Female Labour Force Participation in India

Mains: GS III - *Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment*

Why in News?

Recently, Prime Minister Narendra Modi emphasised the importance of developing stronger policies and laws to improve the Female labour force participation.

What is Female labour participation rate (FLFPR)?

- **FLFPR** – The female labour force participation rate (FLFPR) is the percentage of *women aged 15 and older who are either employed or actively seeking employment*.
- **Indian scenario** – Around 33 %, according to World Bank in 2024.
- **Global average** – It is around 49%,
- **Lower middle income countries** – 41%
- **Significance** – Critical for faster income growth
    - Better outcomes for families' health and education
    - Crucial for broader development outcomes.

Three Core Drivers of Female LFPR
• - Socio-cultural norms – Societal attitude to women's work - Supply-side factors – Women's willingness to work - Demand-side factors – The availability of work

Why there is low FLFPR in India?

- **Care work** – Indian women spend 8times more time than men on unpaid care work.
    - According to UN the global average is 3times.
- **Unequal wages** – According to WEF Global Gender Gap Report 2024 *India ranks 120th out of 146 countries* in terms of wage equality for men and women.
- **Combined factors** – Socio-cultural norms, coupled with supply-side constraints, that are primarily responsible for keeping India's female LFPR low.
- **Demand side factors** – The other important reason is an absolute lack of demand for labour in India.
- **Low quality of education** – According to annual status of education report the learning levels of students are

Component	Third grade	Fifth grade
Reading	23%	44%

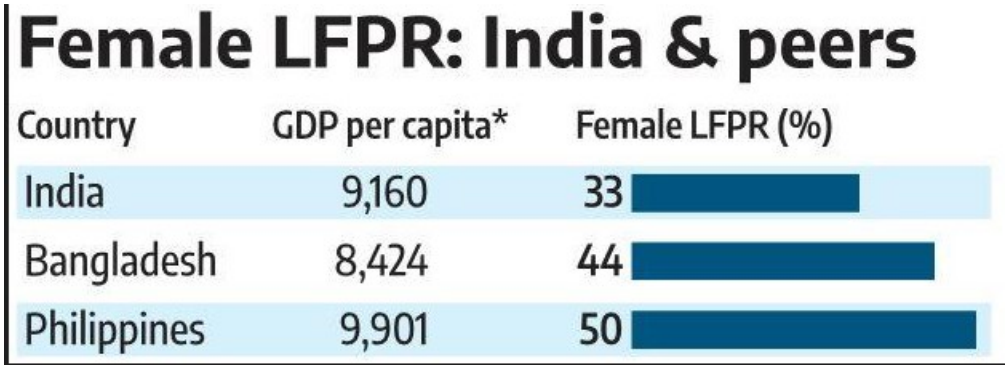
Arithmetic	33%	30%

- **Regional inequality** – States such as Rajasthan, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Jharkhand, Bihar still struggle to provide quality education for all.
- **Less skills** – Only 4.7% of India's workforce has undergone formal skills training.
    - In Germany and South Korea, the numbers are 75% and 96% respectively
- **Problematic labour laws** – Close to 15% of firms in India cite labour laws as a major or very severe constraint.
    - It is just 3.4% in Bangladesh and 6.4% in the Philippines.

Which are the peer countries of India with high FLFPR?

- **Peer countries** –Bangladesh and the Philippines.
- **Past scenario** – In 1990, both India and Bangladesh had similar participation rates for women, at 30 and 25%, respectively.

- **Three factors** – They differentiate India from the peer countries
    - Intensive employment
    - Labour intensity of the overall economy
    - Level of economic development



- **Same level of economic development** – The level of economic development does not differ much among peer countries.
    - The focus is on the impact of the first two factors to distinct their impacts on female LFPR.

How Bangladesh increased the FLFPR?

- **Export-driven ready-made garment (RMG) industry** – It has played a pivotal role in this increase.
- **Increase in exports** – In 1983, RMG exports accounted for only 4% of Bangladesh's total exports, which increased to 81% in 2021, amounting to $42 billion.
- **Role of Norms & willingness** – Differences across countries in female-intensive employment are largely due to societal norms and women's willingness to work.
- **Role of Capital-intensive growth** – Even if societal norms and supply-side factors are similar, the countries with a capital-intensive development path will have a lower female LFPR.

- **Female participation** – Over 60% of the RMG sector's employees are female according to Export Promotion Bureau of Bangladesh.
    - Without this meteoric rise in the RMG industry, Bangladesh's female participation would have been approximately 38%.
- **Role of demand side factors** – Bangladesh's evolution of female LFPR highlights the importance of the demand-side factors more clearly.

What lies ahead?

- Addressing these demand-side constraints *could enable an environment for more women to enter and remain in the workforce*, pushing up the female LFPR.
- Government could influence demand for work by *alleviating constraints on education quality and labour laws.*
- A more Employment-intensive growth path could be better from the perspective of female participation.
- Once implemented, this could hopefully unleash a virtuous cycle by *positively impacting the supply and societal norms*, pushing up the LFPR even further.
- If India had female employment intensity like its peer countries the female LFPR could rise to 37%- 43% up from its current level of 33%.

Reference

Business Standard| Female Labour Force Participation Rate

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