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Conflict of Interest: None Declared !

Effect of Women Employment on Indian Economy

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ABSTRACT

Women play a dominant role in the Indian economy, undertaking a wide range of economic activities including farm operations and powering a high savings rate. However, changes in the employment scenario, rising inflation, social conditions and neglect by policy-makers have impacted adversely on women. Globalization has affected women negatively, going by the Report of the Working Group on Empowerment of Woman for XI th Plan. The report concedes, "With the growing globalization and liberalization of the economy as well as increased privatization of services, women as a whole have been left behind and not been able to partake of the fruits of success. Mainstreaming of women into the new and emerging areas of growth is imperative. This will require training and skill up gradation in emerging trades, encouraging more women to take up vocational training and employment in the boom sectors. This will also require women to migrate to cities and metros for work. Provision of safe housing and other gender friendly facilities at work will need to be provided." An estimated 52 per cent of Indian women suffer from malnutrition. Fifty-eight per cent of pregnant women suffer from anemia. Not surprisingly, the maternal mortality rate stands at one per 500. This, when India claims to be not just food self-sufficient but food surplus!

Keywords: Women employment, Indian Economy.

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Introduction

2011 was the centenary year of International Women's Day, and much attention was paid to their rising role in the global political and economic landscape. Many expect that in Asia's current economic growth, women's economic involvement will rise with it—a fact true for some but quite untrue for others. India is a dominant force in Asia's economic growth and home to the world's second-largest workforce—some 478 million people. As its economy develops to encompass new knowledge-based industries, and as its population moves from rural to urban areas, a pivotal issue should be given greater scrutiny: Are India's women poised to take part in the rapidly expanding economy? And what will the consequences be for India's economic development? Despite having one of the most progressive federal constitutions and an extraordinary track record of economic growth since the early 1990s, the participation of women in India's economy is still disappointingly low.

While women have been somewhat successful in Indian political life—in parliament, as chief ministers and as cabinet-level officials, and in the panchayat system—they have not been nearly as active in its economic life. India's economic growth is remarkable in its reach and impressive for pulling millions out of poverty, but women are still missing at virtually every level of professional life. What It Costs India Development data repeatedly reinforces the point that investing in women's health and education results in poverty alleviation, increased development, and healthier, better-educated children. Investing in women is investing in communities and nations. Melanne Verbeer, the head of the U.S. State Department's Office of Global Women's Issues, calls women “the lowest hanging fruit” in order to achieve economic growth. Verbeer also notes a UN study, which states that the Asia-Pacific region “is shortchanged between 42 and 47 billion dollars a year in GDP because of the untapped potential of women.”

The loss in GDP that India incurs as a side effect of low female economic participation is a major drag on its overall economic performance. Lakshmi Puri, the assistant secretary-general of UN Women, noted in 2011 that India's growth rate could jump by 4.2 percent if women were given more opportunities. That would push India's current growth rate of about 7.5 percent closer to 11 percent, making it, once again, one of the world's fastest accelerating economies. The World Economic Forum's Global Gender Gap Report, sourced from over 600 employers, states that India has the lowest percentage of women employees (23 percent). Overall, India ranks close to the bottom (113 out of 135 countries).

The World Bank's recent report *More and Better Jobs in South Asia* states that the female employment rate in South Asia “is among the lowest in the developing

world... Participation rates are particularly low in the three largest countries: Pakistan, where almost four out of every five women do not participate in the labor force, and Bangladesh and India, where slightly more than two out of every three do not do so.” Two out of every three women in India are not employed. Can India afford this? The Leaky Pipeline Women in India's workforce are distinct from their regional counterparts in that they drop out of professional life earlier than the rest. A recent report, *Gender Diversity Benchmark for Asia 2011*, notes that 48 percent of females drop out of the workforce before they reach mid-career, much higher than the regional average.

The largest percent of Indian women leaving the workforce (the “leak”) happens between the junior and middle level, as opposed to between the middle and senior levels. Familial pressure and cultural norms are most often cited as reasons for leaving in the early stages, and women often find it easier to remain at junior levels or to leave the workforce altogether.

The good news is that the women who do make it to middle and senior levels seem to feel relatively welcome and encouraged to be there. According to a female executive at one of India's largest multinational firms, “Certain sectors are very women friendly and women are armed with advanced degrees. They are extremely confident, self-assured and willing to make a difference... In recent years there is a [growing] consciousness in companies to have a diverse workforce.” More good news was found in a survey last year by research firm IMRB: the income level of urban Indian women has doubled in the last decade, reinforcing the growing financial success of women in India.

Enabling the “Other Half” Not surprisingly, the enabling factors necessary to encourage women into the workforce, and to keep them there, are lacking. Health care, education, and work-life policies are all needed. Health care is concentrated in urban centers and does not reach hundreds of millions of India's rural population. Nor does it reach the youngest citizens. Child malnourishment is rampant: 5 percent of children die within their first year, and just over 20 percent of the population is chronically malnourished. If cognitive development is stunted from such an early age, learning and potential productivity is lost, with repercussions for society at large. Without this basic input into the welfare of its citizenry, India's women will never be empowered enough to enter the workforce in a productive way. India currently spends 1 percent of its GDP on health care. Over the next five years, it aims to increase that to 2.5 percent—a critically important step in the right direction.

The Leaky Pipeline

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Conclusion

India has experienced rapid economic growth, structural shifts in the economy, increase in educational attainment levels, and rapid urbanization in the last twenty five years. In the same period there has been a 23% decline in the female labour force participation rate. What's the relationship between economic growth and women's economic activity? Is growth enough or does the nature of growth matter in attracting more women to the labour force? Several cross-country and within-country studies suggest female labour force participation tends to decline initially with economic development, plateaus at a certain stage of development before rising again. This is argued to be mainly a result of structural shifts in the economy, changing influence of income and substitution effects, and an increase in education levels of women in the population. Using dynamic panel models, this paper does not find a significant

relationship between level of economic development and women's participation rates in the labour force. Our results also suggest that growth by itself is not sufficient to increase women's economic activity, but the dynamics of growth matter.