



Economic Impact of Female Labour Force Participation in India

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Abstract

Female labour force participation (FLFP) plays a pivotal role in shaping the economic trajectory of any country, and in India's case, it holds transformative potential. Despite notable advancements in education, healthcare, and economic liberalization, India has witnessed a troubling decline in FLFP over the past two decades. This phenomenon is particularly paradoxical given the country's robust GDP growth and demographic dividend. The low participation of women in the workforce has significant macroeconomic consequences, including missed opportunities for economic expansion, reduced household incomes, and underutilization of human capital. This paper investigates the trends, causes, and sectoral dynamics of FLFP in India, analyzing how increased female employment could drive inclusive growth, improve social development indicators, and contribute substantially to national productivity. Drawing on data from national surveys and international studies, it also explores the structural and cultural barriers that restrict women's workforce engagement. The study emphasizes the urgency of implementing gender-sensitive policy interventions that address education, skills, safety, and work flexibility to harness the full economic potential of India's female population.

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Introduction

Female Labour Force Participation (FLFP) is increasingly acknowledged as a key indicator of a country's socio-economic progress. It not only reflects the level of gender equality in a society but also contributes significantly to economic productivity and national income. Women's economic participation enhances their individual agency, promotes equitable household decision-making, and generates positive outcomes across sectors such as education, health, and nutrition. The World Bank (2019) notes that closing gender gaps in labour markets can substantially raise national income and foster more sustainable development. In economies with aging populations or demographic imbalances, increased FLFP has also helped address labour shortages and fiscal pressures. India's situation, however, presents a paradox. Despite rapid economic growth, improved educational attainment, and falling fertility rates, female labour force participation has declined over the past two decades. According to data from the National Sample Survey Office (NSSO) and Periodic Labour Force Surveys (PLFS), FLFP fell from approximately 32% in 2004–05 to around 21% by 2017–18 (PLFS, 2019). This downward trend is particularly stark when compared with other developing countries at similar levels of GDP per capita, where FLFP has generally increased over time. The fall is especially significant in rural India, where women traditionally engaged in agriculture or family-based work, which is becoming increasingly mechanized and commercialized, reducing the demand for informal female labour. The decline in FLFP in India is not evenly distributed across demographic groups. Women from urban areas, upper-income households, and those with secondary or tertiary education have shown some of the sharpest declines in participation. This is

counterintuitive, as greater education is usually associated with better employment outcomes. In India, however, research has shown a U-shaped relationship between female education and employment, where participation is higher among illiterate or minimally educated women (engaged in low-skilled informal jobs), lower among moderately educated women (due to social status considerations), and again higher at very high levels of education (Chatterjee, Murgai, Rama, 2015). This suggests that structural factors and social norms, rather than just economic incentives, heavily influence women's employment decisions. Cultural and societal norms play a critical role in shaping women's labour force participation in India. Gender roles that prioritize men as breadwinners and women as caregivers are deeply embedded in many Indian households. Married women, especially in urban areas, often face family and societal pressure to prioritize domestic duties over professional aspirations. Concerns over women's safety in public spaces, long commutes, and harassment at the workplace further discourage women from taking up employment, particularly in male-dominated sectors or late-hour jobs. As a result, women's economic choices are constrained not by lack of capability, but by the social acceptability of work. Unpaid domestic work and caregiving responsibilities continue to be significant barriers. On average, Indian women spend nearly five hours per day on unpaid care and domestic work, compared to less than one hour for men (NSSO Time Use Survey, 2019). This massive gender imbalance restricts women's time and availability for paid employment, especially when institutional support like childcare centers or elder care services is missing. The invisibility of this unpaid work in national economic accounts also undervalues women's economic contribution

