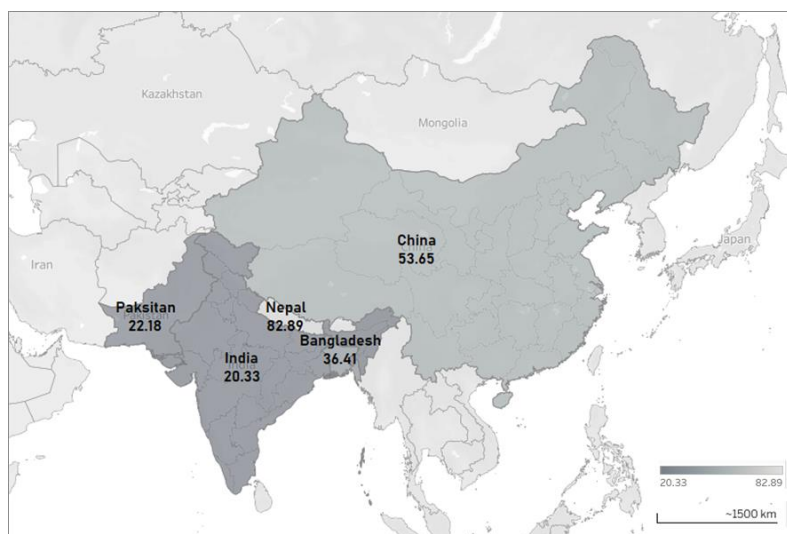


Figure 1. Female Labour Force Participation Rate(FLFPR) (%)in select South-East Asian Economies
India.

Source: International Labour Organisation (ILO) STAT, 2020.

Comparing the of FLFPR in India which is 20.33% to developing South-east Asian economies such as Nepal (82.89%), Bangladesh (36.41%), China (56.65%) and Pakistan (22.18%) in the above figure presents a clear picture of India having one of the FLFPR. India is at a worrisome juncture since the window of demographic dividend has begun in 2018 which means that the working age population (14 -65 years) is increasing as compared to its dependent population. The age-dependency ratio of India was reported to be (48.66%) in 2020 (World Bank Data, 2020) which is on a descending trajectory which is calculated as (population within age group 0-14 years + 65 above)/working age population (15- 64 years). The age-dependency ratio of India presently is comparable to China's age-dependency ratio in 1995.

Asia's demographic landscape has transitioned through age structural shifts that have benefited some Asian countries like Japan, South Korea and China in the past. The experience of these countries of rising working-age population since 1965 has been conducive to economic growth and has been instantiated as the "East Asian Economic Miracle" between 1960 and 1997 (Bloom and Williamson 1998, Mason 2001). A study on aging population, demographic dividends, intergenerational transfers, National Transfer Accounts (NTA) highlights three stages of demographic dividends in Asia over a period from 1950–2050 based on micro-level datasets from Malaysia and Japan. It attempts to analyse the age structural shifts, intergenerational transfers and focuses on the "silver demographic dividend". The silver demographic dividend refers to using the productive capacities of the ageing population. The first phase of realising the demographic dividend arises when the Total Fertility Rate (TFR) declines below replacement fertility level that is 2.1 children per woman. India's TFR has gone below replacement level to 1.9, National Family Health Surveys (NFHS-5, 2019-21) signifying the beginning of the first stage. A country's demographic transition in form of age structural shifts coupled with falling fertility rates leads to increased working age population relative to dependent population. In other words, as the fertility rate declines, the number of children per female decreases, increasing the working age population. This results in an increase in production as compared to consumption leading to higher productivity, savings and economic growth (Ogawa, et al., 2021). In case of India, the benefits from the first stage of demographic dividend can be realised with provision of gainful employment opportunities that absorbs the surge in working age population. Recent empirical literature on female labour force participation based on nationally representative population surveys

such as NFHS 3 (2005–06), NFHS 4 (2015–16) NFHS 5 (2019-21), IDHS I (2005–06) and IDHS II (2011–12) reveal variations across different regions in India pertaining to education level, marital status, fertility rate and employment decisions. The trends in FLFPR are not analogous to the trends in other countries if we take into account that the rising education level of females is associated with higher FLFPR. But in case of India, rising education level among females has not resulted into higher FLFPR (Ghai, 2018), (Vanneman et al., 2018).

