



Distress or Growth?

Exploring the Recent Trends in Women's Labour Force Participation

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| Neha Maria Benny



Discussion Paper

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ABSTRACT

This discussion paper critically examines the recent surge in female labour force participation in rural India, utilising key labour market metrics such as the Labor Force Participation Rate (LFPR), Worker-Population Ratio (WPR), and Unemployment Rate (UR). The analysis unveils the complex dynamics behind this increase, drawing from diverse data sources, including the Periodic Labour Force Survey (PLFS), National Family Health Survey (NFHS), State of Working India Report, and Time Use Survey. Emphasising the need for nuanced evaluation, the paper addresses societal norms, property ownership, and financial decision-making in conjunction with the LFPR data. It advocates for tailored strategies to create sustainable non-farm job opportunities for rural women. The findings challenge existing employment policies oriented towards output growth, urging a more comprehensive approach to address the intricacies of female labour force participation in rural India.

INTRODUCTION

The female labour force participation rate in India, its drivers and patterns, has been a much-discussed topic (Abraham, 2011; Srivastava & Srivastava, 2010). The total workforce of an economy includes both employed and unemployed individuals. Key metrics for evaluating the labour market include the Labour Force Participation Rate (LFPR)¹, the Worker-Population Ratio (WPR)², and the Unemployment Rate (UR)³. Two approaches are being used to estimate the LFPR, WPR and UR, the Usual Status⁴ and the Current Weekly Status (CWS)⁵.

The latest Periodic Labour Force Survey (2023) data shows an increase in the overall LFPR across all groups; the workforce has grown in size, and the unemployment rates have fallen across all age groups, the decline in the unemployment rate (UR) for males has been more significant than for females as seen in Figures 1, 2 and 3. The Minister of State for Labour and Employment informed the Lok Sabha in March 2023 that the Labour Force Participation Rate (LFPR) of women, as per usual status data, showed an increasing trend per the annual PLFS reports. He also linked the rise to several policy initiatives taken by the government (PIB, 2023). Other government reports have also attributed it to declining fertility and rising education levels. (Ministry of Labour, 2023)

Typically, increasing employment rates and decreasing unemployment rates signify an improving labour market. However, given the unprecedented economic and other hardships during the pandemic period (CEDA & CMIE, 2022), the current data prompts a pertinent inquiry of whether India's employment growth process reflects economic prosperity, which this discussion paper seeks to explore. The paper argues for a nuanced evaluation of the rising female labour force participation rate. It unravels some recent dynamics to understand the factors behind this increase, emphasising the rise of self-employment, particularly in rural areas. The analysis encompasses data from various sources, including the Periodic Labor Force Survey (PLFS), the National Family Health Survey (NFHS), the State of Working India (SWI) Report, and the Time Use Survey (2019). The paper examines the implications of this trend, including the gendered nature of distress-driven employment, wage differentials, and the shift toward informal and agricultural sectors.

1 indicating the percentage of people either working or actively seeking employment

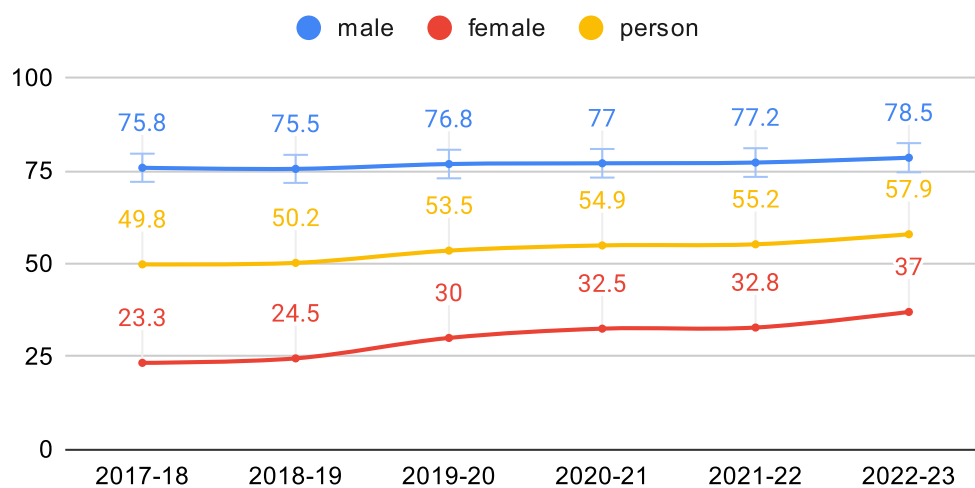
2 representing the proportion of the working population

3 signifying the percentage of the workforce actively looking for but unable to secure employment

4 The usual status of an individual refers to their primary activity in the 365 days before the survey, providing an average picture over that period.

