

Women Not In Job Market? It's A Myth

Their labour force participation has increased. And there's a surge in female enrolment in higher education. Wait till those groups come on board

Surjit S Bhalla & Tirthatanmoy Das



In our previous article "A Jobful Economy" we documented the employment results emerging from almost 30 years of NSSO/PLFS survey data on employment (since 2017/18, the PLFS data). No one doubts the success of the Indian growth story in terms of GDP growth – annual per capita growth of 4.5% over 30 odd years, and now expected to be the fastest growing major economy over the next five.

We revisit the PLFS data to examine a prominent misunderstanding, or misinterpretation, about the Indian economy. In particular, questions have been raised about the low female labour force participation rate (FLFPR) in India, especially compared to neighbouring countries like Bangladesh and Sri Lanka. The latter countries have FLFPR in the mid-30s ie, about 35% of working age women work.

In India the PLFS number is in the mid-20s. Why this large gap between comparable countries? Valid question because the socio-cultural environment in the three countries is similar.

Aggregate data doesn't pass smell test

The low FLFPR in India fails the "smell test" or the "duck test". If it walks like a duck, it is a duck. We know that 15% of pilots in India are women – the highest in the world. We also know that according to the World Bank, 42.7% of women in India were STEM graduates in 2018. We also know that more women go to college in India than men. So why is the FLFPR in India so low?

If we go back two decades, NSSO data for 2004/5 did show FLFPR to be 35%. But in 2011/12 this figure had dropped to 26.1% (current weekly status). Why did this

The big story – we believe the biggest story – about structural change in India is the enrolment of women in India at all levels of education. The new generation (those between 25 and 30 years today) will cause the LFPR to systematically increase because higher education, all other things being equal, does lead to greater work participation

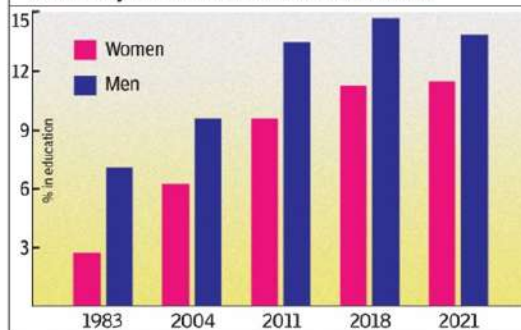


WOMEN WITH SKILLS JOIN UP

Proportion of working women keeps rising (%)

Year	Usual Status	Weekly Status	Weekly Status*
1983	44.4	31.9	34.7
2004	42.7	37.3	43.7
2011	31.2	27.2	36.9
2018	24.5	21.6	33
2021	32.8	27.2	38.7

And they come with more education



Source: NSSO/PLFS data for various years. Note: All data is for age 15 and above. Weekly status* refers to LFPR when education is also considered "work"

happen?

For two reasons – first, the ILO definition changed, and while not mandatory for all statistical agencies to accept the change, India did so. The ILO now said that production towards home consumption (eg care-taking of cattle for milk consumed at home) would no longer be counted as "work for pay or profit".

If the definition had not changed, there would have been an extra 38 million in the female workforce in 2011. The change in definition of work can explain about half of this difference – unpaid family workers declined by 18 million. What explains the other 20 million? They went into education. Both Sri Lanka and Bangladesh had completed the transition to male-female gender equality by 2011.

Education will be the differentiator

The big story – we believe the biggest story – about structural change in India is the enrolment of women in India at all levels of education. The new generation (those between 25 and 30 years today) will cause the LFPR to systematically increase because higher education, all other things being equal, does lead to greater work participation.

Think of the counter-factual – why would a person, after finishing college education, not want to work? To be sure, there is the question of family, and having babies. But wait – Indian women have a fertility rate less than the replacement rate of 2.1 and dropping. And

DECODING THE JOB MARKET

attitudes around the world (and in India) towards childcare are changing.

Three different definitions of LFPR are presented – weekly status, long-term employment (usual status), and weekly LFPR adjusted for education (i.e. you are considered "in workforce" if you are attending school). The percentage of men and women enrolled in school (all data for those above 15 years) are also reported.

Three conclusions follow

- First, that there is tremendous catch-up in female enrolment – from two-fifths of male enrolment in 1983 to now 83%. In the dominant enrolment age group 15-22 years, the ratio is 95%.
- Second, labour force participation rates for women are now equal to, or higher, than the level observed in 2011 (no change in definition 2011 onwards).
- Adjusted weekly status (for all women) is now at 38.7%, some two percentage points above 2011.

The issue of "low" FLFPR for India should be treated as an ex-issue, as an issue which has ceased to be. This increased education and FLFPR for India augurs very well for our growth prospects, which our policy-makers, international organisations and markets, should begin to acknowledge, and recognise.

Bhalla is former Executive Director IMF; Das is Associate Professor, IIM Bangalore. Views expressed are strictly personal and do not reflect the views of IIM Bangalore