The factsheets of National Sample Survey’s (NSS) Periodic Labour Force Surveys (PLFS) comprising of PLFS 2017-18, PLFS 2018-19 and PLFS 2019-20 recorded the FLFPR in rural areas to be 18.2 % in 2017-18 that slightly increased to 19.7% but the third PLFS report (2019-20) recorded a sudden spike in FLFPR rates to 22.8%. This rise in FLFPR rate in latest PLFS report is difficult to collate with the earlier PLFS reports. The theoretical standpoint stresses that changes in participation rate of females in the labour market change gradually in the long-run and not over a year. Hence, the Ministry of Statistics and Programme Implementation (Mospi) is contemplating a rejig in the questionnaire used for conducting the PLFS. The new questionnaire would be tweaked for making it more robust and comprehensive that would coherently capture economic activities of females including hours spent on unpaid labour with a shorter recall period of a week rather than a year. The following figure depicts the trend in FLFPR captured by Employment and Unemployment Surveys (EUS) and the PLFS.

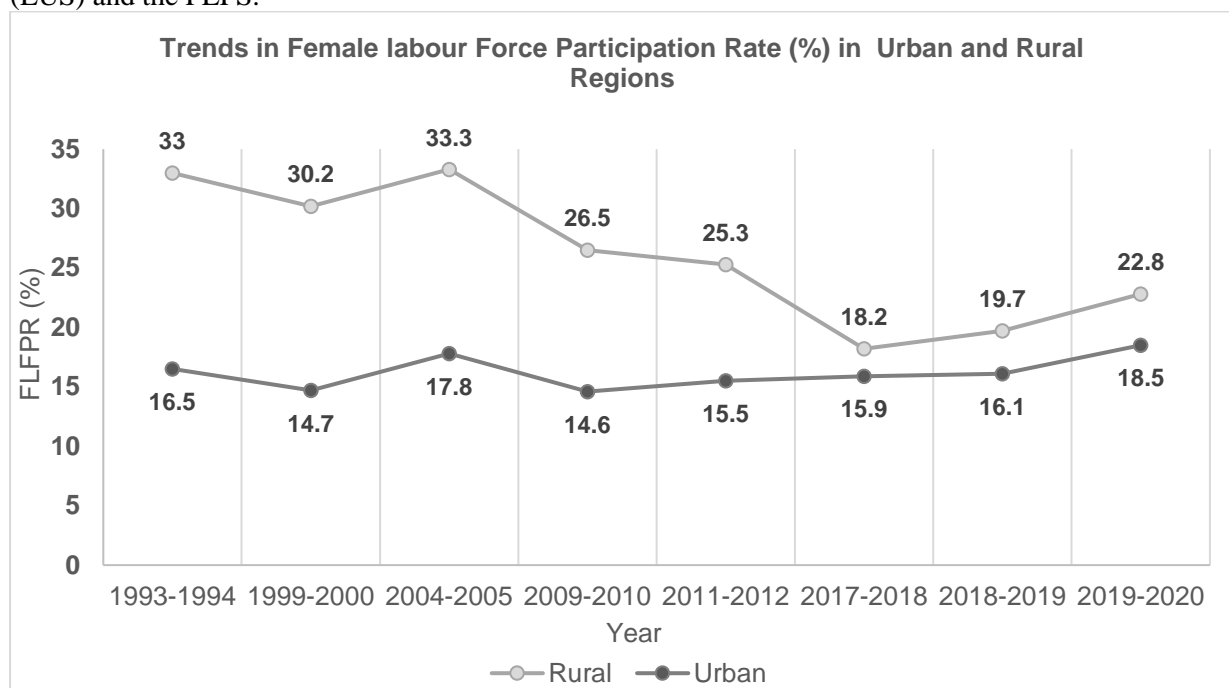


Figure 2. Labour Force Participation Rates in urban and rural regions of India.

Source: Employment and Unemployment Surveys (EUS) and Periodic Labour Force Surveys (PLFS).

