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# Women Labour Force Participation in India - An Overview

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## ABSTRACT

*The substantial loss of economic opportunity due to the sheer wastage of human resources not just on a national level, but also at a global scale while India has made great strides in improving its ranking in other key growth metrics, the declining participation of Indian women in the workforce continues to be a red mark in the country's otherwise laudable economic reform report card. Theories of human capital would suggest that with more education, women acquire greater skills and their earnings increase, resulting in higher labour force participation.*

*Women's participation in the labour market varies significantly across countries, reflecting differences in economic development, social norms, education levels, fertility rates, and access to childcare and other supportive services. The relationship between female labour force participation and these factors is complex. India has one of the lowest female labour force participation rates in the world. At present India has only about 27 per cent women in the workforce and we have to take it to the world average of 48 per cent. The Economic Survey of India pointed out that the gender gap in the Indian labour force participation of 2018 is more than 50 % points.*

*The present paper attempts to describe the female work force participation rates in India. It also attempts to identify the potential causes of declining female labour force participation and Governmental policies relating to participation of women in the labour force in India. And also suggest possible measures to improve female labour force participation.*

**Keywords:** Women Labour, Workforce, participation

## I. INTRODUCTION

There is a deeply ingrained idea in our society that men are the movers and shakers in the business world. They are the CEO's, the CFO's, and the ones who make things happen. This may have been true fifty years ago, but today we are seeing a new and very interesting trend

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developing.

Women are making great strides in the business world and the ratio of men to women is beginning to even out. While the participation of women in the workforce and the level of their education are increasing, there are some major factors that are holding women back more than men. These factors, among others, contribute to the enormous wage gap and overall gender inequality that has developed in the modern workplace. This problem needs to be addressed because new research has shown that women in leadership roles bring higher profitability, new and effective leadership styles, and many other benefits to a company.

Women are at the heart of development. There are several reasons and problems that influence Indian women to work. The financial demands on the Indian families are increasing day by day. Cost of living, expenses on education of children, and cost of housing properties in India raised and these reason force every family in India to look for ways and means of increasing the household income. As a result, women in India who were mostly known as homemakers are forced to go for jobs .The involvement of females in paid labour market is usually measured in terms Labour Force Participation. Female labour force participation is a driver of growth and therefore, participation rates indicate the potential for a country to grow more rapidly. Labour force participation represents a woman's decision to be part of the employed or unemployed population as opposed to being part of the economically inactive population.

### *Defining the labour force participation rate*

The labour force participation rate is a measure of the proportion of a country's working age population that engages actively in the labour market, either by working or by looking for work. As the sum of the employed and (searching) unemployed, this indicator signals the relative size of the supply of labour available to engage in the production of goods and services.<sup>2</sup> People are counted as a part of the labour force if they are engaged in activities that are included in the System of National Accounts or are available and searching for work in such activities. Persons are classified as not being in the labour force if they are attending an educational institution, engaged in household duties, retired, or infirm or disabled (and other reasons).

## **II. SIGNIFICANCE OF WOMEN IN THE WORK FORCE**

Women have been playing vital roles in households since ages. Now women are also Recognized for their value in the workplace and are engaged in wide range of activities of work

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<sup>2</sup>ILO Key Indicators of the Labour Market, 8th Edition. Online at: [http://www.ilo.org/empelm/what/WCMS\\_114240/lang--en/index.htm](http://www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm); Female labor force participation in developing countries. IZA World of Labour 2014: 87.

in addition to their routine domestic work. Building a society where women can breathe freely without fear of oppression, exploitation, and discrimination is the need of the hour, to ensure a better future for the next generation. Female labour force participation is an important driver of growth and development.<sup>3</sup> Women join the workforce in developing countries as a coping mechanism in response to shocks. The participation of women is the outcome of various macro and individual factors.