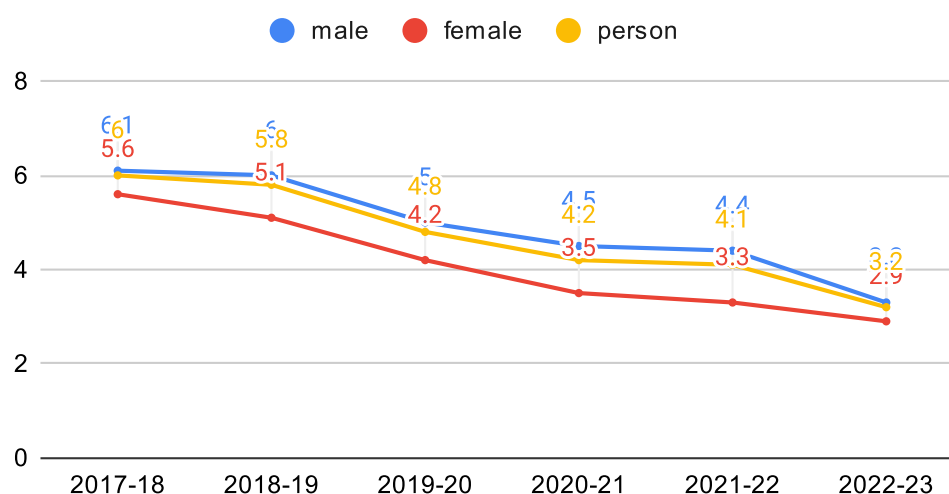
5 The current weekly status pertains to their activity in the seven days leading up to the survey.

**Figure 1: Labour Force Participation Rate (LFPR)
in Usual Status (ps-ss) for persons of age 15 years and above, All-India**



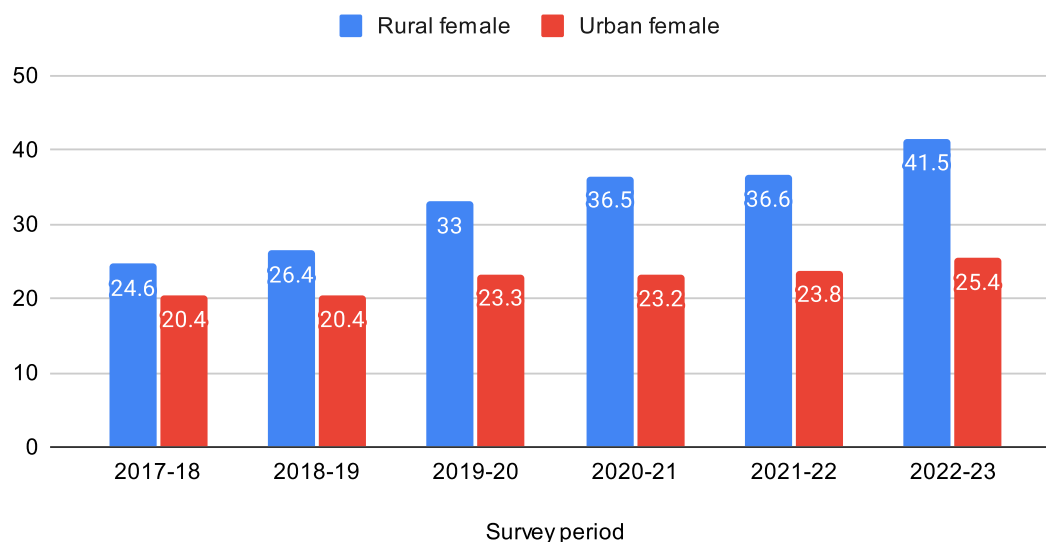
Source: PLFS Annual Reports, various years

**Figure 2: Unemployment Rate (UR)
in Usual Status (ps+ss) for persons of age 15 years and above, All-India**



Source: PLFS Annual Reports, various years

Figure 3: Labour Force Participation Rate in Usual Status, Rural and Urban Females, All-India



Source: PLFS Annual Reports, various years

The highest increase previously across this period corresponds to July 2019 to June 2020 and includes the initial months of the COVID-19 pandemic when India was under a stringent lockdown, and agriculture became a fallback option for many in the country. Before the unprecedented shock of the COVID-19 pandemic, the Indian economy had been enduring its lengthiest economic growth slowdown in recent decades (Subramanian & Felman, 2019).

The increase has mostly been driven by the increasing participation of working-age women, as the rise for men has been marginal. Among women, the greater increase has been due to rural women, which increased over 12 percentage points from 2017-18 (refer to Figure 3). While the rise in LFPR indicates that more people, particularly women, are looking for jobs, careful consideration is needed for the type of employment generated. This involves distinguishing between jobs created by employer demand and those arising when employers are not actively seeking to hire because both have different implications.

WHO BEARS THE BRUNT OF DISTRESS GROWTH?

The Indian economy displays an interesting mix of jobless growth and slow structural transformation. “Jobless growth” refers to the phenomenon of low or decreasing employment elasticity of growth (employment growth divided by output growth). This indicates a lack of correlation between the output and employment growth rates (Kannan & Raveendran, 2009). Structural transformation is defined as an increase in the proportion of workers involved in non-agricultural activities (following the Kuznets process) and a rise in the proportion engaged in regular wage or salaried work, as opposed to casual wage work or self-employment (following the Lewis process).

