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How can more women take up paid employment?

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The abysmally low participation of women in paid work in India even today is very worrying. Policy interventions should look at how to encourage higher work participation, through offers of higher wages and better social security.

It is time we gave attention to how more women could take up paid employment. A natural thing is to make work more attractive to people who stay out of the labour force for various reasons. One option is to raise the current wages on offer and improve the terms and conditions of work. Naturally, the prescription might annoy many seasoned analysts of labour and employment in India who would argue the opposite.

Introduction

Let us take a look at the current indicators of work participation among women in Indian states. The participation rates are extremely low but the unemployment rates are very high. We cannot dismiss this paradoxical situation as a manifestation of the culture and traditions of the subcontinent.

We discuss here the labour force participation rate of women (LFPR-W) and the worker population rate of women (WPR-W) for the whole of India, based on the Periodic Labour Force Survey (PLFS) estimates for 2018-19, while exploring some determinants of women's employment. Occasionally some relevant estimates of Kerala are discussed for illustrative purposes since the work participation of women in this state is higher than in the rest of India.

As a first step in understanding the problem, we need to sort out some issues concerning the measurement of employment and unemployment.

There are two measures of employment used intermittently in the Indian context. One is the labour force participation rate (LFPR), which takes the employed and the unemployed (E+UE) together as a share of the working-age (15+ years) population. The second is the worker-population ratio (WPR) which takes only the employed as a share of the working-age population.

There are two methods used in sample surveys to estimate the number of workers. One is the "usual status" approach, which identifies a worker in the labour force either as employed or unemployed during the preceding year depending on what she "usually" did. The workers who have worked and/or have been looking for work for more than six months of the year are in the usual principal status (UPS) category. Those who have worked or have been looking for work for more than a month in the past year are in the subsidiary status (SS). A second approach is to identify a person either as employed or unemployed over the preceding week. This is her current weekly status (CWS). The PLFS, which commenced in 2017, leans more on the CWS approach. This has the advantage of a shorter recall period and conforms to standard international practices.

Puzzle of low work participation rates

The first puzzle is why so few women in India are doing remunerative work, when by work we mean economic activities that 'qualify' as employment over and above what women do as care-givers at home. The LFPR-W in India is among the lowest in the world. Within the working-age group of 15+ years, the rate in India is just 22 per cent; 23 per cent in rural areas and a still lower 20 per cent in urban areas (PLFS, A-217). Comparable estimates for other countries are close to 60 per cent in the nations of Europe and well above 60 per cent in East Asia, notably China. On the other hand, the proportion of male workers in India is not strikingly different from the rest of the world.

We come across two patterns, which stand out in defiance of the logic of economic development. First, ordinarily we would expect transformative changes in developing countries to bring at least some increase in the presence of women in paid work. This has not happened in India, where the participation of women in the labour force continues to remain low. Second, and equally important, urbanisation has not precipitated any visible increase in women's work participation.

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Historically, in most parts of India, women's participation in work outside the household has remained low, a phenomenon that probably has roots in the practice of settled agriculture in South Asia. Intensive farming of field crops as it evolved in India, relied more on the use of draught animals and human labour, the latter forcibly extracted from the subordinate sub-castes of society (Vaidyanathan 1978). Men and women of labour households, mostly at the lower end of a caste hierarchy and kept at the subsistence margin, were commandeered for farm operations outside their homes (Kumar,1965). Ester Boserup (1965) had noted that as the cropping pattern shifted in India from long-fallow to short-fallow and to more intensive cropping, then with rising productivity of land and labour the women of land-holding households withdrew from subsistence farming and engaged themselves in unpaid work.

The pattern remained unchanged for many centuries. Women not doing physical work outside the household was considered a mark of prestige and economic status. This naturally got reflected in Indian work participation rates, as revealed in various censuses and National Sample Surveys of the old NSSO. An extreme example is the state of Bihar from the Gangetic plains, where the LFPR-W in the working-age groups even today is only 4 per cent against the all-India average of 22 per cent (PLFS, A-217). One cannot help surmise that the past several decades of development have not been accompied by any substantial increase in women's work participation, neither in Bihar nor in the rest of India.