and reinforces the perception that women are economically inactive when, in fact, they are overworked and under-recognized. From an economic perspective, the implications of low FLFP are far-reaching. India's potential to grow at a higher and more inclusive rate is directly linked to its ability to harness the capabilities of its female population. The International Monetary Fund (IMF, 2018) estimates that gender parity in labour force participation could boost India's GDP by as much as 27%. The underutilization of half of the country's human capital poses a significant opportunity cost in terms of foregone productivity, innovation, and growth. Additionally, higher female employment improves household consumption, savings, and investment behavior, all of which are essential drivers of long-term economic stability. The failure to integrate women into the labour market *also* limits India's ability to fully capitalize on its demographic dividend. With a large share of the population in the working-age group, India stands at a demographic sweet spot. However, if women remain outside the formal economy, this dividend could turn into a demographic burden, with rising dependency ratios and mounting fiscal pressure on the state. A shrinking female workforce combined with an aging male workforce poses risks to social security systems and overall labour supply in the future. India's labour market *also* suffers from sectoral segregation, with most women concentrated in low-paying, informal, and insecure jobs. As of 2018, nearly 94% of employed women were in the informal sector, working as casual labourers, unpaid helpers in family enterprises, or self-employed workers without access to pensions, maternity benefits, or healthcare (PLFS, 2018). The formal sector, which offers higher wages, job security, and benefits, remains male-dominated. Women's underrepresentation in these sectors is often due to a lack of technical skills, discriminatory hiring practices, or lack of workplace support structures. Although the government has introduced several policies to improve FLFP—such as the Maternity Benefit (Amendment) Act of 2017, which increased paid maternity leave from 12 to 26 weeks, and skill development programs like the Skill India Mission—the impact has been limited. Implementation challenges, lack of coordination between stakeholders, and insufficient awareness among beneficiaries often hinder these schemes. Furthermore, many programs are not designed with a gender-sensitive lens, and thus fail to address the root causes of women's exclusion from the workforce. Education and skill development are essential tools for increasing women's participation in the economy, but their effectiveness depends on the relevance and accessibility of training programs. While female literacy has improved significantly, with national female literacy crossing 70% by 2019, access to vocational and digital training remains skewed. Women in rural and marginalized communities often face multiple layers of exclusion—from education, technology, credit, and market linkages—which collectively suppress their employment potential. Bridging this gap requires targeted interventions that go beyond generic skill-building to include mentorship, market access, and socio-emotional support. Lastly, the societal perception of work and gender roles must evolve to support a more inclusive economy. Media campaigns, education reforms, and community engagement can help reshape traditional attitudes that confine women to domestic spaces. Promoting female role models in business,

science, and public leadership, and celebrating diverse forms of work—whether formal, informal, entrepreneurial, or home-based—can help normalize women's presence in economic life. Achieving a cultural shift is a long-term process, but it is fundamental to sustaining improvements in FLFP.

Literature Review

The issue of female labour force participation (FLFP) has attracted significant attention within academic and policy discourse due to its strong correlation with economic development, poverty reduction, and gender equality. Numerous global institutions, such as the International Labour Organization (ILO), World Bank, and United Nations, have consistently emphasized that increasing women's workforce participation leads to higher household incomes, improved child health and education outcomes, and more resilient economies. According to the ILO (2016), reducing gender disparities in labour participation could contribute to a 5–10% increase in global GDP, depending on the country. In the Indian context, the untapped economic potential of women remains a critical development challenge, especially given the country's demographic dividend. Yet, despite substantial economic growth over the past two decades, India's FLFP has paradoxically declined. This disconnect has raised serious questions about the structural and cultural constraints limiting women's access to employment opportunities. One of the most prominent theoretical frameworks for understanding female employment is the U-shaped hypothesis proposed by Claudia Goldin (1995), which posits that women's labour participation initially declines with early economic development before rising again as education, incomes, and employment opportunities expand. Applying this model to India, Klasen and Pieters (2015) analyzed data from urban India between 1987 and 2009 and found that women's employment did not rise alongside educational attainment. Instead, they observed a "middle-income trap," where women with secondary education were more likely to drop out of the workforce due to lack of appropriate job opportunities and increasing household incomes, which reduced the economic necessity to work. Their findings emphasized the role of social status, job aspirations, and limited formal sector growth as key deterrents to female employment, particularly in urban, middle-class households. Chatterjee, Murgai, and Rama (2015) examined the sectoral shifts in employment patterns in India and found that structural transformation—from agriculture to industry and services—did not benefit women equally. They highlighted that although agriculture's share in GDP significantly declined between 2000 and 2012, women's employment in agriculture did not fall in proportion, due to the lack of female-friendly job opportunities in other sectors. This stagnation meant that many women, especially in rural areas, remained "stuck" in low-productivity agricultural work or dropped out of the labour force altogether. The researchers concluded that without inclusive industrialization and services growth, structural transformation alone would not improve FLFP. They advocated for deliberate policies to integrate women into growing sectors through skill-building, inclusive hiring, and social infrastructure. Cultural and social norms have emerged as critical determinants of women's work decisions in India. Das, Kapoor, and Nikitin (2015) analyzed NSSO