India has historically reported low FLFPR, which may be influenced by a complex interplay of demographic, reproductive, economic, cultural, social, and religious factors (Srivastava & Srivastava, 2010). For women, both job opportunities and their availability for work are influenced by societal norms. On one hand, the types of work considered suitable for women impact the demand for their labour. Even if there is no direct employer discrimination, past segregation patterns can persist. The deeply entrenched idea that men should be the primary earners means that women are considered for a job only if men are not available. In situations like jobless growth, women often leave the workforce, face higher unemployment rates, or end up in low-productivity informal jobs, as seen in the current scenario.

On the other hand, societal norms related to household duties, marriage, motherhood, decision-making, and mobility affect the availability of women for work, especially outside their homes. This is why many women work from home. Norms can also limit labour supply due to concerns about violence, leading households to restrict women’s mobility. These factors can typically lead to low levels of female workforce participation.

The male breadwinner norm ensures that as male incomes rise, female workforce participation falls. In other words, women tend to work only until male earnings achieve a certain minimum living standard. The “income effect” is a term that has been used to describe the tendency of women to join the workforce when there is a perceived decline in the reserve income of households and exit when incomes rise. (Srivastava and Srivastava, 2010). Moreover, in India, the number of women working outside the home declines as economic status rises, indicating that social taboos on women’s mobility and participation significantly influence when there are no compelling economic incentives to work. Therefore, societal norms against women may become stricter as household incomes increase, prompting families to withdraw women from the workforce.

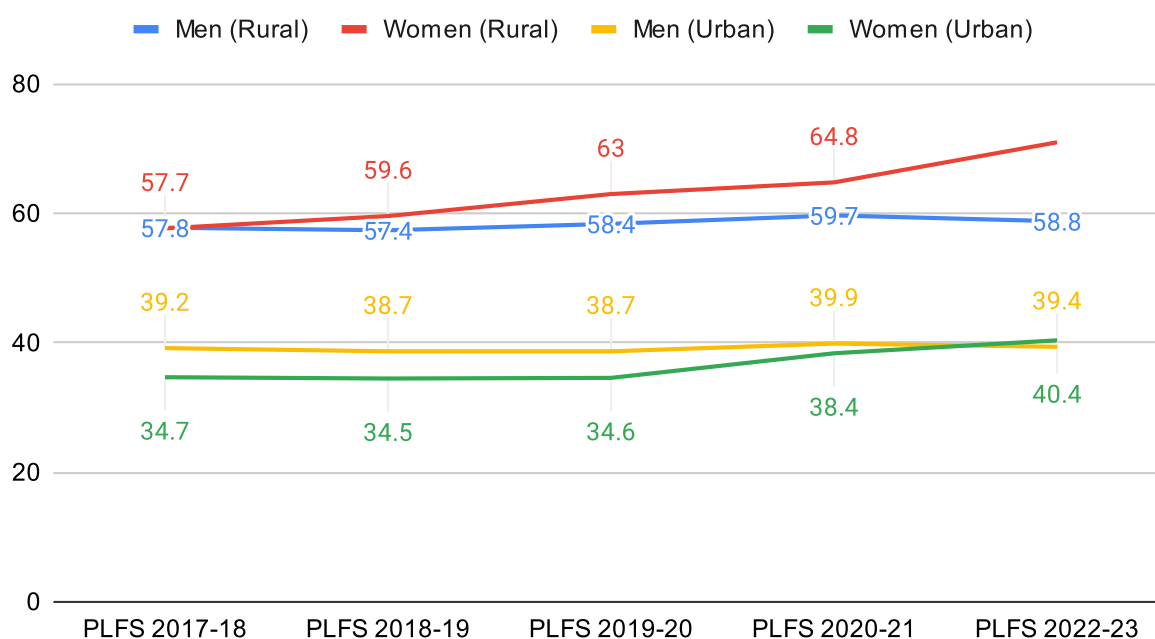
However, even in regions with low women’s labour force participation, it tends to rise during crises, highlighting its counter-cyclical nature. In India, from 1999-2000 to 2004-05, for instance, women entered the labour force to mitigate declining incomes amid agricultural distress conditions (Abraham, 2009; Himanshu, 2011)). According to Mehrotra et al. (2014), a substantial portion (30%) of this employment surge, around 18 million out of 60 million, resulted from rural women engaging as self-employed agricultural workers. Conversely, women withdrew from agriculture during the high-growth period of 2003-04 to 2011-12, leading to an overall decline in women’s LFPR. This is a widely discussed withdrawal of women from the labour force (Deshpande & Kabeer, 2019; Lahoti & Swaminathan, 2016). Male workers move from agriculture to construction and services, while women move out of the workforce

altogether.

