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Namita Sharma

Department of Economics,
Guru Ghasidas Central
University, Bilaspur,
Chhattisgarh, India

Contribution of women in Indian economy

Namita Sharma

Abstract

Women play a major role in the economy of a nation, including housewives. Women are ultimately the largest consumers in the market, especially so in the Indian market where culture is upheld by women. Yet women are the most overlooked consumer of the market, and the corporate which target female-consumers lack the female workforce within their company. As women are the largest consumers in the market, any product targeted towards them will surely become a success. India has the widely acclaimed Shahnaz Hussain, who produces beauty essentials directed towards women who are again the largest consumers of self-care products. Adverts for Nirma, Vim, even Bournvita are directed towards women from the perspective of motherhood and being a good dutiful wife and caregiver. India achieved a savings rate of 33 per cent of the GDP, of which 70 per cent comes from household saving and 20 per cent from the private corporate sector and 10 per cent from public sector. The staggering 70% of household saving is the fuel of the economy, with a tendency to have extra cash stacked away hidden from the family but no spending at all, the Indian culture seems to drive the Indian economy positively. International Women's day on March 2017 saw large scale strikes by women, the theme this year was 'A Day without a Woman'. If women in India were to take a day off then the economy would face a serious setback, teachers in schools are mostly women and children would face a difficult time learning, household chores would not be done which would bring down the productivity and ease with which this patriarchal regime thrives upon, even though the private sector sees only a small percentage of women in the workforce that is still enough to create a loss. It is estimated that over 90 per cent of women workers are involved in the informal sector and not included in official statistics (The World Bank, 1991) Women empowerment is much more than realizing the work a woman does is equivalent to the work of a man, It's the realization of the balance of nature, that we are all equal and no work is big or small. The objective of this study is to understand current status of the women in Indian economy and find solution to promote their participation in our economy.

Keywords: Women, Indian economy, Indian market, workforce, productivity, motherhood etc.

Introduction

India, the world's rapidly developing major economy, could perform much better if only it deal with its women better. The country could accommodate upto \$770 billion more than 18% to its GDP by 2025, easily by providing fair opportunities to women, as per an April 23 report stated by the McKinsey Global Institute. McKinsey report suggests that a greater participation of women in the labour pool, increasing the number of hours contributed by them on the profession & along with them in higher-capacity of production in sectors will be benefit for economic growth. As we know that the women's input to the country's GDP is presently just 18%, which is among the world's lowest one & only 25% of India's work force being female, currently India's economy has the 2nd largest potential in the Asia-Pacific zone from developing gender uniformity, the report stated.

Chronic bias

Women's of India don't celebrate the equal rights & privileges & opportunities as men. Huge desire for the male child has anyway blighted the country's gender ratio and squeezed resources available for the girl child. As pointed out by the government's latest economic survey, there are 21 million "unwanted women" in the country today. "Cultural norms still militate against equality," the McKinsey report said. This is manifested in the country's performance on four key parameters: equal work opportunities, access to services, physical safety, and legal and political representation. India ranks amongst the lowest in a list of 18 from the APAC region on these four criteria. "(India) has a considerable way to travel to match the best performance in the region on female-to-male labour-force participation rate, maternal mortality, financial and digital inclusion, sex ratio at birth, and violence against women," the report said.

Corresponding Author:

Namita Sharma

Department of Economics,
Guru Ghasidas Central
University, Bilaspur,
Chhattisgarh, India