The above figure reveals a sharp decline in FLFPR rate in 2009-10 in both the rural and urban regions which can be partly explained with the global recession of 2008-09. It can be observed that the FLFPR rate of the urban regions has always been lower as compared to the rural regions. Though the variations in rural region are quite prominent, the stagnancy in FLFPR rates are noteworthy. As compared to the labour force participation rate of urban males which is 57.8 %, the labour force participation rate of urban females is as low as 18.5% which is one of the lowest in the world. The unemployment rate of urban females is the highest which is 8.9% as compared to urban males (6.4%), rural males (4.5%) and rural females (2.6%). The FLFPR rate in urban regions falls within the narrow

range of 14% to 18% as compared to the wide range in rural female participation rate which is 18% to 33%. The data reveals a falling FLFPR but fails to explain the underlying causes that reduce the female participation.

Recent Literature on Female Labour force Participation Rates:

The persistently low female participation in labour market in India is a complex phenomenon that can be partly explained by the socio-cultural norms which is an important supply side factor and demand side factors such as mismatch between gainful employment opportunities and occupational segregation that is prevalent in the economy. It is the role of socio-cultural norms especially the burden of unpaid domestic chores that deter females from participating in the workforce (Deshpande and Kabear, 2021). The participation of females in the labour market is contingent on social norms and has been recognised in academic literature. The other significant factor that has been documented by national surveys comprises of the proximity of workplace from the place of their residence. It means that females are willing to work if the distance between their homes and workplace is shorter. The demographic factor of education level has a u-shaped relationship with female labour force participation. (Klasen and Pieters 2013, Andres et al. 2017). It refers to the FLFPR being high at lower levels of education, declining FLFPR with secondary and higher secondary education level and again increasing with higher level of education. At lower levels of education, females engage in work due to financial necessity. At middle levels of education that is secondary and higher secondary level of education, females are resistant to engage in menial jobs at lower wages. Another related determining factor is the household income that reduces the financial urgency to engage in labour force that pushes females to be at home instead of engaging in menial jobs also indicating higher social status. At high levels of education that is graduate and above females engage in white collared jobs. The increase in level of education has an association with strong preference for white-collared jobs that reduces the stigma against female work (Desai et al., 2010). Thus, it purports that higher education levels, females are discouraged from engaging in menial jobs. Also, the supply of these employment opportunities eventually become sparse relative to the increasing supply of educated female labour work force (Boserup, 1970; Das and Desai, 2003).

It was an ingenious viewpoint that female labor force participation follows a u-shaped pattern through the course of economic development in an economy that led to several subsequent examinations pertaining to the patterns across countries. (Boserup, 1970; Goldin, 1995). The u-shaped pattern relates to a phenomenon that at low levels of economic development, females are engaged in activities that are primarily home based. Females are engaged in activities relating to the agricultural sector in this phase of economic development. As the economy industrialises, the participation of the females declines. With the advancement in the economy as it moves towards becoming a service sector economy, the participation of females increases. The reasons for increase in participation of the females can be attributed to low fertility rates and decline in household chores (Jayachandran, 2015). The differences between countries with similar stage of economic development can be partly explained due to cultural norms that are prevalent in the economy. The deep ingrained gender biased norms affect the participation of females in the labour market by restricting their mobility through engagement in unpaid work. Thus, females engage in routine chores such as cleaning, cooking, household management, performing care duties for children and elderly rather than activities related to economic production (Boserup, 1970; Alesina et al. 2013). Specifically, in case of India, females belonging to the upper caste are not allowed to work outside home following religious norms (Chen 1995) that deters their flexibility to enter the workforce. The cultural norms lay pressure of domestic duties or unpaid labour on females that are incorrectly classified as inactive leading to measurement issues pertaining to female participation rates. The National Sample Survey (NSS) (household surveys) do not reflect accurately the contributions of Indian females (Hirway, 2011, Jose, 2014).