The PLFS categorises workers into three groups: self-employed, regular wage/salaried workers, and casual labourers. Self-employed individuals operate their own farm or non-farm enterprise, work independently in a profession, or trade independently or with a few partners. They decide how, where, and when to produce, along with economic independence regarding the market, scale of operation, and finances for their activities. The remuneration for the self-employed combines two parts: compensation for their labour and the profit from their enterprise. This combined remuneration comes from selling the output produced by self-employed individuals minus the cost of purchased inputs in production.

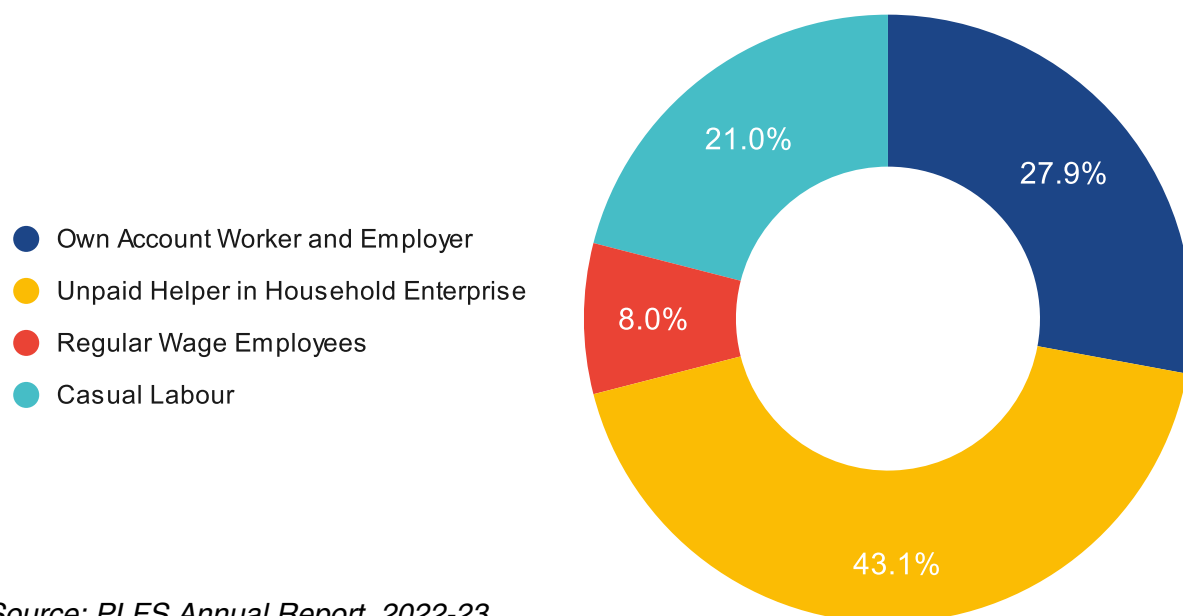
The self-employed category includes own-account workers, unpaid family helpers, and employers. Own-account workers manage their enterprises independently or with a small number of partners. They operate their businesses without hiring labour, although they may have unpaid helpers assisting them in the enterprise. Employers manage their enterprises by hiring labour. Unpaid family helpers are usually family members who actively participate in household enterprises full- or part-time. They do not receive regular salaries or wages for their work and assist a related person living in the same household in running the enterprise, although they do not operate it independently.

Figure 4: Percentage Distribution of Self-Employed Workers in Usual Status



Source: PLFS Annual Reports, various years

Figure 5: Percentage Distribution of Woman in Usual Status of Employment, Rural Areas, PLFS 2022-23



