

Women's Labour Force Participation and Economic Growth in India: Trends, Determinants and Policy Implications

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ABSTRACT

Women's participation in the labour force is an important component of economic development, gender equality and inclusive growth. In a country such as India, where a large working-age population coexists with substantial gender disparities in labour-market participation, increasing women's access to productive and remunerative employment has important implications for household welfare, human capital formation, productivity and economic growth. This paper examines the relationship between women's labour force participation and economic growth in India, with particular attention to recent changes in female labour force participation, employment structure, rural–urban differences, education, unpaid work, occupational segregation, social norms, childcare responsibilities, safety, skills and access to economic opportunities.

Keywords: *Women, Gender Equality, Inclusive Growth, Household Welfare, Human Capital Formation, Productivity, Economic Growth, Employment Structure, Rural–Urban Differences, Education, Unpaid Work, Occupational Segregation, Social Norms, Childcare Responsibilities, Safety, Skills, Access*

Economic growth is influenced not only by capital accumulation and technological progress but also by the effective utilisation of human resources. Women constitute approximately half of the population and therefore their participation in economic activity has significant implications for the productive capacity of an economy. Women contribute to economic well-being through paid employment, self-employment, entrepreneurship, family enterprises, agricultural work and unpaid household and care activities. However, conventional measures of economic activity do not capture the full economic value of unpaid domestic and care work. In India, women's participation in the labour market has historically remained considerably below men's participation. This gender gap has attracted considerable attention from economists, policymakers and international organisations. The issue is particularly important because India is experiencing demographic and economic transformation. A large working-age population creates an opportunity for economic growth, but the benefits of demographic change depend partly on whether women are able to participate productively in the labour market. The recent evidence presents an important change. According to the Periodic Labour Force Survey, female LFPR for persons aged 15 years and above, under the usual-status measure including principal and subsidiary

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status, increased from 23.3 percent in 2017–18 to 41.7 percent in 2023–24. During the same period, male LFPR increased from 75.8 percent to 78.8 percent.

CONCEPT OF LABOUR FORCE PARTICIPATION

Labour Force Participation Rate (LFPR) represents the proportion of the population within a specified age group that is either employed or seeking/available for employment according to the relevant statistical definition. For women, the female labour force participation rate indicates the extent to which women participate in economic activity recognised by the labour-market statistical framework. The distinction between labour force participation and employment is important.

A WOMAN MAY:

1. Be employed.
2. Be seeking or available for work.
3. Be outside the labour force.
4. Work in a household enterprise.
5. Work as an unpaid family worker.
6. Engage in agricultural activities.
7. Work in regular salaried employment.
8. Be self-employed.

WOMEN'S LABOUR FORCE PARTICIPATION AND ECONOMIC GROWTH: THEORETICAL LINK

The relationship between female labour force participation and economic growth can operate through several channels.

1 Increase in Effective Labour Supply

When women who previously remained outside the labour force enter productive employment, the economy gains access to additional human resources. This can expand the effective labour supply and potentially increase output.

2 Human Capital Utilisation

Women increasingly acquire education and skills. If these skills are not translated into employment, a portion of the economy's human-capital investment remains underutilised.

Greater participation allows the economy to use women's educational and professional capabilities.

3 household income

Women's employment can increase household income. Higher household income can contribute to:

- Better nutrition
- Children's education
- Healthcare
- Housing

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- Savings
- Investment

4 human capital of future generations

Women's earnings and employment can affect children's education and health. This creates a possible intergenerational channel between female employment and long-term economic development.

5 Entrepreneurship

Women entrepreneurs can create employment, diversify production and introduce new products and services.

6 Productivity and Allocation of Talent

An economy is more likely to achieve higher productivity when educationally qualified people can choose occupations according to their skills rather than being restricted by gender.

OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To examine the concept and significance of women's labour force participation.
2. To analyse recent trends in female labour force participation in India.
3. To examine the relationship between female labour participation and economic growth.
4. To analyse rural–urban differences in women's labour-force participation.

This indicates that although women's participation has increased significantly, parity has not been achieved.

RURAL–URBAN DIMENSION

One of the most significant characteristics of recent female labour-force participation in India is the difference between rural and urban areas. According to PLFS 2023–24, the overall LFPR increased substantially in both rural and urban India. Female participation increased particularly strongly in rural areas.

- Greater agricultural work
- Self-employment
- Family enterprises
- Unpaid family work
- Increased need for household income
- Improved recognition of women's economic activities

EDUCATION AND WOMEN'S LABOUR FORCE PARTICIPATION

Education is one of the most important determinants of women's labour-market outcomes.