Quite possibly the organisation of agriculture on extensive land holdings in some parts of the country has led to an increased hiring of women in agricultural operations. The pauperisation of peasant households, which Krishnaji (1992) drew attention to, could have contributed the wage labour for commercial farming. Such hiring was not, however, sufficient to bring about any tangible improvement of the LFPR of women. This is now a maximum of 35 per cent in one or two states, but in most it is far below this level (PLFS A-217).

Ordinarily, we would expect urbanisation, to the extent it has happened, to have positively influenced the entry of women into the labour force. This is not the case in most Indian states. As we noted earlier, the LFPR-W is lower in urban areas than in rural areas. This is contrary to the experience of the industrialised world. An inference that can be drawn is that currently there are no pull factors, offering decent employment opportunities for women in the cities. If the urban enclaves of India are not acting as magnets to draw more women into paid employment, the question naturally arises as to whether current policies are appropriatefor promotion of women's employment and income-earning opportunities for them? Probably not. There is therefore a compelling case to rethink the strategies towards the goal.

An example is Kerala, which has a higher level of urbanisation (48 per cent against an all-India average of 32 per cent as in Census 2011) and better access to higher education as shown in the human development indices. The LFPR-W of the 15+ years age group is yet almost the same in rural and urban areas (29 % and 28 %, respectively). There are some factors underlying these low and similar participation rates in both areas. Women of the younger age-group (15 to 25 years), who form about a quarter of the population in Kerala, make use of the available educational opportunities and therefore stay out of the workforce. Second, many women are immersed in household work and find themselves unable to take part in even the limited amount of paid work available outside the household. Third, the opportunities for absorption in paid work, if at all available, are not remunerative enough to draw women into the labour market.

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One redeeming feature of urban India is a positive association between the usual status LFPR-W and the monthly per capita consumption expenditure of households. As we move up the decile classes of consumption expenditure, the work participation of women increases, though at a slow pace. This implies that women work and contribute positively to the income of their households. This observation is valid for rural households too, but the scale of women's involvement in is lower than in urban areas (PLFS A-182,185).

Another feature is a positive association between the usual status LFPR-W and the educational qualifications of women, from higher secondary school onwards. Educational accomplishments are essential determinants of women's employment and of their household

income levels. For instance, in both the urban and rural areas of Kerala, the participation rate is 47 per cent among graduates, 78 per cent among post-graduates and 52 per cent among those with certificates or diplomas of specific occupations. The corresponding all-India averages are lower, but follow a similar pattern (PLFS A-127). This suggest that in conformity with a universal trend, education leads to greater participation of women in the skilled categories of work. But there is a caveat; they take up jobs only if they are available and accessible.

The downside of a positive association between LFPR-W and higher education is that the unemployment rate becomes higher as women move up the education ladder. To get a feel of this picture, one can look at the figures based on the usual status of the working-age groups both in rural and urban areas. These show that unemployment is conspicuously higher among educated women than men. From the higher secondary level onwards, the unemployment rate of women is at least 50 per cent or more, even twice the corresponding ratio for men (PLFS A-145). For instance, among graduate women, in 2018-19 it was 25 per cent and among the post-graduates 24 per cent. The average rates for men in a similar setting were 15 and 11 per cents, respectively (PLFS A-144). The figures suggest that any advancement of women's schooling is likely to be accompanied by a higher incidence of unemployment among them, unless, of course, more jobs are created.

The problem is more severe in a state like Kerala, where women have availed themselves of the enhanced facilities for higher education. The unemployment rate among women of working age groups in both the urban and rural areas was more or less the same, 17 per cent. Among the educated it was much higher: it was 28 per cent for those with higher secondary education, 36 per cent for graduates, 34 per cent for post-graduates and above, and 35 per cent for women with diplomas or certificates. On the other hand, in Kerala, the rates of unemployment among men for different educational categories are lower: the corresponding rates of unemployment in the same order are 12, 16, 7 and 9 per cent, respectively (PLFS A-144). These numbers for men are not significantly different from other Indian states.