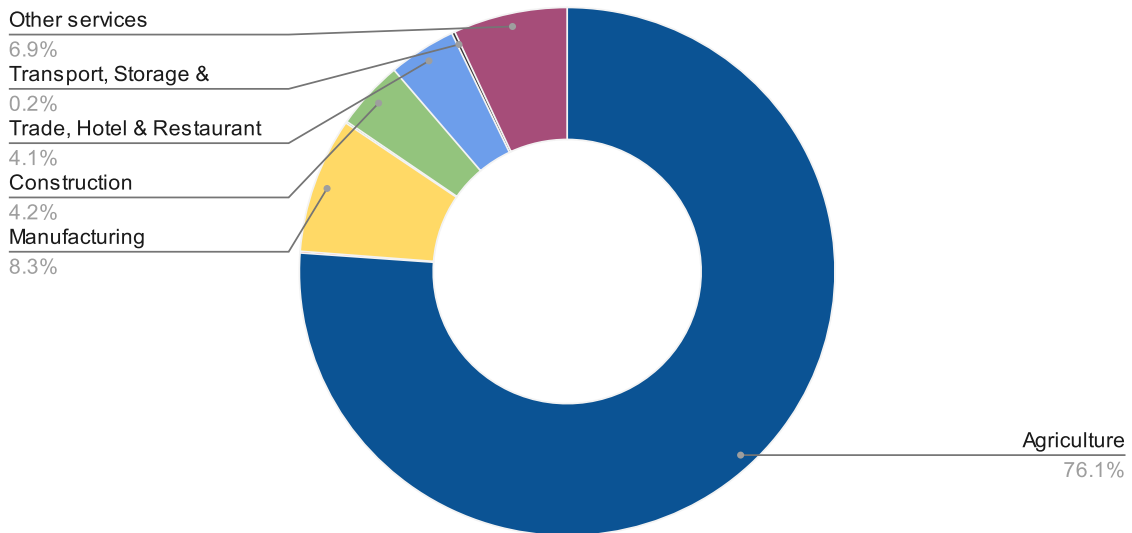
Source: PLFS Annual Report, 2022-23

Contrary to regular wage jobs or casual labour emerging during economic prosperity, the period from 2017-18 has witnessed a surge in self-employment (refer to Figure 4). The entire increase in women's LFPR, as seen in the 2022-23 report, is owing to self-employment, as the share of those working as salaried employees and casual wage labourers has substantially declined for women, more pronounced in rural than the urban setting. In the rural context, even among self-employed women, 43.1 per cent of them were unpaid helpers in household enterprises, a significant proportion (refer to Figure 5). By contrast, in urban areas, only 12.8 per cent of all self-employed women were unpaid helpers. (NSSO, 2023) Among employed women, as per NFHS Data (2021), the highest percentage (22%) not receiving payment for their work is observed among those aged 15-19, decreasing to 13-17% for women aged 25 and above. Women engaging in unpaid helper work often perform "bottom-of-the-rung, survivalist livelihood activities" (Deshpande, 2021). Unpaid female workers in rural areas not only bear the burden of all domestic tasks and care work, but their presence contributes to the growth of workforce participation in India; it can be considered a form of disguised unemployment. These are characterised by instability and inadequate social protection.

Similarly, there has been a significant decline in the proportion of women involved in various service sectors in rural and urban areas and a polarisation towards agriculture. 76.1 per cent of the rural women workers are engaged in agriculture (usual status employment) as per the 2022-23 report (see Figure 6).

The decreasing share of women in the service sector and an upswing in agriculture have reversed the trend of structural transformation. Rural women are returning to farm work, which indicates financial pressure on family budgets. It may be likely that their spouses' incomes have not kept up with inflation, making it difficult for them to maintain their usual living standards (Mahambare, 2023). While this rise may be temporary, it underscores the inadequacy of the economic system in establishing sustainable livelihoods. The low proportion of women in industrial employment also reflects the gendered segregation of labour markets.

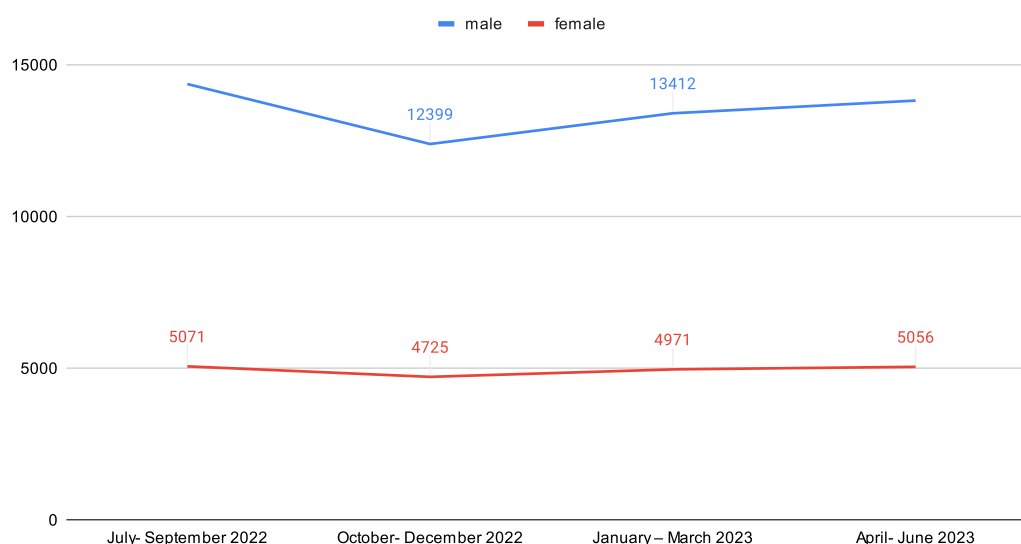
Figure 6: Percentage Distribution of Woman Workers in Usual Status by Broad Industry Division, Rural Areas



Source: PLFS, 2022-23

As self-employment and agriculture serve as backup plans for workers facing job loss and unable to stay unemployed, these figures suggest an increase in distress. The recent rise in LFPR among rural women is not driven by a growing labour demand. Instead, it can be explained by the income effect – rural women have taken up low-paid, informal work to supplement family income during crises. It is a distress-driven feminisation of work. The wage/earning data supports the idea of distress-driven job creation for Indian women in recent times. In 2022-23, self-employed women were earning less than half of men's earnings (see Figure 7), indicating a pronounced gender income disparity compared to other worker categories. Rural women employed as regular and casual wage workers also face a more significant gender wage gap compared to their urban counterparts. (Chakraborty, 2023)