and IHDS datasets to show that household norms around gender roles, family honor, and marriage significantly restrict women's participation in paid work. In many urban households, particularly among the middle class, women's employment is seen as unnecessary or even undesirable unless there is an acute financial need. Concerns about female mobility, workplace harassment, and the impact on marital prospects also discourage women and their families from pursuing employment opportunities. The study emphasized that improving women's education alone is insufficient without parallel efforts to challenge entrenched patriarchal norms and promote gender equality in both private and public spheres. One of the most cited barriers to FLFP is the burden of unpaid domestic and care work, which falls disproportionately on women. Budlender (2008) conducted time-use studies that revealed Indian women spend five to six hours daily on domestic chores and caregiving, compared to less than one hour by men. This "time poverty" restricts women's ability to engage in paid work, particularly full-time or formal employment. The situation is exacerbated by the lack of public infrastructure such as affordable childcare centers, elderly care services, and flexible work policies. The National Statistical Office (2017) reinforced this finding in its time-use survey, emphasizing that unpaid work is an invisible but significant obstacle to FLFP. Recognizing and redistributing unpaid work—either through state-supported services or intra-household negotiations—is essential to expanding women's employment. In addition to social barriers, labour market segmentation and informality have further marginalized women's economic participation. According to Chen and Raveendran (2011), over 90% of working women in India are engaged in informal jobs, often as domestic workers, street vendors, agricultural labourers, or self-employed micro-entrepreneurs. These jobs are characterized by low wages, lack of legal protection, and absence of social security, making them economically precarious. The gender wage gap in India remains among the highest in Asia, with women earning approximately 20–30% less than men for similar work. Informal employment not only limits income potential but also contributes to job insecurity, discouraging long-term engagement. The authors argued that formalization of the economy, enforcement of labour rights, and targeted support for women in informal sectors are critical for sustainable improvement in FLFP. Another important body of literature has focused on the intergenerational benefits of female employment. Kingdon and Unni (2001) found that employed women tend to spend more on children's education, nutrition, and healthcare compared to male earners. Their analysis of household-level data showed that women's economic empowerment leads to better outcomes for the next generation, particularly in female-headed households. This reinforces the argument that promoting FLFP is not merely an economic goal but also a developmental imperative. Similarly, Duflo (2012) argued that women's employment has a multiplier effect on societal welfare, suggesting that economic growth and gender equality should be pursued simultaneously rather than sequentially. Public employment programs have demonstrated mixed but insightful results for enhancing female participation. Afridi, Dinkelman, and Mahajan (2017) studied the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and found that it

had a significant positive effect on rural FLFP by offering guaranteed, local, and relatively safe employment. MGNREGA enabled many rural women to earn wages for the first time and contributed to their financial inclusion and social standing. However, the researchers also noted challenges such as irregular wage payments, inadequate childcare facilities at worksites, and seasonal variability in job availability. These shortcomings highlight the need to strengthen implementation mechanisms and integrate complementary services to enhance the impact of such programs. Finally, the role of education and skill development has emerged as a double-edged sword. While female literacy and secondary education enrolment have improved significantly since the early 2000s, Mehrotra and Parida (2017) observed that a substantial gap persists between education and employability. Many women acquire general education without practical skills relevant to the job market, especially in rural and semi-urban areas. Vocational and technical training programs remain underutilized by women due to mobility restrictions, familial responsibilities, and lack of targeted outreach. Although initiatives like the Skill India Mission have tried to address this issue, they have yet to yield transformative results for female employment. The authors advocated for gender-sensitive curriculum design, community engagement, and financial incentives to make skill training more inclusive and effective.