Working women i.e., those who are in paid employment, face problems at the workplace just by virtue of their being women. There are some acts i.e. The Unorganized Workers Social Security Act, 2008, Domestic Workers Welfare and Social Security Act, 2010 etc. but due to their improper implementation, women workers are forced to work and live in miserable conditions in unorganized sector. The inbuilt conviction that women are incapable of handling arduous jobs and are less efficient than men influences the payment of unequal salaries and wages for the same job. But in most families her salary is handed over to the father, husband or in-laws. So the basic motive for seeking employment in order to gain economic independence is nullified in many women's case.

### **III. GLOBAL INCLINATION IN FEMALE LABOUR FORCE PARTICIPATION**

Over the last two decades, the global female labour force participation rate (age group 15+) has declined, despite strong growth in emerging and developing countries, from 51.3% in 1998 to 48.5% in 2018. Though more than 307 million women have joined the labour market in the past 20 years, women still account for just 39.2% of the global labour force.

“Women's labour force participation in India is one of the lowest in the world. Women comprise half of the Indian population but make up less than a quarter of the labour force. Three in four Indian women do not work in the country. Looking at the extremely low levels of participation of women in the labour market makes one wonder whether the phenomenal success of India's economic transition forgot about its women and left them behind,”<sup>4</sup>

There are, however, variations in these global trends. The number of women working in high income countries went up between 1990 and 2018, largely due to policies like better parental leave, subsidised childcare, and flexibility in jobs. But in South Asia's low and middle income countries, the number of women working has declined.

Women's participation in the labor market varies greatly across countries, reflecting

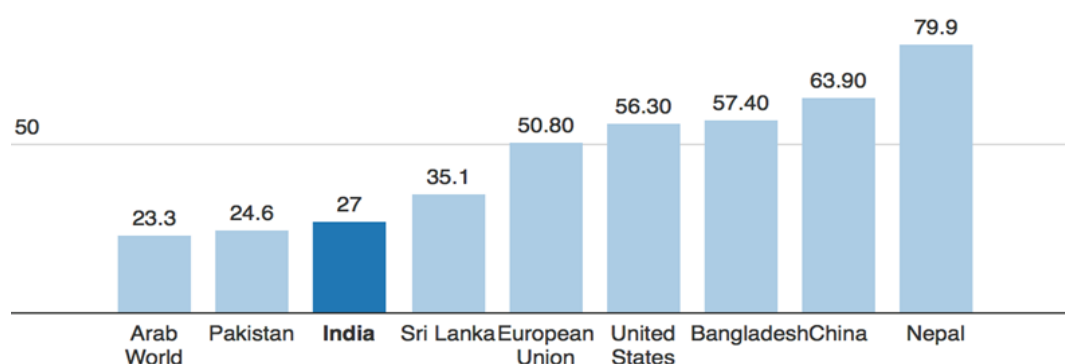
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<sup>3</sup> Sher Verick, Female labour force participation in developing countries, IZA World of Labor 2014: 87

<sup>4</sup> Mind the gap: state of employment in India, <http://www.indiaenvironmentportal.org.in/content/462432/mind-the-gap-state-of-employment-in-india/>

differences in economic development, social norms, education levels, fertility rates, and access to childcare and other supportive services. In Australia, women's labor force participation rate stood at 61.1% in 2019. In Canada, over half (61.3%) of women participated in the labor force in 2018. Women's labor force participation rates have remained above 50% since 1980. In the European Union (EU-28), almost half (48.3%) of women were employed in 2018. In India, women's labor force participation rate has fallen from 30.4% in 1990 to 23.4% in 2019. In Japan, women's labor force participation rate rose 1.4 percentage points from 2017 to 52.5% in 2018. In the United States, 57.1% of women were in the labor force in 2018, compared to 69.1% of all men. The rate of women's participation peaked in 1999 at 60.0%.

### Global Female Labour Force Participation (%)



Source: World Bank

In India, women's labor force participation rate has fallen from 30.4% in 1990 to 23.4% in 2019<sup>5</sup>. India fares better than its neighbour Pakistan (where the rate increased from 14% to 25% over the same period). But it lags behind Bangladesh, Sri Lanka and Nepal, and other countries at similar stages of growth and development.