Figure 7: Average Gross Earnings (in Rs.) during the last 30 days from Self-Employment work in Current Weekly Status. Rural Areas



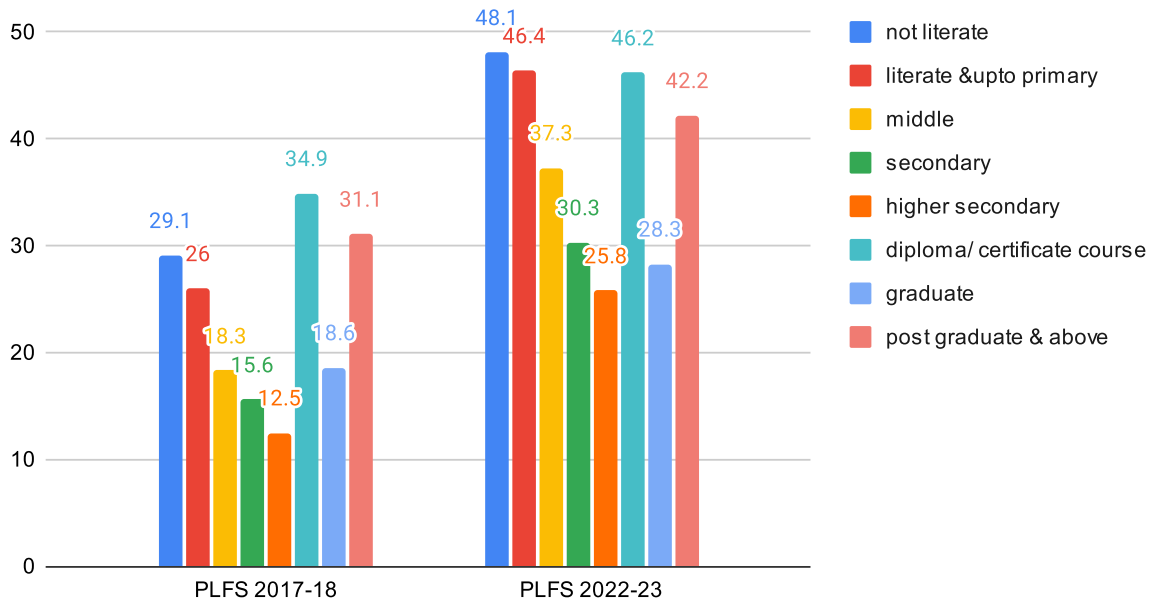
Source: PLFS Annual Report, 2022-23

However, the employment rate and average monthly inflation-adjusted earnings for rural men have both experienced an increase. Over the past five years, the real wages of rural men, including both self-employed and those in casual labour, have seen a rise of approximately 17-18 per cent (Mahambare, 2023). This data does not specify the number of hours worked while discussing the earnings, making it difficult to determine whether the men are now working more hours or the hourly wage has increased.

The State of Working India Report (2023) notes that the influx of women not in the workforce into the self-employment sector will intensify competition among self-employed individuals, resulting in reduced earnings per person in self-employment. Due to the general slowdown in growth and the impact of the pandemic shock, the demand in the product market declined while the supply of labour to the self-employed sector increased, leading to a severe impact on earnings. The report also notes that compared to earnings from casual work (which increased in real terms) or salaried/regular wage work (which remained unchanged), earnings from self-employment have experienced a further decline and remained depressed.

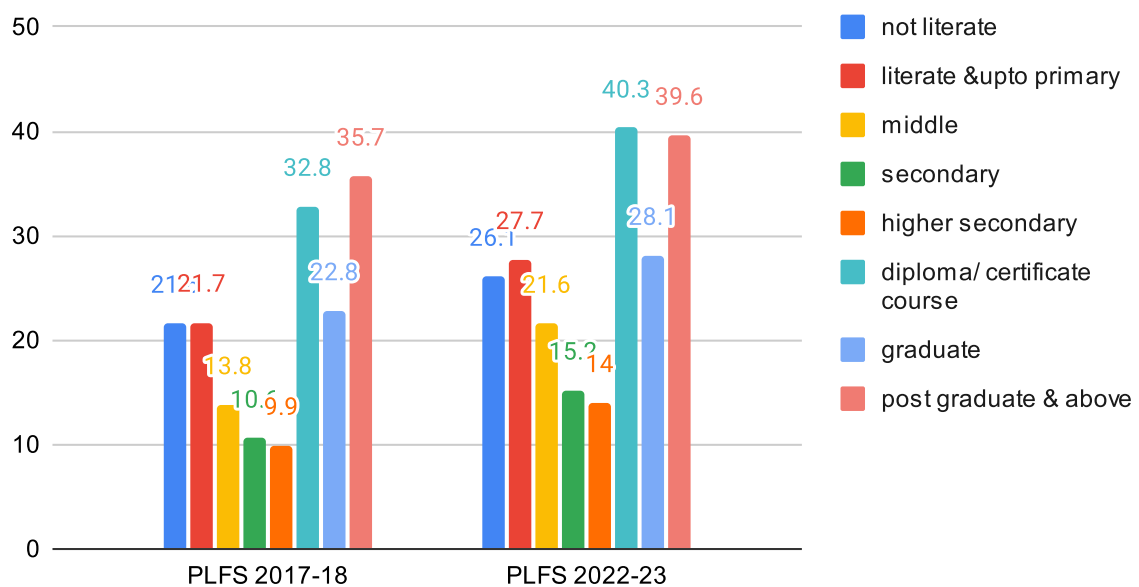
The most significant increases in women's LFPR occurred among those with low education levels, including non-literates, primary level, and middle school attendees in rural and urban areas. In the educated category (secondary education and above, as defined by PLFS), an alarming 8.3 per cent of rural women and 13.7 per cent of urban women are unemployed. The WPRs of rural graduate women are the second lowest among all the education categories, a trend which is not observed in urban areas (see Figures 8 and 9). The divergence is likely because of better access to good quality paid work in urban areas.

