

**JULY 27, 2018**  
**ISSUE NO: 31, FY19****THE MANY WAYS OF IMPROVING WOMEN PARTICIPATION IN LABOUR FORCE IN INDIA**

Declining Labour Force Participation Rate (LFPR) of women is a concern across all countries and India is no exception.

However, when we compare India's women LFPR vis-à-vis a few economies we find that in all the countries under our sample the women LFPR is improving in 2016 over 2000 for all age groups. This is most impressive in the Japan, where ageing population is currently posing severe threat to the overall LFPR.

However, in India the trend is reverse as women LFPR declined in 2012 over 2000 (last disclosed figure) in almost all age-groups.

Interestingly, increasing access to education with addressing dropout rates by girls at the higher school levels is another way to increase women's workforce participation. It is possible that in Indian context more girls are now going back to schools and hence a decline in LFPR.

The declining LFPR in India however could be addressed head on with some innovative solutions.

First, the Government could emulate some of the examples from Japan. Recently, Japan has passed few laws in order to improve the women participation. For example, the law requires companies to set numerical targets and formulate action plans, which are reported to the Government and disclosed publicly.

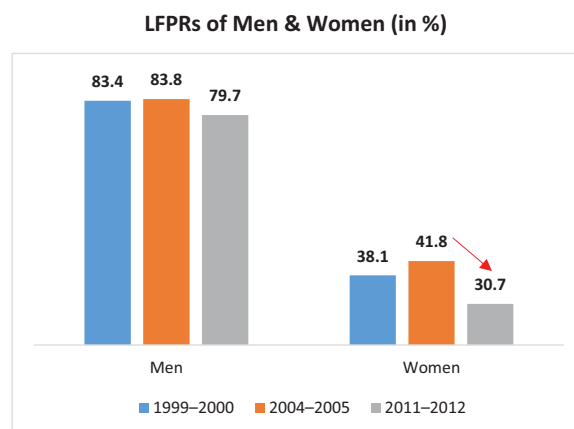
Though the exact replication of the laws may not be possible in India, we can implement a system of rewarding employers with ratings / certifications that have a system of promoting gender equality at work place. Additionally, a public disclosure by reputed companies in annual reports of women employees could be a good starting point.

Further, the Indian society demands that there is a great need of having a certification courses for child care and for geriatric care. The Government can also promote such certification courses through a properly designed partnership programme.



## LABOUR FORCE PARTICIPATION RATE (LFPR)

- ◆ The labour force participation rate (LFPR) is a measure of the proportion of a country’s working-age population that engages actively in the labour market, either by working or looking for work; it provides an indication of the size of the supply of labour available to engage in the production of goods and services, relative to the population at working age.
- ◆ In India, though the LFPR of men and women declined in 2011-12 over 2004-05, the decline was more pronounced in the case of women labour (more than 10 percentage points). Further, the LFPR is quite low in India compared to its peers also. This is a disturbing sign and needs to be corrected as soon as possible. In India, gender inequalities in education and employment has severely curtailed the productive capabilities of women despite the principle of gender equality being enshrined in the Indian Constitution.

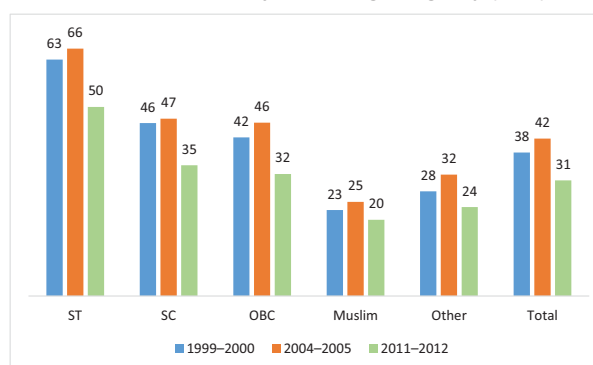


Source: NSSO, SBI Research

## WHY LFPR IN WOMEN IS LOW & DECLINING?

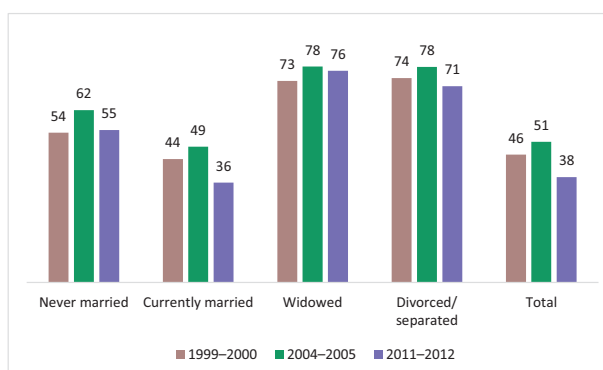
- ◆ There are a number factors that determine the LFPR of women in India and among them, some specific factors such as marital status, social background, education, number of children in household, etc. play prominent role in determining it.
- ◆ The data from various NSSO rounds (though dated) shows that in recent years the LFPR has declined across socio religious group, irrespective of marital status and presence of number of children in the house.
- ◆ The role of entrenched gender norms in our society, the rising incomes of men (which raises family income and makes it easier for women to quit working), and the lack of quality jobs for women also influencing LFPRs in India.
- ◆ The participation rates of women and men belonging to households with small children up to the age of three move in opposite directions with increasing number of children. While the LFPRs of men in households with small children are relatively high, the participation rates of women in such households are fairly low.

