

Women need a better deal



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New research by Prof Ashwini Deshpande and Jitendra Singh of Ashoka University suggests that India's low and falling female labour participation rate is not just because they are spending more time on education or that their families are now better off such that they do not have to work. They find that women are keen to work and come to the labour markets in search of work repeatedly even after quitting employment. More than half of the women who were in the labour force at some time made at least two transitions in or out of the labour market over the four-year period of the study from 2016 through 2019.

This repeated entry and exit into the labour market over short intervals of time indicates that women are neither shy nor pre-occupied elsewhere to drop out of the labour force for good. Labour market conditions are harder for women. But, this does not deter them from re-entering the labour markets repeatedly after exiting it, in search of jobs.

In their paper "Dropping Out, Being Pushed Out or Can't Get In? Decoding Declining Labour Force Participation of Indian Women", the authors exploit

the panel and fast-frequency nature of CMIE's Consumer Pyramids Household Survey (CPHS) sample data to explain, with completely new findings, India's most vexing problem of abysmally low female labour force participation. The authors state, "Using 12 rounds of a high frequency household panel survey, we demonstrate volatility in Indian women's labour market engagement, as they exit and (re)enter the labour force multiple times over short period for reasons unrelated to marriage, child-birth or change in household income."

The authors contest the prominent narrative that has been prevalent in India for a long time that women voluntarily drop out of the labour force because of an increase in household income and because of conservative social norms. The literature, say the authors, has focused on supply-side constraints that prevent women from entering the labour markets. These include violence, stigma and conservative norms. However, if women move in and out of labour markets frequently in short intervals, these explanations don't hold because "stigma and social norms do not oscillate over short intervals". Social and cultural norms are structural in nature that are well ingrained in behaviour. They do not change rapidly and, therefore, they cannot be the factor influencing the frequent entry and exit of women from the labour markets.

Interestingly, the authors show that the irregular and

short-term engagement of women in the labour force leads to a measurement problem. Specifically, they find that the conventional measure of the labour force participation rate underestimates the willingness of women to participate in the labour markets. They find that 45 per cent of women were part of the labour force in at least one of the 12 Waves under study. This shows that around 45 per cent of women were willing to participate in the labour markets over the period of the study and these have also participated in the labour market some time during this period. But, because their engagement with the labour market is irregular, or of short-term nature, they do not get included fully in the measurement of the labour force participation rate. The labour force participation rate estimated using CPHS is of the order of 14.5 per cent for the period of the study.

Strictly speaking, this may not be a measurement problem but it certainly is a very important insight to explain the low female labour force participation in India.

The gap between 14.5 per cent and 45 per cent, we may interpret from the work of Deshpande and Singh, is the potential work force that India can deploy to fuel an accelerated growth trajectory and simultaneously improve the lot of its vast citizenry. This is the only path to encash its fabled demographic dividend. This additional 30.5 per cent of the female labour force has demonstrated its willingness to work. Their

repeated entry into the labour markets after exits and the effective willingness of 45 per cent of the women to work illustrates the lack of supply constraints. The problem is on the demand side. The authors find that the change in the industry composition of total employment over the period of their study does not explain the fall in employment of women because employment of women has fallen in all industry groups. It is just the lack of availability of adequate stable employment to women that is holding up their full participation in the economy.

It is apparent that the economy is not producing adequate jobs to employ all the men and women who want to work. Total employment has shrunk over the past few years. But, the available jobs go predominantly to men and not to women. Deshpande and Singh show us that it is not that women are unwilling to work. Perhaps, then, it is also a case of active discrimination. Women have a much lower labour force participation rate than men. Yet, women suffer a much higher unemployment rate although they are no less educated than men. This is a sign of active discrimination.

Perhaps, the cultural problem or the problem of social stigma is in the minds of enterprises and not in the minds of households. The latter is willing to send women into the labour force. But, enterprises are not willing to provide them with stable jobs.