Marital status of females is another important determining factor that deters females from participating in the workforce. Post marriage, it is the stigma and social values that restrict the females from paid labour. The participation rate of married females in urban regions of India is lower as compared to the unmarried females but in the rural regions the trend is reverse (Andre et al.;2017).It is the marriage effect in urban regions that is more pronounced as compared to the other cohorts (Sudarshan and Bhattacharya 2009). Thus, the demographic factors such as education, marital status and cultural norms related to religion emerge as prime reasons that explain the low female participation rate in urban regions. It can be observed that the supply side factors are more pronounced as compared to the demand side factors such as occupational segregation. Hence, the decision of females to participate in the market depends on the restraining role of social values that determine the work life choices of females. The motherhood penalty is yet another determinant that negatively affects the participation of females in the workforce. Higher number of children results in withdrawal of females from the labour force causing a wage loss as compared to males with similar education level and work experience. The females having one child results in a 2 years withdrawal rate while females with two children results in a withdrawal rate of 4 years from the labour force (Bhalla and Kaur, 2011). Thus, child bearing is another factor that restricts the participation of females. Hence, it is difficult to prescribe measures to ameliorate the existing situation of low FLFPR as comprehending the complex supply side factors responsible females' decision making in participating in the labour force are a challenge.

Impact of Covid 19 Pandemic on Female Labour force Participation Rate in India:

The unprecedented disruptions caused by the Covid 19 Pandemic across global economy hampered the labour markets leading to loss of employment and incomes. The impact of a series of lockdowns that commenced on 24th March 2020, had disproportionate impact on the employment status of females. The first month of the nation-wide lockdown witnessed a sharp retrenchment in employment sector for both men and women. Towards the end of 2020, females were 9% less likely to be employed as compared to males. (Deshpande, 2021). In the initial phase of the pandemic, the time spent on household work for both males and females increased. According to the study based on CPHS (Consumer Pyramid Survey) of CMIE, the gender gap between hours spent on domestic work decreased specifically in the urban regions (Deshpande, 2021). This change can be attributed to the restraining measures during the period of lockdown, unavailability of paid child care and elderly services, absence of domestic helpers and recommendation of work from home from employers. The pandemic could be an opportunity for female employment to increase due to paradigm shift in attitudes concerning gender roles towards a more gender equal outcome in labour market. This is corroborated with historical events involving serious shocks to economy that lead to structural change for instance the Influenza of 1918 I that led to an increase in female participation in labour market in India (Fenske et al., 2020). The study was by Fenske et al. was based on testing of two hypothesis that could have led to increase in female participation rates in the short-run. Firstly, the economic shock to the household that could have forced females to enter the labour market and secondly the shortage of supply of workers that could have raised the wages and actuated females to participate in the workforce. The period of the upward blip was short lived and reversed in 1931 thus concluding that rise in FLFPR was limited to the phase of economic suffering. To compare such a short-term trend in the urban regions of India, there has been no steep rise in FLFPR over a period of two years, (CMIE Jan 2019-July 2021). The change in FLFPR is structural shift that changes gradually over a period of time since it is dependent upon transformation of social values and attitudes

The recent CMIE (Centre for Monitoring Indian Economy) Wave 23 conducted in the period May-August 2021, reveals that the FLFPR for urban females was 6.89 percent while that for rural females was 10.76 percent. The LFPR for urban males was 64.43 percent while that for rural males was 68.09 percent. The following graph represents the LFPR for the past three years for urban males, urban

females, rural males and rural females. It is evident from the graph that the FLFPR has been stagnant over the past three years and is extremely low as compared to the male participation rates.