Methodology

This research employs a mixed-methods approach that integrates both quantitative data analysis and qualitative review to assess the economic impact of female labour force participation (FLFP) in India. The dual methodology allows for a comprehensive understanding of the issue by combining statistical evidence with socio-economic insights and policy evaluations. The integration of these methods supports a well-rounded analysis of how women's participation in the labour market influences economic outcomes and how structural and cultural barriers affect participation rates. The quantitative aspect of the study is grounded in secondary data analysis using large-scale national datasets. Among the primary sources are the Employment-Unemployment Surveys conducted by the National Sample Survey Office (NSSO), specifically the 61st Round in 2004–05 and the 68th Round in 2011–12, which are critical for understanding long-term trends. More recent data from the Periodic Labour Force Survey (PLFS) 2017–18 are used to capture employment dynamics in the wake of recent economic changes, such as the introduction of the Goods and Services Tax (GST) and the effects of demonetization. These datasets provide extensive information on employment status, industry classification, educational attainment, household income, and demographic variables, which are crucial for disaggregating the female labour force by various social and economic characteristics. Complementing these national data are international sources that offer a comparative and macroeconomic perspective. The World Bank's World Development Indicators (WDI), International Labour Organization (ILO) labour statistics, and reports from the International Monetary Fund (IMF) are utilized to contextualize India's FLFP within global trends. These databases help in assessing India's relative position on gender-based labour indicators and in drawing connections between female employment and broader macroeconomic

variables such as GDP growth, employment elasticity, and productivity. Notably, the IMF's 2018 working paper on the economic benefits of gender inclusion and the World Bank's 2018 report "Jobs for Shared Prosperity" are instrumental in linking the micro-level trends in FLFP to national and international economic growth scenarios. The data are analyzed using descriptive statistical techniques, including trend analysis, cross-tabulation, and comparative evaluation. These methods allow for an in-depth examination of changes in female labour participation across various demographic segments over time. The analysis tracks patterns in employment by age group, education level, marital status, and regional location. It also assesses shifts in sectoral engagement, such as the movement of women from agriculture to manufacturing and services. Particular attention is paid to the extent of informal employment, which accounts for a significant portion of female employment in India, especially in rural areas. The descriptive approach is chosen to highlight structural patterns rather than to construct predictive econometric models, allowing the study to focus on grounded, policy-relevant insights. In addition to quantitative data, the study incorporates a robust qualitative component drawn from existing academic literature, government publications, and policy reports up to 2019. Key academic works, such as those by Chatterjee, Murgai, and Rama (2015), Kapsos *et al.* (2014), and Neff *et al.* (2012), provide the theoretical foundation for analyzing the determinants of FLFP and their socio-cultural dimensions. These studies examine factors such as occupational segregation, social norms, and the disproportionate burden of unpaid care work that limit women's ability to participate in the labour market. Government documents, including policy briefs from the Ministry of Labour and Employment and NITI Aayog, add further depth by outlining the state's efforts and challenges in promoting gender-inclusive economic growth. To structure the analysis and ensure a comprehensive examination of the subject, the study follows a multi-dimensional framework. This includes examining demographic and socio-economic trends affecting FLFP, analyzing sectoral distributions of female employment, assessing the macroeconomic consequences of low participation rates, and evaluating the existing policy environment. These dimensions are explored in an integrated manner, providing a holistic view of how different aspects of the economy interact with gendered labour participation. This framework also enables the identification of gaps between policy intentions and actual outcomes, as well as the socio-economic trade-offs involved in different employment sectors. For the assessment of economic impacts, this study synthesizes macroeconomic estimates from existing research. Rather than conducting original econometric modeling, the analysis draws upon previous projections by global think tanks and financial institutions. For instance, McKinsey Global Institute's 2015 report estimates that India could add \$700 billion to its GDP by 2025 if women's participation matched that of men. Similarly, the IMF (2018) estimates that gender parity in the workforce could raise India's GDP by as much as 27 percent. These findings are contextualized with India's demographic structure and labour market constraints to underscore the unrealized potential of the female workforce. The study also reviews how FLFP contributes to poverty alleviation, income equality, and