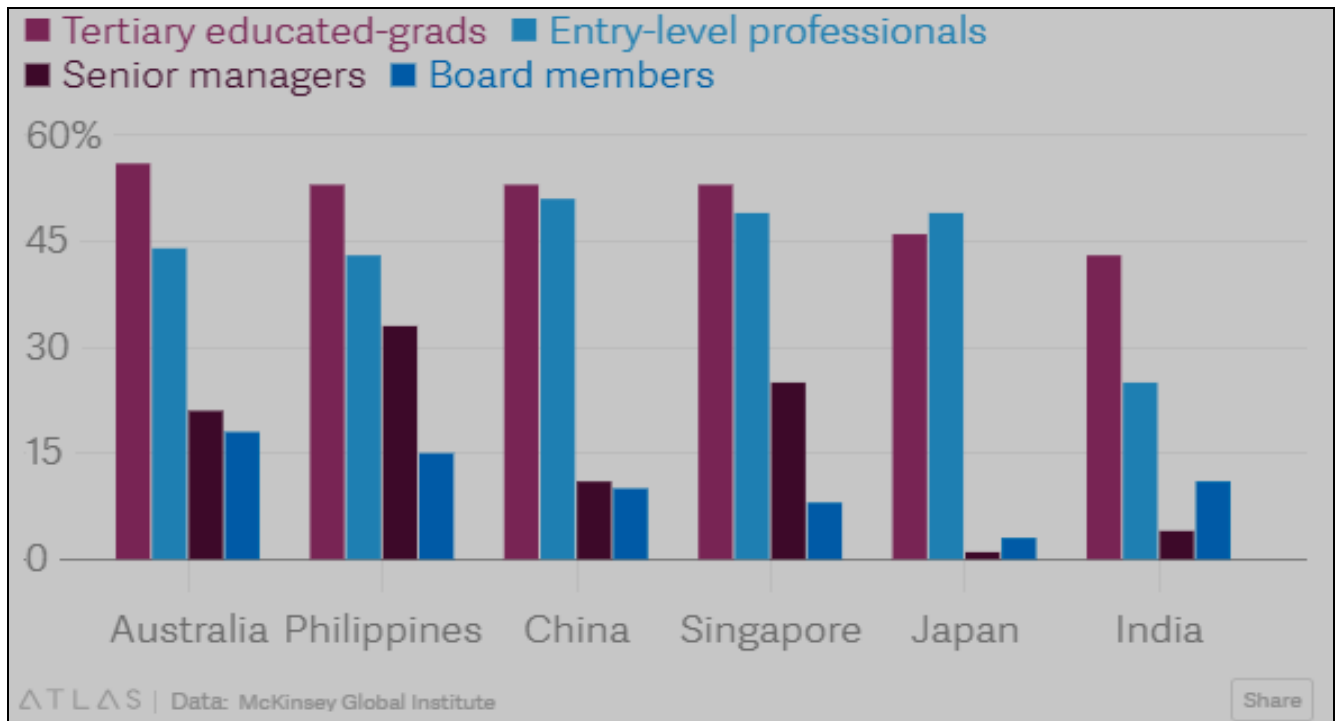


Fig 1: Women as a percentage of total men in the workforce

And it’s not just about jobs: India’s women could benefit from better quality of work, too.

McKinsey’s research suggests that 97% of all female workers in India are active in the informal sector, engaged in low-paying activities and domestic work. “Improving the quality of work and its remuneration and enhancing the well-being of such women are an urgent priority,” the report noted.

But there is some good news

Over the last decade, India has shown considerable improvement in achieving gender equality in areas such as education and maternity care. “India is somewhat ahead of its closest neighbours, Bangladesh and Pakistan, on the path to gender parity, but behind the Asia-Pacific average on gender equality in both work and society,” the report said.

Economic Survey 2018: Lower female labour-force participation to affect growth potential

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Economic Survey 2018: Stressing on the need to increase women participation in labour force, the Economic Survey today said that lower women engagement adversely affects the growth potential of the economy. “Among developing countries, there exists gender gaps in labour force participation rates. In the case of India, the gender gap in labour force participation rate is more than 50 percentage points,” said the survey tabled by Finance Minister Arun Jaitley in Parliament. The survey pointed out that the lower participation of women in economic activities adversely affects the growth potential of the economy. It noted that the government has been taking measures to increase the

participation of women in productive economic activities by schemes to provide support services to working women and also through legislative measures to enhance maternity benefits.