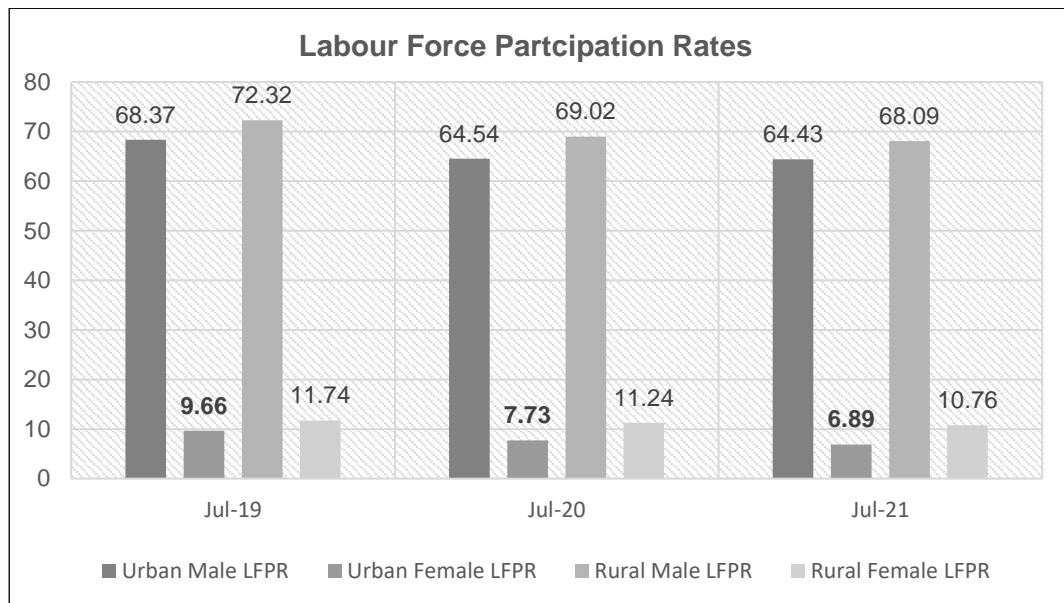


Figure 3. Labour Force Participation Rates in India.

Source: Centre of Monitoring Indian Economy (CMIE, Wave 23).

The LFPR (Labour Force Participation Rates) for urban males in India was 68.37% which declined to 64.54% in July, 2020 as a result of the pandemic and further declined marginally to 64.43%. The LFPR for rural males during the same period was comparable to the LFPR for urban males. In case of rural females, the participation rates declined from 11.74% to 11.24% post pandemic. As compared the rural females, urban and rural males, the downtick in the FLFPR amongst urban females is the highest.

The FLFPR in the urban regions sharply declined from 9.66% to 7.73%. The period from July, 2020 to July, 2021 marks a further decline in FLFPR both in the rural and urban regions. The fall in participation rate in urban regions was the lowest recording a FLFPR of 6.89%. Thus, the statistics highlight an actuality that is a cause of concern and has been documented in recent literature pertaining to stagnating and declining female participation especially in the urban areas.

Prescriptive Strategies for a New Normal:

The Covid 19 Pandemic has disrupted the labour market in India which has been grappling with low and stagnant female participation rates. The mere prescription of strategies to improve the participation rates of females is not sufficient. It is important to implement the strategies in a comprehensive manner that involves and resolves the hurdles faced by females in urban regions of India to participate in the labour force. In the recent years, the Government of India (GOI) has launched various schemes namely MGNREGA, PMEGP, MUDRA, Mahila E-haat Scheme, Educate a Girl Child Scheme, One Stop Centre Scheme, Working Women Hostel Scheme and Support to Training and Employment Programme for Support to Training and Employment Programme for Women (STEP). However, these schemes fail to target issues that hinder the participation rates of females. The policies that are required must target the issues concerning socio-cultural norms, withdrawal rate due to child bearing, employment opportunities matched with acquired skills, professional expertise and level of educational attainment, proximity of workplace from home, etc.

These specific impediments are commonly faced by females in urban regions of India. A few prescriptive strategies to ameliorate the existing situation include creation of female centric employment opportunities that would tackle the demand side problem of occupational segregation. It is lack of female centric jobs that deter females from participating in the labour force. Policy prescriptions focusing gender perspective could reduce the inherent inequalities in the labour market and may accommodate the under-utilised female labour. The provision of employment opportunities closer to home could also enable females to opt for economically viable employment opportunities. Providing home-based work opportunities is another aspect that may increase the participation of females. Provision of child care or creche facilities is an important consideration that would enable females to engage in the labour market. In recent years, the Indian government has taken a proactive stance through the Maternity Benefit (Amendment) Act, 2017 that aims at provision of child care for the organised sector female workers specifically for workplaces involving more than 50 employees. Another scheme launched by the Ministry of Women and Child Development which is the National Creche Scheme targets the provision of child-care facilities to unorganised sector female workers. Additional schemes making provision for child care duties can enable to change the viewpoint of deep-rooted traditional role of female from a care-giver to a bread winner. Social norms are transformable and hence the government schemes and initiatives can pave a way to ameliorate the existing situation. The initiatives by the government would certainly be a proactive approach to resolve the precarious decline in female labour force participation rates.

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