There are regional and demographic differences across the country. Rural women have higher participation rates than their urban counterparts. Married women, less educated women, and women from higher castes are less likely to participate in the labour market.

#### IV. CAUSES OF DECLINING FEMALE LABOUR FORCE PARTICIPATION

The female labor force participation rate (FLFPR) in India has been one of the lowest among the emerging economies and has been falling over time. This has resulted in a decrease in the ratio of working females to the population of females in the working age group. India's female Labour Force Participation Rate (LFPR)-the share of working-age women who report either

<sup>5</sup> The World Bank, "Labor Force Participation Rate, Female (% of Female Population Ages 15+) (Modelled ILO Estimate), India," The World Bank Databank (2018).

being employed, or being available for work-has fallen to a historic low of 23.3% in 2017-18, meaning that over three out of four women over the age of 15 in India are neither working nor seeking work.<sup>6</sup> This would imply that they are most likely running the house and taking care of children.

The literature on female employment revolves around different factors from both a demand- and supply-side perspective, explaining women's participation in labour force. Low participation of women in the labour force in India is attributed to the lack of employment opportunities, rising education levels and household incomes, and problems in measurement, such as under-reporting of women's work. However, it is the rural distress in recent times that has affected women the most as income-generating opportunities have disappeared. The problem of 'labour demand constraints' or the lack of suitable job opportunities is acute for women in rural India, with a fall in the availability of farm jobs and the lack of economic opportunities in non-farm employment. Mechanization of farm and non-farm activities has also reduced opportunities for work. The net effect on female employment is determined by the relative magnitude of these factors. Moreover, rural societies are segregated rigidly on gender basis dictated by patriarchal norms that are further perpetuated by religious taboos and cultural biases.

## **V. PROBLEMS FACED BY WORKING WOMEN IN INDIA**

Female unemployment rates are still high in most countries, especially in the developing world. Women are considered weaker sex by most employers, therefore, will always overlook them for men. The high unemployment rate among women is mainly because of the perception of women, culture, and tradition. In most countries, Men's average wages are higher than women, in both rural and urban areas. Rural women work longer hours than men. In rural Gujarat, the female work participation rate fell from 43 per cent in 2005 to 32 per cent in 2010, worsening further to 28 per cent in 2011-12. In India, jobs for men increased by 0.9 million, 2.4 million women reduced in the employment map, At the end of 2017. Within South Asia in 2013, India had the lowest rate of female employment after Pakistan.

Most of the working women said that as working women you will definitely suffer from problems. Health related problems like physical and mental stress, general weakness, excessive work load because of work pressure, family pressure, Sexual Harassment, discrimination at work place, No safety of working women while traveling Typically, Insufficient Maternity, Job

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<sup>6</sup> Rukmini S, *India's workforce is masculinizing rapidly*, 2019, <https://www.livemint.com/news/india/india-s-workforce-is-masculinising-rapidly-1560150389726.html>.

insecurity Unrealistic expectations etc.<sup>7</sup> are all very real issues. Sometimes the stress is so profound that they feel like leaving their jobs but then they realize that these are all a part of life that they have to fight and endure, which ultimately makes them stronger. Gender discrimination also happens, men think that women are not capable enough to work properly and unable to take decision in a better way.

## **VI. LEGISLATIVE MEASURES IN INDIA FOR THE PROTECTION OF THE WORKING WOMAN**

There are various labour laws in India which exist as on date, which provides benefits and security to all employees (whether male or female). women constitute 50% of our population and if they do not come out and work, then our country will never grow at the pace we all envision it to grow, and for that very reason, governments over time have taken special care to enact and amend laws to ensure greater participation of women in the growth story of India.

*The Maternity Benefit Amendment Act, 2017*- Maternity Act was passed in 1961. The old Maternity Act, despite its existence, was not able to give sufficient leave for new moms. Just recently last year did this fresh Amendment to this act came into place. The amendment has not only expanded the term of the leave. The maternity leave after the correction has been raised from the present 12 weeks to 26 weeks. The maternity leave after the correction has been raised from the present 12 weeks to 26 weeks.