The survey observed that women workers are the most disadvantaged in the labour market as they constitute a very high proportion among the low skilled informal worker category, and are engaged in low-productivity and low paying work. Owing to this, it said that the women earn very low wages, mostly piece rates in highly insecure jobs. India had the largest gender gap in median earnings of full time employees in 2015, in comparison to countries like South Africa, Brazil, and Chile, it added. The survey also stressed for political empowerment of women saying their representation in Parliament and in decision making roles in public sphere is one of the key indicators of empowerment.

India's economy will work when its women do

(Bloomberg) -- It was only a decade ago that Nokia OYJ’s smartphone factory near Chennai was seen as the prototype solution for India’s chronic problem of too few women in the workforce.

That unit, which at peak production boasted 8,000 permanent employees -- 72 percent of whom were women -- got left out of a global sale of the Finnish company’s mobile handset business to Microsoft Corp. because of a tax dispute with the Indian government. It took New Delhi five years to drop its preposterous \$1.5 billion demand. Earlier this month, Finland and India settled the case for \$240 million -- an amount the company has already paid.

The damage, though, has been done. Foxconn Technology Co., which wants to buy the defunct facility, would undoubtedly attract plenty of young workers from nearby villages. However, most of the retrenched Nokia women, having dropped out of the formal labor force several years back, won’t be returning.

The “orphaned child,” as a government minister described the abandoned factory, highlights the peculiar challenges

that India faces in boosting its female workforce participation rate of 27 percent. That compares with China's 64 percent, and is the second lowest in South Asia after Pakistan. Sri Lanka, Bangladesh and Nepal are all doing better in harnessing women's economic output. Paradoxically, India has many women in senior corporate roles.

Kundapur Vaman Kamath, the founding chief executive of ICICI Bank Ltd., nurtured a generation of female bankers. Among them, Kalpana Morparia now heads JPMorgan Chase & Co.'s Indian operations; while MadhabiPuri-Buch is a stock-market regulator. When Kamath's top job at ICICI went to one senior woman protegee – Chanda Kochhar - two others, Shikha Sharma and Renuka Ramnath, left within days of each other to do other things. Such was the breadth of the diversity pipeline at ICICI.

Now, though, isn't a great time to be a banker in India -- male or female. Fraud, malfeasance and a stinking \$210 billion pile of bad loans have dented banks' profits as well as bankers' reputations. Kochhar's husband is facing an inquiry in connection with allegations of a quid pro quo for a now-soured ICICI loan to Videocon Group. Sharma's tenure at Axis Bank Ltd., another large corporate lender beset with dud advances, has been cut short after the regulator asked the board to reconsider a fourth term for the CEO.

The temporary, but unfortunate, void of role models adds to an already depressing scenario. When 200,000 people, including doctors, engineers and MBAs, apply for 1,137 constable positions in Mumbai Police, you know the job situation facing India's youth is far from promising. Throw in a collapse in private investment; a surge in bankruptcies; stalled construction activity; and a rise in crimes against women, and the outlook for female participation in the urban workforce is bleak.

Villages present an even bigger challenge. Between 2005 and 2012, when the rural economy witnessed a surge in investment after years of neglect, 21 million women dropped out of the workforce, according to the World Bank.

Not all of this decline was bad -- it's an encouraging sign when young girls can spend more time in school. But older women are also more likely to stay home if there's less pressure on them to supplement family incomes, and that's a deadweight for the economy. Rather than blaming a male-centered work culture, it would be more helpful if the kind of opportunities that were available to women in rural areas were safer, and more socially dignified.

Gender parity would add 18 percent to India's business-as-usual GDP by 2025, according to a new study by McKinsey & Co. Every little favorable change in work and society would count. That's why it's a tragedy when a modern electronics factory -- the kind that powered East Asia's tiger economies -- has to close because of an insane overreach by the tax authorities.

Without a more pragmatic approach by bureaucrats and policymakers, India can't dream of double-digit GDP growth. Not when female participation rates still compare with parts of the Arab world.