Possible policy interventions

The upshot of the argument is that any Indian state making progress with the education of women would face problems in absorbing the educated into the workforce. It is not just a frictional or transitory problem that is likely to pass when the economy attains faster growth. Here is a structural problem that requires policy interventions by the state and all the social actors concerned. How do we go about it? Some evidence gathered from the PLFS facilitates a discussion of possible policy interventions.

First, a look at the distribution of women workers in different status categories of employment.

There is a higher concentration of women workers in the category of regular wage/salary earners than in other groups such as self-employed or casual wage labour. In urban areas, 57 per cent of all women were engaged in regular wage/salary employment against 33 per cent in self-employment and 9 per cent in casual labour (PLFS A-230). Most women workers in the cities would rather wait, if they can afford to, for regular jobs than do other kinds of work. One compelling reason for their preference for regular employment is the prevalence of wide differentials in earnings across status groups. Table 1, compiled from the PLFS, gives a profile of such differentials for the whole of India.

Table 1: Average Earnings per Month of Workers in Different Status Categories of Employment and Some Associated Ratios
(All India, 2018-19)

	Rural		Urban	
	Men	Women	Men	Women
Earnings (Rs) per month				
Regular Wage/Salary Earners	13549	8724	19199	14843
Self Employed	9420	4216	16725	6612
Casual Labour	6831	3999	8117	5059
Ratio of earnings as percentages (%)				
Self Employed/Regular Wage Earners	69.53	48.32	87.11	44.55
Casual Labour/Regular Wage Earners	50.42	45.83	42.28	34.08
Women's Earnings as % of Men's				
Regular Wage/Salary Earners		64.39		77.31
Self Employed		44.75		39.54
Casual Labour		58.54		62.32

Source: PLFS (2018-19 Tables 42-45)

The average monthly earnings of men and women in different status groups elicit some notable observations. One, the earnings of women with regular jobs were more than twice the earnings from self-employment or casual work, both in rural and urban areas. Second, the rural-urban disparity in earnings remains pervasive in each status group, but is less severe among regular employees in urban areas. More importantly, the gender gap in income is conspicuous both in rural and urban areas; women earn less than half that of men in self-employment and less than two-thirds in casual work. The disparity is less for regular workers, especially in urban areas, where women receive about 80 per cent of men's earnings. These factors add to the attraction of steady jobs, which women prefer, whether or not they move to urban areas.

There is a severe shortage of regular jobs in urban areas. Industry-wise, less than 30 per cent of women workers are engaged in manufacturing jobs and the rest (65 per cent) are in the service industries, where education and skill content are essential criteria for employment (PLFS A-224). One point to emphasise is that the urban women with regular jobs work more hours per week compared to women in self-employment or casual work. Also, a small, but not an insignificant proportion of them (more than twice that of men), expressed their willingness and availability to work for more hours (PLFS Statements 20, 23). The evidence points to the labour-intensive nature of operations in urban areas, where women tend to be underpaid even as they take up regular jobs.

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Here is a predicament facing women all over India, manifested through low work particpation arising from non-availability of jobs, a professed preference for regular jobs and a willingness and availability to work longer hours. These are precisely the conditions that cause a further deterioration of wages and work conditions, leading to what some analysts would call a market-clearing situation. The Covid-19 pandemic now gripping the country can only add fuel to the fire. Countering any slide downwards in wage/salary levels and working conditions ought to figure prominently in the design of public policy.

Perhaps it is time to try new and innovative approaches to employment promotion, which require a prudent combination of market interventions.