Figure 8: WPRs (in per cent) in Usual Status by Different levels of Education Among Woman of Age 15 Years and above, Rural Areas



Source: PLFS Annual Reports 2017-18 and 2022-23

Figure 9: WPRs (in per cent) in Usual Status by Different levels of Education Among Woman of Age 15 Years and above, Urban Areas



Source: PLFS Annual Reports 2017-18 and 2022-23

According to the 5th Round of NFHS (2021), the employment rate for currently married women aged 15-49 is 32%, contrasting sharply with 98% for currently married men in the same age group. Marriage enhances men's likelihood of entering the labour force compared to unmarried individuals. Widowed and divorced women typically exhibit higher labour force participation than unmarried and married women (Chakraborty, 2023). More married women have recently joined the labour force in urban areas. In contrast, in rural areas, married and unmarried women have shown increased participation in self-employment over time.

A breakdown by age group reveals that older women have participated more in the job market compared to younger women (15-29 years) during the same period. However, a strict gendered division persists even among the elderly population, as nearly all (97%) older men are employed in India, while only half of the women are actively engaged in the labour market in 2022-23 (Chakraborty, 2023).

THE GENDERED BURDEN

The challenges to women's labour force participation in India are manifold. Women must overcome systemic barriers of social norms, care duties and limited mobility to participate in the labour market. The incidence of informality is very high for women in the non-agricultural sectors, which is typical of the observed Global South development trajectory (Verick, 2018). This coexistence of rapid economic growth and informal employment means that higher employment rates may not necessarily mean better development outcomes.

Of women earning cash, 67% report making decisions jointly with their husbands on how to use their earnings, and only 18% can decide alone. Regarding access to financial resources, only half (51%) of women in India claim to have money they alone can decide how to use, despite over 79% having a bank or savings account as per the fifth round of the National Family Health Survey (IIPS & ICF, 2021). In India, property ownership patterns differ between men and women aged 15-49. 42 per cent of women and 60 per cent of men own a house, while 32 per cent of women and 42 per cent of men own land alone or jointly. Ownership of property increases with age for both genders, but a more significant increase is observed for men. For instance, men's house ownership doubled from 40 per cent in the 15-19 age group to 80 per cent in the 40-49 age group, compared to women's increase from 30 per cent to 52 per cent. Rural women and those with no formal education are less likely to own a mobile phone and read text messages compared to other women. Urban women (69%) are more likely to own and use a mobile phone than rural women (47%).

Notably, between 2017 and 2021, there was a slowdown in overall regular wage job creation, but the share of formal jobs (with written contracts and benefits) within regular wage work increased from 25% to 35%. SWI (2023) reveals that during the pandemic year (2020-21), regular-wage employment decreased by 2.2 million, concealing a simultaneous increase of 3 million in formal employment and a loss of about 5.2 million in semi and informal regular-wage employment. Women bore a disproportionate impact in this process, accounting for half of the lost employment, while only a third of the increase in formal employment benefited women (Misra, 2023). The net result was a loss for women in formal employment, coupled with a shift towards self-employment.

Data from the first time-use survey in India, released in 2019 before the outbreak of the pandemic, reiterates the acute poverty women and girls face in the country (MoSPI, 2019). The data shows that women spend 19.5% of their average daily time on unpaid domestic and care work, while men spend only 2.5% of their time on such work. The available evidence suggests a clear association between time poverty, educational attainment and workforce participation for women and girls. (Bhattacharya et al., 2023) Self-employment often arises out of necessity when conventional employment opportunities are scarce, and family budgets are stressed, resulting in irregular income below that of other job categories.