LFPRs of women by socio-religious group (in %)



Source: NSSO, SBI Research

LFPRs of women aged 25 to 44 by marital status (in %)



Source: NSSO, SBI Research

Number of children up to the age of 3	1999-2000		2004-2005		2011-2012	
	Men	Women	Men	Women	Men	Women
0	80.3	38.9	80.9	43.0	76.7	31.5
1	89.5	37.3	89.7	39.5	88.6	28.0
2	89.9	36.2	91.6	39.4	90.7	28.3
3	88.8	34.1	90.0	37.1	88.7	27.6
4+	90.3	29.5	89.2	36.0	88.7	31.4
<b>Total</b>	<b>83.4</b>	<b>38.1</b>	<b>83.8</b>	<b>41.8</b>	<b>79.7</b>	<b>30.7</b>

Source: NSSO, UN, SBI Research

◆ Usually, women’s participation in the job market often declines with a rise in educational attainments. Highly educated women are more likely to marry more educated men with high incomes, and hence remain out of the labour force. The NSSO data shows that, in 2011-12, the LFPRs of women have declined across all sub-categories of general education. But surprisingly, the LFPRs of men also declined which could be due to available of quality employment opportunities during post global financial crisis era.

LFPR by level of general education and sex (in %)						
General education	1999–2000		2004–2005		2011–2012	
	Men	Women	Men	Women	Men	Women
Illiterate	89.0	47.0	88.7	50.7	87.8	38.3
Below primary	89.6	35.1	91.0	40.3	90.2	32.1
Primary	86.7	31.8	88.6	38.0	88.3	32.1
Middle	78.0	23.2	80.7	30.4	78.2	23.9
HS/Diploma	72.8	19.6	73.0	25.3	66.2	17.9
Graduate & above	87.4	34.4	86.6	37.5	83.5	33.2
<b>Total</b>	<b>83.4</b>	<b>38.1</b>	<b>83.8</b>	<b>41.8</b>	<b>79.7</b>	<b>30.7</b>

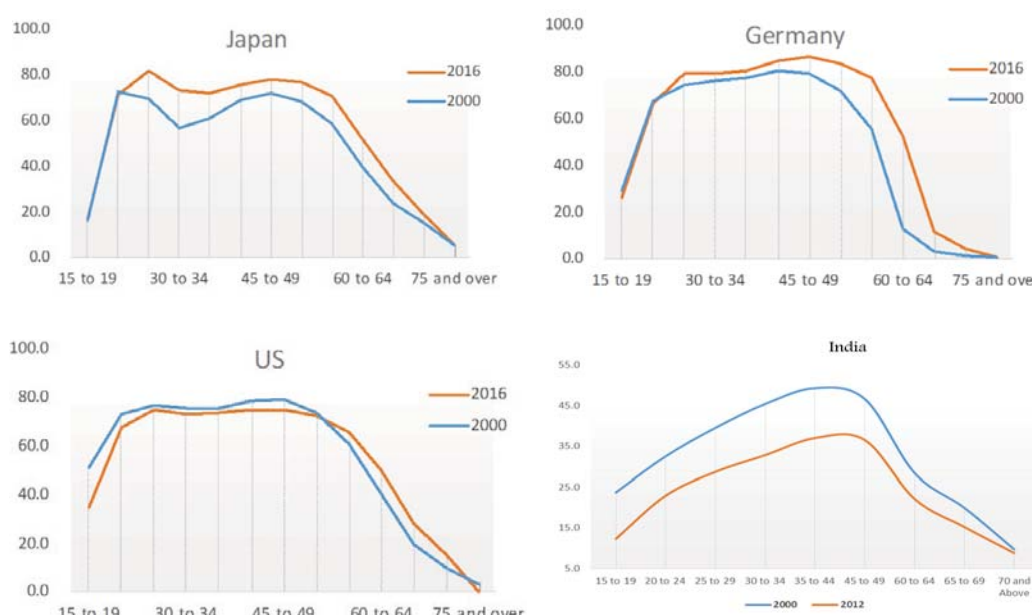
Source: NSSO, UN, SBI Research

- ◆ Some of the measures that could enhance women LFPRs in India is by enactment of laws that would remove barriers to women entering the workforce, mandating protection of women at the workplace and legislating quotas for women in office and on company boards.
- ◆ Increasing access to education with addressing dropout rates by girls at the higher school levels is another way to increase women’s workforce participation. It is possible that in Indian context, girls are now going back to schools and hence a decline in LFPR. Besides, increasing access of women to the Internet, mobile phones and financial services could also enhance women participation in work.