*The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013*- Sexual harassment at work is most uncommon and we come across various cases dealing with harassment in the workplace. The enactment of the sexual harassment Act has brought the much-needed relief to the women workforce.

*The Factories Act, 1948*- The Factories Act aims at protecting workers employed in factories from unfair exploitation by their employers. The Factories Act also has exclusive provisions for women workers. No woman worker shall be allowed to work in a factory except between 6 a.m. and 7 p.m.

*The Equal Remuneration Act, 1976*- Constitution directs that States shall, in particular, have policies towards securing equal pay for equal work for both men and women. Under the Equal Remuneration Act: i) Employers shall pay equal remuneration to its male and female employees who are carrying out the same or similar work. ii) Employers cannot discriminate

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<sup>7</sup> Varsha Kumari, *Problems and Challenges Faced by Urban Working Women in India*, a Dissertation NATIONAL INSTITUTE OF TECHNOLOGY Rourkela, May 2014.

between men and women while recruiting unless there is a restriction under the law to employ women in certain industries.

Additionally, women employees must also be aware of various enactments which provide for social security for employees such as, the Employee's Provident Fund & Miscellaneous Provisions Act, 1952; The Employee's State Insurance Act, 1948; Payment of Gratuity Act, 1972; Payment of Bonus Act, 1965, etc.

Between 1990 and 2013, total fertility rate in India fell from 4.0 to 2.5 children per woman.<sup>8</sup> The decreasing fertility means childbearing is not as much of a constraint to labour force participation. However, despite economic growth and decline in fertility rate, "India's women are conspicuously absent from the labour force."<sup>9</sup> Analysts agree that women in India still face "legal, normative, and economic constraints to work." Various laws in India purport to help women succeed in the workplace; their effect, however, is the opposite. For example, to ensure women's safety, Section 66(1)(b) of the Factories (Amendment) Act of 1987 states that "no woman shall be required or allowed to work in any factory except between the hours of 6 a.m. and 7 p.m." Female participation in export-oriented manufacturing jobs fell in the 1990s despite increased trade and reduced trade barriers during the same period, which were likely due to legal constraints on women's working hours through the factory laws.<sup>10</sup>

Many government policies are targeted towards organized women workers whereas the unorganized sector which houses the largest number of females has little to no penetration of such schemes. Wherever such options exist, they are limited to only documentation and are not enforced in reality in the unorganized and rural sector. For example, severe cuts in expenditure related to the centrally sponsored National Crèche Scheme had led to the closure of crèches across the country.

## VII. CONCLUSION

In spite of intensifications in education, declines in fertility, and strong economic growth, India's FLFP has declined over recent years, suggesting action is necessary to increase women's labour market participation and attachment. More focused policies and provisions have to be made by the government to ensure the safety and equality in workplace. It's mandatory for the industries to follow the provisions made by the government for women

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<sup>8</sup> Fletcher, Erin and Pande, Rohini and Moore, Charity Maria Troyer, *Women and Work in India: Descriptive Evidence and a Review of Potential Policies* (December 1, 2017). HKS Working Paper No. RWP18-004. Available at SSRN: <https://ssrn.com/abstract=3116310> or <http://dx.doi.org/10.2139/ssrn.3116310>

<sup>9</sup> *ibid*

<sup>10</sup> *Supra Note 5.*



without fail. India needs to nurture an environment where women, whether in formal or informal labour, are given the appropriate employee benefits and risk-free working environment. Provision of amenities and basic infrastructure, as well as childcare facilities and care homes for the elderly, should be provided so that the entry of women in the labour force is facilitated. Higher expenditures on the existing policies, such as the MGNREGA and the Integrated Child Development Services, as well as providing vocational training to suit the rapidly changing production process would give a boost to the FLFPR. Targeted policies by the state, such as providing job quotas and credit to women, will increase female participation in the labour market.

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