human capital development, based on evidence presented in World Bank and Asian Development Bank reports. The methodology also involves a comparative assessment of regional variations in FLFP across Indian states. States such as Kerala and Tamil Nadu, which exhibit relatively higher female participation, are compared with low-participation states such as Bihar and Uttar Pradesh. The analysis considers factors such as educational attainment, fertility rates, urbanization, female literacy, and the presence of enabling institutions like self-help groups and microfinance networks. These inter-state comparisons provide insight into best practices and localized challenges, offering a valuable lens through which to understand the broader national context. Rural-urban differentials are also examined in detail, as women's participation in rural areas tends to be higher due to their involvement in agricultural and home-based economic activities, whereas urban women face stronger constraints related to mobility, safety, and work-life balance. The methodology assesses how these differences shape the types of jobs women take, the sectors they work in, and the duration and consistency of their employment. The role of informal employment is particularly emphasized, as it constitutes the majority of female employment in India, often without job security, social protection, or benefits. This analysis enables a more realistic appraisal of the challenges involved in formalizing women's labour force participation. Finally, the methodology acknowledges its limitations. Since the research is based on secondary data and literature published until 2019, it does not account for changes brought about by the COVID-19 pandemic or more recent policy reforms. Additionally, the reliance on self-reported survey data may result in underestimation of women's economic contributions, particularly in unpaid and informal sectors. Despite these constraints, the integrated methodological approach adopted in this study provides a rigorous and comprehensive foundation for understanding the economic implications of FLFP and offers actionable insights for policy development.

This research adopts a mixed-methods approach to examine the economic impact of female labour force participation (FLFP) in India. The methodology integrates both quantitative and qualitative analyses to provide a comprehensive understanding of the issue. By combining statistical data analysis with interpretive assessments drawn from literature and policy documents, the study ensures a multidimensional perspective on the economic implications of FLFP. This approach allows for the triangulation of findings from various sources, enhancing the credibility and richness of the conclusions drawn. The quantitative analysis is based primarily on secondary data obtained from the National Sample Survey Office (NSSO) and the Periodic Labour Force Survey (PLFS), two of India's most authoritative sources on employment trends. The NSSO's 61st Round (2004–05) and 68th Round (2011–12), and the PLFS data from 2017–18, are particularly important in capturing long-term and recent patterns in women's labour participation across rural and urban regions, different age groups, education levels, and occupational sectors. These datasets offer detailed variables such as employment status, type of occupation, hours worked, sectoral distribution, and socio-demographic information, enabling the identification of structural trends and anomalies in female employment. To

situate India's experience within a global context, international datasets have been consulted. Sources include the World Bank's World Development Indicators (WDI), International Labour Organization (ILO) statistics, and reports by the International Monetary Fund (IMF) up to 2019. These data sources facilitate the benchmarking of India's FLFP against that of other developing and developed countries, providing insight into how gender parity in employment relates to broader macroeconomic outcomes like GDP growth, human capital utilization, and social development. For instance, the IMF's 2018 report, "Pursuing Women's Economic Empowerment," and the World Bank's 2018 publication, "Jobs for Shared Prosperity," are key references that inform the understanding of economic benefits arising from greater female participation in the workforce. Descriptive statistical methods are used to analyze trends in FLFP over time, disaggregated by factors such as marital status, level of education, and sector of employment. This involves time-series analysis to observe how female labour participation has evolved in response to major economic and policy changes, such as the implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) or periods of economic slowdown. Patterns are also explored to understand sectoral transitions—for example, the extent to which women have moved from agriculture to manufacturing or services—and whether these transitions reflect voluntary choices or constraints shaped by the availability of suitable jobs. To complement the statistical findings, a thorough review of academic literature, policy documents, and government reports has been conducted. This qualitative component draws from existing scholarship on gender and labour in India, such as the works of Chatterjee, Murgai, and Rama (2015), who analyze the paradoxical decline in FLFP despite rising female education, and Neff *et al.* (2012), who examine constraints faced by rural women. These studies provide theoretical insights into how social norms, unpaid domestic work, lack of flexible work arrangements, and occupational segregation limit women's entry into or continuation in the labour force. In addition to academic sources, official documents from the Ministry of Labour and Employment, the NITI Aayog, and global organizations such as UN Women contribute to understanding the institutional landscape governing women's economic participation. The analytical framework for this study examines female labour participation from four interrelated dimensions: demographic and socio-economic characteristics, sectoral distribution of employment, macroeconomic impact, and policy environment. These dimensions are not treated as isolated categories but as interacting variables that shape the broader picture of gendered labour dynamics in India. For instance, the study considers how rising education levels influence women's employment patterns, how occupational segregation affects productivity, and how institutional support mechanisms or their absence either promote or inhibit women's inclusion in the economy. Though this study does not involve original econometric modeling, it synthesizes the findings of major macroeconomic projections and cost-benefit analyses presented by institutions such as McKinsey Global Institute and the IMF. For example, the McKinsey Global Institute (2015) estimates that achieving gender parity in India's labour force could add \$700 billion