### WOMEN LFPR: CROSS COUNTRY TREND

- ◆ Declining LFPR of women is a concern across all countries. However, when we compare India’s women LFPR vis-à-vis a few economies we find that in all the countries under sample the women LFPR is increasing in 2016 over 2000 for all age groups. This is quite impressive in the Japan, where ageing population is currently posing severe threat to the overall LFPR.
- ◆ However, in India the trend is reverse as women LFPR declined in 2012 over 2000 (orange line is below the blue line) in almost all age-groups.

Cross-Country Women LFPR



Source: OECD; SBI Research Y axis gives the women participation

## WOMEN EMPOWERMENT: A CASE STUDY OF JAPAN THAT INDIA CAN EMULATE

- ◆ The empowerment of women has been under discussion in Japan for over 40 years. In the 70s and 80s, it was usually discussed from a human rights perspective. In the 90s and 2000s, it was reframed as a response to Japan's demographic issues — a persistently declining birth rate and shrinking labour force.
- ◆ At a 2013 meeting with the heads of major business associations, Japanese Prime Minister Shinzo Abe tabled a request for businesses **to allow three-year childcare leave for female employees**. About a year later, Abe asked business leaders **to appoint at least one female executive officer at each company** as early as possible.
- ◆ The latest data now shows that 53% of Japanese women continue to work after childbirth. The trend is positive as this is the first time the figure has exceeded 50% and means the number of working mothers is rising.
- ◆ Recently, Japan has passed few laws in order to improve the women participation. For example, the *Act on Promotion of Women's Participation and Advancement in the Workplace* requires companies to set numerical targets and formulate action plans, which are reported to the Government and disclosed publicly. While these requirements are very soft, companies are incentivised to meet them. The Government monitors these companies through information disclosure like female employees newly hired, salaries, working hours etc. The Government certifies the private sector that makes a good practice.
- ◆ Though the exact replication of the laws are not possible in India, as India is a labour surplus country, we can implement a system of rewarding employers with ratings / certifications that have a system of promoting gender equality at work place. Additionally, a public disclosure by reputed companies in annual reports of women employees could be a good starting point
- ◆ Further, within the Indian household as it is traditionally structured socially, the woman of the household is the default care provider for all children, old people, people who have fallen ill and so on. Hence there is a great need of having a certification courses for child care and for geriatric care. The Government can also promote such certification courses through a properly designed partnership programme. The direct benefit of such would be two fold: we would be releasing a woman, a talented skilled woman to work in the labour force and at the same time, we would be providing work to another woman who would be stepping forward with the certification turning her into a very certified, reliable, professional provider of care for the children.

If Laws Passed in Japan are adopted in India	
Laws Passed in Japan	If Adopted in India
◆ Public Disclosures by companies of Women Participation in companies and certifying companies	◆ India being a labour surplus country, even a public disclosure by reputed companies in annual reports of women employees could be a good starting point
◆ The introduction of the legal cap on overtime hours; Maximum is 720 hour per year, 100 hour per month	◆ More <b>women</b> can join to work under worker-friendly environment
◆ Introduction of rules aiming at establishing a principle of "equal work, equal pay" in order to improve working conditions of non-regular workers	◆ Regular workers (especially <b>women</b> ) will be motivated to raise their productivity
◆ A new salary system based on worker's performance rather than hours spent in workplace	◆ Highly professional workers can exert their expertise without time limit
-	<b>INDIA SPECIFIC</b> ◆ Introduce Certification Courses for Child Care and for Geriatric Care
Source: SBI Research	

## ABOUT US

The Economic Research Department (ERD) in SBI Corporate Centre is the successor to the Economic and Statistical Research Department (E&SRD). The latter came into being in 1956, immediately after the State Bank of India was formed, with the objective of “tendering technical advice to the management on economic and financial problems in which the Bank has interest and which required expert analysis”.

After the first reorganization of the Bank, when specialized departments like Management Science, Management Information Systems, Planning and Market Segment Departments took over the statistical work of E&SRD, the Department was renamed as ERD.

However, with the ERD team now taking on multidimensional functionalities in the area of risk management, corporate analytics, strategy and so on, who knows, the time may have come to rename it again!

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