India's labor market is the second largest in the world, after China, with a working age population of about 520 million people. In 10 years, it is expected to be the world's largest as China's population aged 15 to 64 drops from 20.5 to 18.3 percent.

While this positive demographic growth should be advantageous for business, only a small portion of India's working age population is actually engaged in the formal workforce. The primary reason being that barely one in four women are part of the country's workforce.

Today, industry estimates show that women in India only make up five to six percent of directorships at most listed companies; this after amendments to the Companies Act mandated at least one woman on company boards.

These figures underline the highly distorted nature of India's labor market where women hold 45 percent of university degrees but are either denied employment opportunities or experience much slower career growth trajectories due to gender-based discrimination.

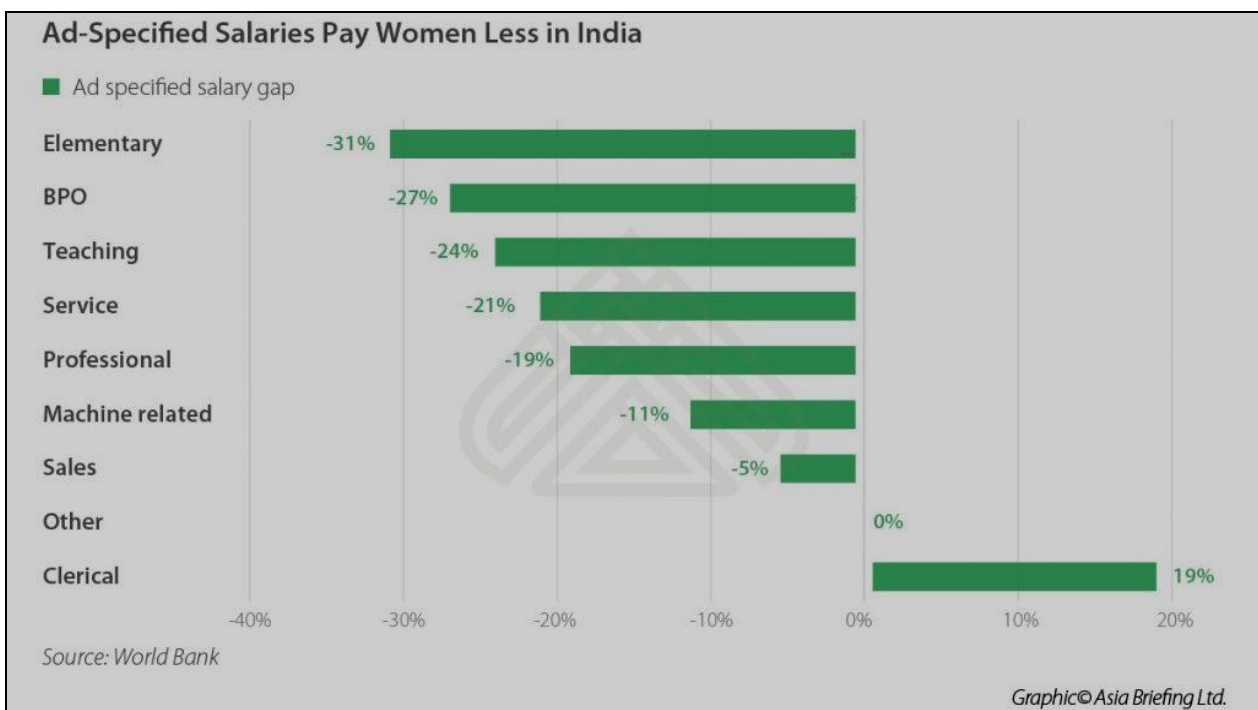


Fig 2: Ad-Specified Salaries pay women less in India

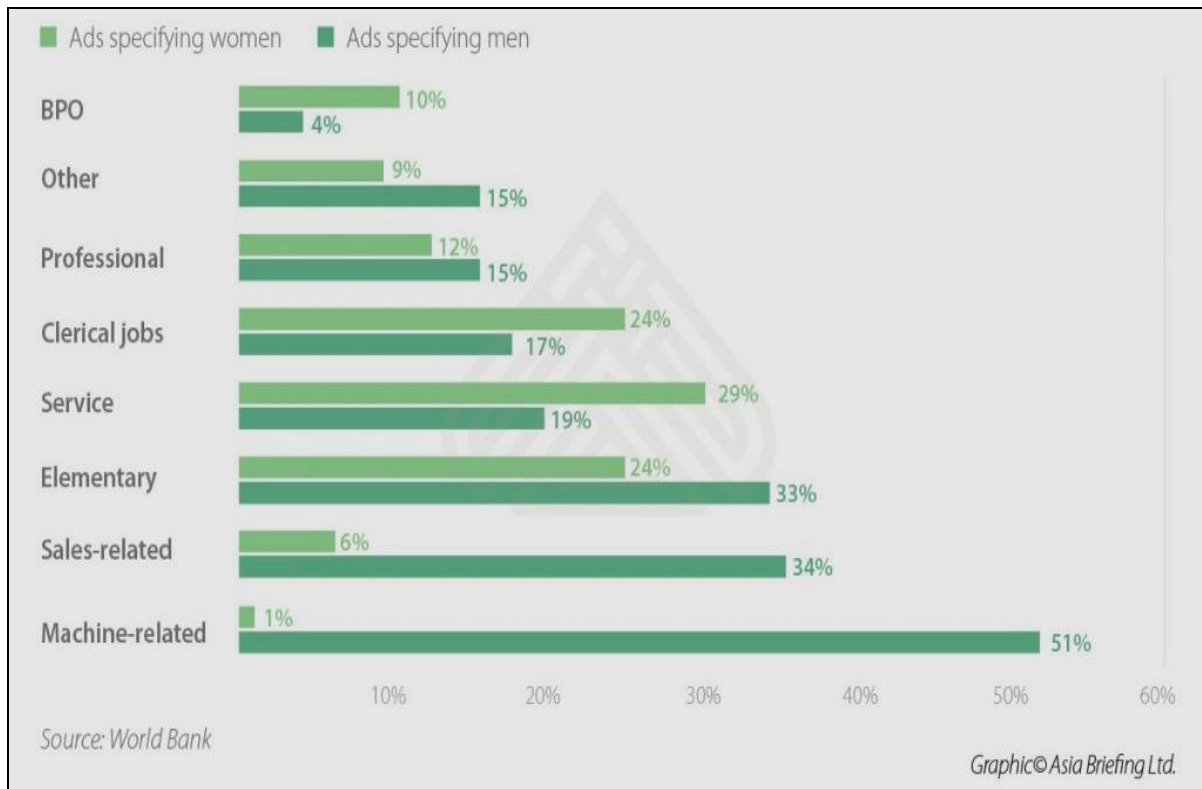


Fig 3: Gender Divide in India’s online job Ads

In a recent study, the World Bank noted that over 21 million Indian women dropped out of the rural workforce between 2005 and 2012. On the other hand, only two million Indian women joined the urban workforce.

Recent labor data from a government survey dated 2015-16 reveals that women comprise only 16.2 percent of all urban workers and 26.7 percent of all rural workers. In 1972-73, Indian women comprised 13.4 percent of all urban workers and 31.8 percent of all rural workers

To put this into perspective, the overall rate of female labor force participation declined as the Indian economy opened up, urbanized, and diversified with the growth of new industries, unlike most other regions in the world. In fact, rapid growth experienced by the US and China in the past century illustrate how improving the gender balance in the workforce contributes to a nation’s economic growth. Female labor force participation is 56 percent in the US and 64 percent in China.

The above correlation is also strengthened by a 2017 IMF study, which states that increasing the female labor force participation will grow India’s GDP by an estimated 27 percent. Contrast this with the projections made by the government’s big idea reforms ‘Make in India’ and ‘Digital India’, which aim to boost India’s growth by 16 percent and 5 percent, respectively.