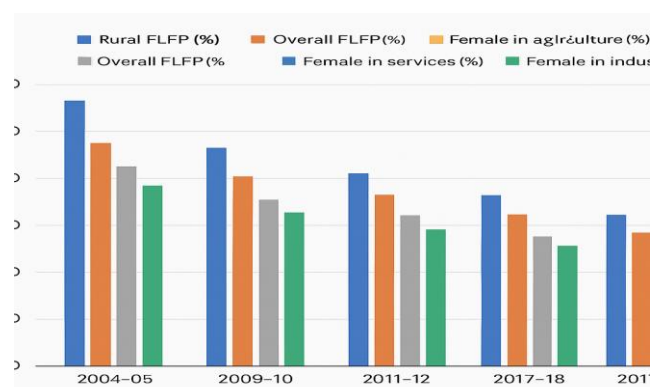
to its GDP by 2025, while the IMF (2018) suggests that bridging the gender gap could boost national output by up to 27 percent. These figures are cited to underscore the potential economic benefits of increased FLFP and justify the policy emphasis on promoting women's employment. The study further explores regional variations in FLFP using state-level comparisons. States like Kerala and Tamil Nadu, which have comparatively high female participation rates, are analyzed in contrast to states like Bihar and Uttar Pradesh, where social and cultural restrictions often limit women's employment opportunities. The analysis also examines the contrast between rural and urban areas, noting that rural women are more likely to be employed in informal or agricultural work, while urban women often face structural barriers such as lack of safe transportation, rigid work schedules, or inadequate childcare facilities, which deter their engagement in formal employment. A major limitation of this methodological approach lies in its dependence on secondary data, which may not fully capture informal work and unpaid domestic labour—both of which are predominantly undertaken by women. Time-use surveys and gender audits, which could provide more precise estimates of unpaid work, are still relatively underutilized in India's statistical system. Additionally, since this study focuses on data and literature published before 2020, it does not account for labour market shifts caused by the COVID-19 pandemic, which significantly altered employment dynamics and had disproportionate effects on female workers. Despite these limitations, the mixed-methods design adopted in this research provides a robust basis for understanding the economic impact of FLFP in India. By combining large-scale datasets with policy analysis and scholarly interpretations, the study offers a comprehensive and nuanced assessment of both the opportunities and barriers associated with increasing women's participation in the labour force. This methodology is well-suited to address the complex, multidimensional nature of gendered labour dynamics in a rapidly evolving economy like India's.

Results

The analysis of national datasets and secondary literature reveals a consistent and significant decline in female labour force participation (FLFP) in India over the last two decades. This trend is surprising and concerning, given that India has experienced sustained economic growth, improved access to education for girls, and increased urbanization during the same period. Despite these advances, FLFP dropped from approximately 32% in 2004–05, as reported in the NSSO 61st Round, to around 23.3% in 2017–18, according to the Periodic Labour Force Survey (PLFS). This decline is one of the sharpest among developing countries and indicates that economic growth has not translated into inclusive employment opportunities for women. Understanding the reasons behind this decline is critical, as it points to structural barriers within the economy and society. One of the most notable trends emerging from the data is the U-shaped relationship between education and FLFP. Women with very low or no formal education often participate in low-skilled or agricultural labour due to economic necessity. However, those with secondary or higher secondary education frequently exit the workforce, particularly in rural and semi-urban areas. This is often due to the mismatch between educational qualifications and available job opportunities,

