Women Participation in Labourforce

What is the issue?

Labourforce participation of Indian women is dropping precariously and urgent policy actions are needed to address the issue.

What is the status of participation of Indian women in the work force?

> *The World Economic Forum's gender gap report 2022, where India was ranked at **135th position** out of 146 countries.*

- **Status of India**- From 30.7% in 2006, the proportion of working age women taking part in paid work dropped to 19.2% in 2021, according to the World Bank.
- While the pandemic could be partly responsible for severe job losses among women, the percentage of employed women has been quite low, averaging 21% between 2012 and 2021.
- **Status of other countries**- 46% of the women were part of the workforce on an average globally in 202.
- China had 61% of its women in workforce while the US had 55%.

Why are women dropping out of labour force?

- According to ILO, some of the important drivers for lower participation of women in workforce include
  - Educational attainment
  - Fertility rates
  - Age of marriage
  - Economic growth/cyclical effects
  - Urbanisation
- In addition to these issues, social norms determining the role of women in the public domain continue to affect outcomes.

Reasons unique to India

- **Improving women literacy-** With women aged above 15 increasingly enrolling for higher studies in colleges, their participation in workforce could have dropped.
- **Rising income among urban population**- It could have removed the economic incentive for women to work along with difficulties in commuting to work in cities.
- **Demand-supply gap in employment**- The country has not created enough jobs and the demand-supply gap in employment opportunities results in women deciding to stay

at home.

- **Unpaid work**- Most Indian women are deeply engaged in running households, which is unpaid work, and does not count as being part of workforce.
- **Balancing household and paid-work outside-** There is difficulty in balancing household responsibilities and paid-work outside.

An IMF blog estimates that closing the gender gap for countries ranking in the lower half in gender inequality could increase GDP by an average of 35%.

How to improve the labour force participation of women?

- **Women friendly WFH jobs**- ILO finds that 34% of rural Indian women and 2% of urban women are willing to accept work at home.
- The government can take a lead here by creating jobs especially for women which can be done in windows of 3 or 4 hours every day from home after imparting some basic skill-training.
- **Tax breaks**- Not only are fewer women employed by companies, they are also paid lower salaries for the same kind of work compared to men and their average income is also lower.
- This can be corrected by offering a tax incentive, say 2% lower corporate tax rate, for companies in which at least 50% of workforce is made up of women.
- **Ease onerous laws-** The State of Discrimination Report by Trayas Foundation reports that as on date, more than 50 Acts and 150 Rules across Indian states prevent women from choosing to work.
- Employers may be wary of employing younger women who may avail of 26 weeks of paid maternity leave and require the company to set up a creche for their children, as laid down in the Maternity Benefit Act.
- If the government steps up to compensate companies for their payouts during maternity leave, more companies may come forward to employ women.
- Companies can be allowed weighted tax deduction for salaries given during maternity leave.

Reference

1. https://www.thehindubusinessline.com/opinion/stop-women-from-quitting-workforce/article65722328.ece

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