CONCLUSION

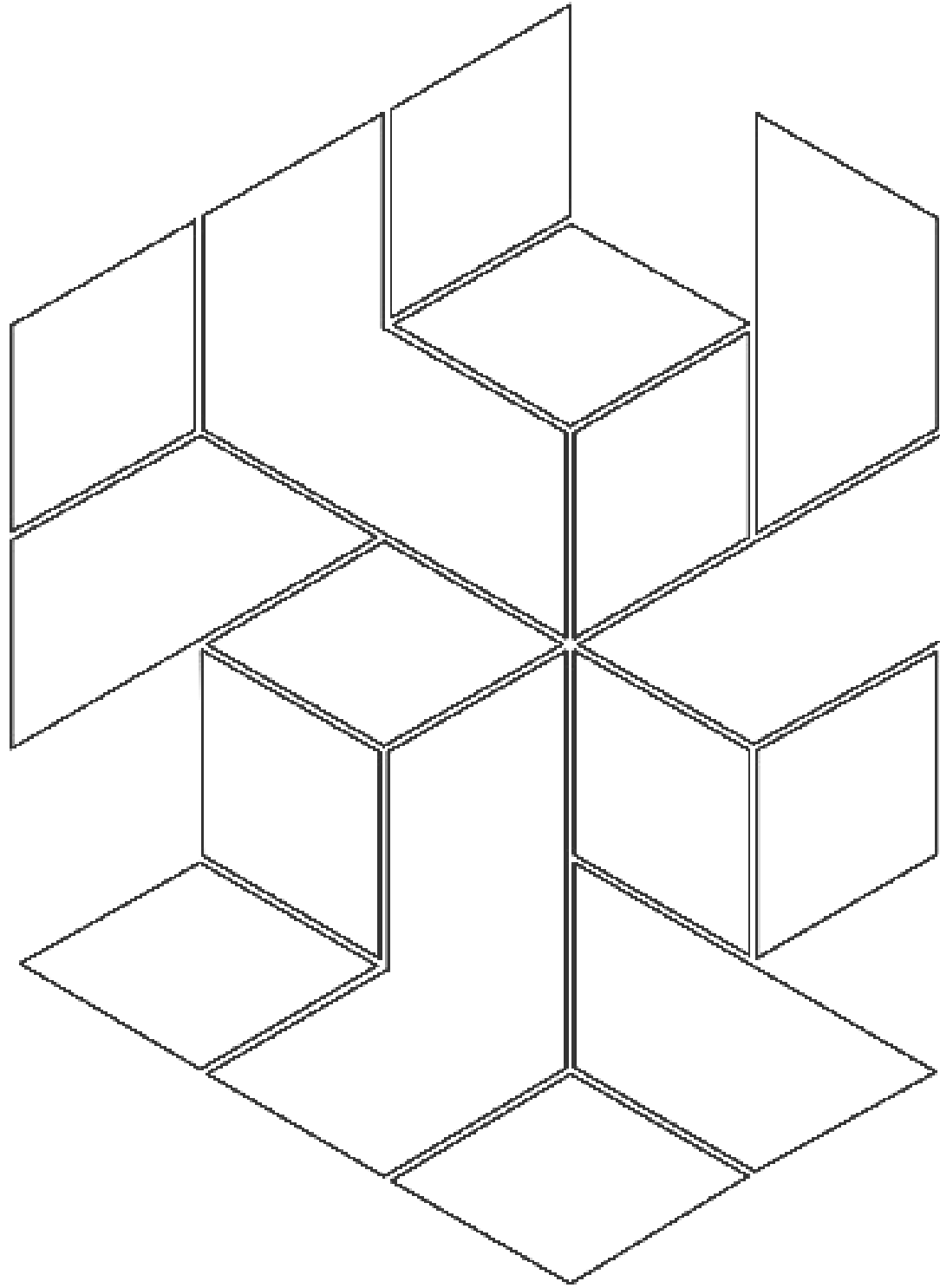
Precarity, vulnerability and low productivity continue to be the defining characteristics of women's work in India. The concentration of women in insecure agricultural work has the potential to further disincentivise their participation in paid work in times of prosperity. The current employment policy framework stems from the assumption that labour market distress will automatically dissipate with economic growth. However, given the prevailing social norms, if economic growth aligns with an increase in men's wages, both in terms of real wage rates and the number of hours worked, it may not be logical for rural women to engage in outside work for marginal additional income. Their housework typically remains unchanged even when they undertake paid employment, resulting in extended daily working hours.

The likelihood of more rural women working in non-farm jobs depends on several factors: proximity of the job to their homes or increased mobility (including safe and subsidised transportation), the flexibility of the work arrangement (including the availability of part-time positions), the pay compared to farm work, and the nature of the job in terms of suitability for women, considering social norms and labour market segregation. These terms currently limit women's options for paid work, a situation unlikely to change soon. For the trend of increased women's employment in rural India to persist, it necessitates the emergence of not just any non-farm jobs but specifically suitable non-farm opportunities, improving women's welfare outcomes.

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