coupled with social norms that discourage women from working outside the home. Conversely, women with university-level education are more likely to be employed, especially in urban areas, but their share remains limited due to the overall small number of highly educated women and the limited availability of formal-sector jobs that are considered socially acceptable or safe for women. When disaggregating employment data by sector, the findings show that women are still predominantly employed in agriculture, which remains the largest employer for female workers in India. As of 2017–18, approximately 57% of working women were in agriculture. The shift from agriculture to more productive sectors such as manufacturing and services, which is expected during economic transformation, has been sluggish for women. In contrast to men, who have seen higher absorption into urban services and industry, women have been constrained by limited mobility, lower access to vocational training, and entrenched gender biases in hiring practices. Even within the services sector, women are concentrated in lower-wage and often informal occupations such as domestic work, retail, and teaching. A closer look at urban-rural disparities in FLFP further highlights the complexity of the issue. Rural female labour force participation fell from 42% in 2004–05 to around 24.6% in 2017–18. While this drop can be partially attributed to mechanization of agriculture and a decline in unpaid family farm work, alternative employment opportunities have not grown proportionately. In urban areas, FLFP has remained stagnant at approximately 15–17%, reflecting a combination of supply-side factors (such as increasing educational enrollment) and demand-side factors (such as lack of suitable jobs and workplace safety concerns). Urban women, in particular, face barriers such as long commutes, lack of child care support, and gender discrimination in hiring and promotion, which discourage their participation. A demographic analysis shows that marriage and motherhood significantly affect women's workforce participation. According to PLFS data from 2017–18, only 18% of married women between the ages of 25 and 45 were employed, compared to 25% of unmarried women in the same age bracket. These figures suggest that social expectations surrounding domestic responsibilities and caregiving create substantial barriers to employment. Time-use surveys conducted in 2019 by the Ministry of Statistics and Programme Implementation (MoSPI) show that women spend nearly five hours per day on unpaid domestic and care work, compared to just one hour by men. This unpaid workload reduces the time and energy available for market-based employment and is one of the most persistent structural barriers to increasing FLFP. Regional differences in FLFP are striking and provide important clues about the role of local context, policy, and culture. Southern states such as Tamil Nadu, Andhra Pradesh, and Kerala tend to have higher FLFP compared to Northern states like Bihar, Uttar Pradesh, and Rajasthan. In the Northeastern states, women's participation is relatively high due to matrilineal traditions, strong community-based economies, and fewer restrictions on female mobility. In Kerala, high female literacy, better public health, and active self-help groups (like Kudumbashree) support women's engagement in the workforce. Conversely, in Northern states, patriarchal norms, early marriage, and purdah (seclusion) practices restrict

women's economic freedom. These differences suggest that regional policy strategies must be context-specific and culturally sensitive to be effective. The role of women's labour in household income and poverty alleviation is strongly evidenced in the data and literature. Dual-income households generally experience higher levels of economic security, better child health outcomes, and improved educational attainment. The World Bank (2018) estimates that a 10-percentage-point increases in female employment could reduce rural poverty by approximately 8%. Employment also improves women's agency in household decision-making and increases their access to financial services. Women who earn income are more likely to invest in their children's health and education, creating positive intergenerational effects. However, the lack of decent work opportunities, particularly in rural areas, limits these broader development benefits. At the macro level, increasing FLFP has the potential to yield significant economic dividends. The McKinsey Global Institute (2015) projects that India could increase its GDP by \$700 billion by 2025 if women participated in the economy at par with men. Similarly, the International Monetary Fund (2018) estimated that gender parity in labour force participation could boost India's GDP by as much as 27%. These findings underscore the critical role of women's economic participation in driving national growth. The underrepresentation of women, especially in high-productivity sectors such as STEM, finance, and executive leadership, means that the economy is not fully utilizing its skilled labour force. This gender gap in economic engagement hampers both competitiveness and innovation. An important finding from the data is the overwhelming dominance of informal sector employment for women. More than 90% of working women are engaged in informal jobs, lacking contracts, job security, or access to benefits such as maternity leave, health insurance, or retirement pensions. Informal employment is characterized by low wages, poor working conditions, and vulnerability to exploitation. As a result, many women opt out of the workforce altogether, especially when the opportunity cost of working outweighs the earnings. Furthermore, informal work is often invisible in national accounts, meaning that women's actual economic contributions are grossly underestimated in GDP statistics. Addressing informality is thus key to improving both the quality and quantity of female employment.