Yet, GDP goals aside, the gender imbalance in India’s workforce stunts future prospects for inclusive growth in the country. It deprives women and girls from role models in the workplace, reduces their motivation to study further, and perpetuates unhealthy socio-cultural attitudes. Leaving out one half of the population from its workforce will also prolong India’s status as a developing country.

Given the entrenched nature of India’s skewed gender ratios in the labour market, much needs to get done to enable greater participation of women. Limiting changes to

satisfy legal compliance alone will be insufficient, if not counterproductive.

Firms benefit when they view gender positive hiring and promotion as a key cultural value. It incentivizes employees to take greater ownership of their work as fear of prejudice or harassment is reduced or removed. Fostering a positive work environment also enhances the company’s market image, and increases ability to attract the best talent and clients.

A 2014 study by MIT noted that bringing more women on-board improves a firm’s profitability, and can increase revenue by over 41 percent. Another interesting study by the US-based non-profit Anita Borg Institute found that teams with more women showed greater confidence, psychological safety, group experimentation, team efficiency, and a lower turnover rate.

Even if the results seem forced, their explanation is simple – gender-balanced workforces bring in fresh and new perspectives and ideas. While the growing body of research underlines the positives of hiring more women, they also prove just how much firms – and countries – lose out when they don’t pursue inclusivity. If women constitute barely one-third of India’s workforce, that means many talents are wasted, people are left behind, and growth prospects are diminished.

Corporate India catches up

Multinational corporate firms in India are becoming more conscious of the need for diverse hiring practices. Initially compelled by government targets and client incentives, more Indian companies are willing to scout for female candidates and even pay more for female hires.

Talent strategy firms are increasingly consulted with respect to staffing more women. A 2018 global recruitment trends report showed that Indian recruiters led even Western countries when prioritizing diversity hiring policies.

Noting the progressive trend, industry watchers insist that diversity must mean equality, and not hiring more women to meet only specific roles or fill mandatory allocations. Firms keen on diversity hiring should advertise the job and not the candidate, use multiple hiring tools to attract greater interest, and shortlist candidates fairly, to move beyond the usual recruitment pool. This means making diversity hiring an intent, and not merely a compliance-bound policy.

Further, many young women take a break from the workforce for personal reasons – family- related or otherwise – and find it difficult to regain employment. Discriminatory attitudes about candidates who have taken a sabbatical and invasive personal questions too often discount qualifications or experience relevant to the job advertised. Companies in India can prevent this by ensuring that diversity and inclusion policies are institutionalized.

Government efforts to reduce disparity

India's federal and state governments has mandated several laws to encourage female participation in the labor market and promote diversity. These hold importance as India is still a conservative country, and women constantly fight to overcome stigmas and sexist attitudes, both at home and in the workplace.

The Companies Act, 2013 forced companies to name at least one woman on the corporate boards of listed and certain other companies. This resulted in various superficial practices, such as director-in-name- only, particularly among the country's family-run businesses that dominate India's formal economy. However, many hope that over time, firms will adjust their hiring strategy with more diversified goals.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 seeks to protect women from harassment at the workplace and institutes safeguards. It applies to all government and private entities operating on a commercial basis, as well as work in education, entertainment, vocational services, sports facilities, health services, and any place visited by the employee arising out of or during the course of employment.

The Maternity Benefit (Amendment) Act, 2017 provides women in the organized sector paid maternity leave of 26 weeks, up from 12 weeks, for the first two children and 12 weeks for the third child; 12 weeks of maternity leave for mothers adopting a child below the age of three months as well as those who opt for surrogacy. In other provisions, the law mandates that every establishment with over 50 employees must provide crèche facilities within easy distance.

These important legal provisions seek to improve working conditions for women and encourage participation in the workforce. While the laws reflect core compliances for most businesses in the country, the private sector has many ethical and economic reasons to adopt best practices like gender balanced workplaces and safe working environments that actively seek to encourage workforce participation.

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