The focus is on making work more attractive to the "potentially employed", a category that covers the unemployed and those outside the labour force. They broadly belong to two categories: the less skilled, prone to doing casual wage labour and the better skilled, currently on the sidelines waiting for the right offers and placements. Both categories include the discouraged women workers, who would naturally expect the rewards from paid work outside the household to exceed their opportunity cost or the reservation price. This would be roughly equivalent to the income generated directly and indirectly through numerous household centred activities. Quite possibly the combined value of wages and benefits from work outside, currently on offer in most states, especially in urban areas, is less than the reservation price. One option is to make paid work more attractive by raising the returns to meet the aspirations of

potential women workers. A better package of minimum wages and social security benefits, addressed to different tiers and skill categories of the labour force and made accessible to all women can make a vast difference to the present employment situation.

A two-pronged approach-one to raise the floor wage as a component of the reservation price in any state or region, and the other to enhance the content of social security benefits of workers-can have an impact on employment outcomes. The first is primarily addressed to the less skilled workers, the women in particular. The floor wage itself depends on a basket of entitlements including food, nutrition, shelter, education, health and civic amenities, which the workers gain access to as the essentials of a dignified life for all citizens. It depends on the scale and content of social spending on the basic needs prevalent in any state. There is enough evidence from the developing countries to argue that social spending with a re-distributive thrust helps to set a solid floor, below which wages will not fall due to downward pressure from the supply-side. A socially engineered minimum wage, supported through public expenditure, can safeguard low-income groups against any distress-driven migration. More importantly, it can help them cross the barriers to entry in urban labour markets and empower them to navigate towards skill mobility and remunerative jobs.

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The second component concerns the strengthening of institutional safeguards for social security as a practical way of drawing more skilled women into paid employment. The thrust of state interventions should be to encourage all workers, in particular women, to pursue their aspirations for a secure and healthy living during and beyond their working lives. It is an eminently feasible goal, gaining legitimacy and traction in many developing countries that have crossed the low-income threshold.

A compelling reason for policy intervention for social security is that people now reaching retirement age, have ahead of them longer lives without disability. However, there are some pre-requisites for attaining the goal of universal social security. First and foremost, enhance the reach of social insurance programmes so that all workers can build their individually owned nest eggs through provident funds, pension annuities and health schemes using contributions from their employers as well as by themselves (as employees and the self-employed).

Many emerging economies are taking the lead in build annuities for all workers earning regular incomes, which eventually become income streams for pensions and health care. They follow a maxim that whenever a worker gets hired on a regular paid job, pro-rata the employer bears the cost of his/her retirement pension and health care. The state specifies the scale of contribution based on the workers' earnings, which would mature into annuities for liquidation at the time of retirement. At the same time, for casual workers without a regular income, public policy envisages the creation of means-tested social assistance, giving them access to public provisioning of old age pensions and health services. Such schemes are beginning to operate in India under the National Pension Schemes (NPS) and the Prime Minister Suraksha Bhima Yojana (PMBSY). They have the potential to build on the social security entitlements of all workers, in particular those with low earnings.

In India, there is abundant scope for fine-tuning the existing institutions for raising the floor wages and enhancing the reach of social security so that they can take on more responsibilities for the well-being of all workers. The first is meant to encourage more work participation of women and the second to offer a better deal to skilled workers. What is needed at this stage is a broad-based dialogue involving the practitioners of labour policy on the means of creating appropriate institutions to safeguard the entitlements of workers, women in particular and make them equal partners in the society.

Summing up

We currently have a grim picture of the progress and prospects of women's employment in India. In the aftermath of the pandemic, the labour market is likely to deteriorate further in terms of the work available, wages and working conditions. It is time to embark on imaginative labour policies for the promotion of women's employment in the non-farm sectors. This note argues that the state can play a supportive role in drawing more women, especially the discouraged workers, into paid employment.

Public policy interventions can make work more attractive by offering higher floor wages to the less skilled and improved social security benefits to the better skilled. There is room for building a support system that can improve work participation and work-related benefits of all women in India.

The author wishes to pay respect to the memory of two eminent analysts of the Indian economy - Professors A Vaidyanathan and N Krishnaji - who passed away recently. They have pioneered many insightful studies on land distribution and labour utilisation in India. I have drawn from their works without attributing any responsibility on them for my interpretation.

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