Discussion

The persistent decline in female labour force participation (FLFP) in India, despite improvements in education, income levels, and economic growth, reflects a complex interplay of socio-cultural, structural, and institutional factors. One of the most critical observations from this research is the disconnect between female educational attainment and employment. While more women are completing secondary and higher education, the economy has failed to generate sufficient quality jobs that match their skills and aspirations. This mismatch has led to a paradoxical withdrawal of women from the labour market, particularly among the moderately educated, pointing to deeper issues related to gender roles, safety, and work environment expectations. The continued dominance of agriculture in female employment also reveals the limited progress in structural transformation for women. Although India's economy has shifted toward the services sector, women remain trapped in low-productivity agricultural and informal jobs, where wages are low and job security is minimal. Industrial and service sectors have not expanded inclusively enough to absorb the displaced female agricultural workforce. Moreover, technological changes in agriculture and mechanization have further reduced rural women's labour demand without offering alternatives, contributing to a "discouraged worker effect" that artificially deflates the participation rate. Social norms and domestic responsibilities significantly constrain women's ability to participate in paid work. Cultural expectations around marriage, motherhood, and caregiving continue to restrict women's economic roles, especially in North India. The lack of affordable and accessible childcare services, flexible working hours, and safe transportation further exacerbates this problem, pushing many women out of formal employment. The fact that women spend several hours more than men on unpaid care work daily reinforces their economic invisibility and limits their potential to contribute to the GDP through paid employment. Regional disparities in FLFP further underscore the importance of state-level governance and policy initiatives. States like Kerala and Tamil Nadu, which have higher social development indicators, better public service delivery, and more progressive gender norms, exhibit significantly higher female labour participation. This implies that localized policies—such as self-help groups, vocational training for women, and incentives for hiring female workers—can yield positive results even in the absence of national-level shifts. Therefore, empowering state governments to implement context-specific solutions could be key to addressing India's gender employment gap. Ultimately, the low FLFP rate in India represents a missed economic opportunity. With the country aiming to become a \$5 trillion economy, increasing women's workforce participation is not just a matter of gender equity; it is a macroeconomic necessity. Boosting FLFP can raise household incomes, enhance productivity, and create a more inclusive growth trajectory. Policy interventions must go beyond skill development and reservation quotas to address core barriers such as safety, social infrastructure, employer biases, and the redistribution of domestic responsibilities. Only then can India unlock the full economic potential of its female population and achieve sustained, equitable growth.

Conclusion

Female labour force participation in India is a complex and multifaceted issue that significantly influences the country's economic development trajectory. Despite India's impressive economic growth and improvements in education and health outcomes, the declining trend in female labour participation presents a major challenge. This paradox highlights the structural and cultural barriers that continue to restrict women's access to gainful employment, particularly in urban and formal sectors. Addressing these barriers is essential for realizing India's full economic potential and achieving inclusive growth. The sectoral analysis reveals that a large proportion of women remain concentrated in low-productivity sectors such as agriculture and informal work. This limits their contribution to overall economic output and perpetuates income inequality and social vulnerabilities. Moreover, the persistent gender disparities in access to formal employment and social security measures exacerbate economic insecurity for women. Policies aimed at enhancing women's skills, facilitating their entry into higher-value industries, and formalizing informal employment are critical to improve their labour market outcomes. Regional and demographic disparities further complicate the FLFP landscape in India. While some states demonstrate higher female participation rates due to better education, social development, and progressive policies, many others lag behind due to entrenched socio-cultural norms and lack of infrastructure. Additionally, factors such as marital status and childcare responsibilities disproportionately affect women's labour force involvement. Comprehensive policy interventions need to address these varied challenges through tailored strategies, including childcare support, flexible working conditions, and gender-sensitive social programs. The economic implications of improving female labour force participation are substantial. Studies reviewed suggest that narrowing the gender gap could boost India's GDP by up to 27%, enhance household incomes, and reduce poverty levels significantly. Female participation is also linked to broader social benefits, including improved health and education outcomes for families. Recognizing women as vital contributors to the economy rather than just dependents is a critical shift that can catalyze sustainable development and social equity.

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