Education can increase participation through:

- Improved skills
- Greater employability

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- Higher expected wages
- Increased awareness
- Greater mobility
- Access to professional occupations
- Entrepreneurship

The relationship is not necessarily linear at every stage of development.

UNPAID WORK AND THE INVISIBLE ECONOMY

One of the major barriers to understanding women's economic contribution is unpaid work.

Women undertake substantial amounts of:

- Cooking
- Cleaning
- Childcare
- Elder care
- Household management
- Collection of household resources
- Family enterprise activities

Many of these activities contribute directly or indirectly to household economic welfare but may not be captured as market employment. This creates two important issues.

First: Women's contribution to economic welfare may be underestimated.

Second: Heavy unpaid-care responsibilities can restrict women's ability to undertake paid employment.

WOMEN AND MANUFACTURING EMPLOYMENT

Manufacturing has historically been an important pathway through which women can move from agricultural employment into non-farm employment. Labour-intensive manufacturing can provide opportunities in:

- Textiles
- Garments
- Food processing
- Electronics assembly
- Footwear
- Handicrafts
- Packaging
- Light manufacturing
- Equal remuneration
- Social security
- Skill development
- Safe transportation
- Workplace facilities
- Maternity and childcare support

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WOMEN AND THE SERVICES SECTOR

The expansion of services has created opportunities for educated women.

Major areas include:

- Education
- Healthcare
- Banking
- Insurance
- Information technology
- Retail
- Tourism
- Hospitality
- Financial services
- Professional services
- Digital services
- Community development
- Rural economic diversification

SAFETY, MOBILITY AND WORKPLACE CONDITIONS

Safety concerns can influence women's employment decisions. Important factors include:

- Safe public transportation
- Workplace safety
- Street lighting
- Secure workplaces
- Harassment prevention
- Safe commuting
- Accessible childcare

The IMF has specifically identified safety concerns as one of the factors relevant to female labour-force participation in India. Improving women's mobility can therefore have an economic impact by expanding the geographical range of employment opportunities available to them.

CHALLENGES TO INCREASING WOMEN'S LABOUR FORCE PARTICIPATION

The major challenges can be classified into economic, social and institutional categories.

Economic Challenges

1. Limited availability of suitable jobs.
2. Low wages in some sectors.
3. Occupational segregation.
4. Lack of finance.
5. Limited market opportunities.
6. Informal employment.

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Social Challenges

1. Household responsibilities.
2. Childcare burden.
3. Social norms.
4. Mobility restrictions.
5. Safety concerns.
6. Gender stereotypes.

Institutional Challenges

1. Skill mismatch.
2. Limited childcare infrastructure.
3. Unequal access to productive assets.
4. Weak workplace facilities.
5. Limited social protection.
6. Regional differences in employment opportunities.

CONCLUSION

Women's labour force participation is an important component of India's economic development. The recent increase in female LFPR represents a significant change in India's labour-market landscape. According to PLFS 2023–24, female LFPR for persons aged 15 years and above under usual status increased from 23.3 percent in 2017–18 to 41.7 percent in 2023–24. However, the increase in participation should not be interpreted only as a numerical achievement. The nature of employment is equally important. Evidence indicates that rural women have contributed substantially to the increase and that agriculture, self-employment and informal activities remain important components of women's work. The central challenge for India is therefore to transform increased participation into productive, remunerative, safe and sustainable employment. Economic growth and women's employment have a potentially mutually reinforcing relationship. When women enter productive employment, the economy can utilise a larger share of its human resources. Women's earnings can improve household welfare, children's human capital and savings. Women's entrepreneurship can contribute to local employment and economic diversification. At the macroeconomic level, greater participation can expand the effective labour supply and improve the utilisation of human capital. At the same time, participation alone is insufficient. Women need access to quality employment, equal opportunities, skills, finance, technology, social protection and safe working conditions. The policy agenda should therefore move from the narrow objective of “increasing female LFPR” towards the broader objective of “increasing women's productive economic participation.” This requires coordinated action in education, skill development, childcare, transportation, industrial policy, rural development, digital inclusion, entrepreneurship and labour-market institutions. India's future economic growth will depend not only on how many people participate in the economy but also on how effectively the country uses the talents and capabilities of its entire population. Expanding women's access to productive employment can therefore become an important component of India's long-term strategy for inclusive and sustainable economic development.

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Conflict of Interest

The author declared no conflict of interest.

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