

WOMEN IN URBAN LABOUR MARKET OF INDIA

DEEKSHA TAYAL

2015HUZ8125



**DEPARTMENT OF HUMANITIES AND SOCIAL SCIENCES
INDIAN INSTITUTE OF TECHNOLOGY DELHI**

OCTOBER 2020

ABSTRACT

In India, the female labour force participation rate has always been low, despite high economic growth and rising education levels. The problem of low participation rates is relatively more severe for women in urban India than in rural India. The rates for rural women declined substantially from 53.4 percent in 1983-84 to 37.1 percent in 2011-12, while the urban counterpart witnessed a stagnation at low levels of around 23 percent over the same period. The central aim of the thesis is to explore the labour market behaviour of urban women and examine the various dimensions of this problem of low and stagnant labour force participation rate. The unit-level National Sample Survey Organisation (NSSO) data from various quinquennial rounds of employment surveys forms the basis of analysis in the thesis.

The second chapter of the thesis begins with an introduction to the problem of low and stagnant labour force participation rate of women in urban India. The methodology involves a detailed analysis of long-term trends in the female labour force participation rate by personal attributes of women like age, marital status, and education level. We utilised the non-parametric technique of classification and regression analysis (CART) for identifying the variable which has the most significant influence on the labour force participation rate of women. The aim of this underlying approach is to sequentially narrow down to the segment of women who are primarily experiencing the problem. Focussing on the sample of non-student urban women in the working-age group of 15 to 59 years, we find that between 1987 and 2000, the labour force participation rates declined for all women, irrespective of the age cohort. However, in 2011-12, the rates increased substantially for the younger cohort women (15 to 29 years), and the older cohort (30 to 59 years) experienced stagnation. In the older cohort, the stagnation pertains mainly to married women with secondary and above education.

In conclusion, the improvement in the education levels of married women doesn't seem to be translating into a rise in their labour force participation rates. On the other hand, in 2011-12, younger women in the age group of 15 to 29 years witnessed an increase in their labour force participation rates along with a rise in their education levels. Given the results from the second chapter, the next chapter of the thesis focuses on the women in the younger age cohort. Thereafter, the rest two chapters of the thesis focus on the supply and demand-side problems of married women in urban India.

In the third chapter, we examine the labour market problems of non-student women in the age-cohorts of 15 to 29 years. Education-wise, analysis of trends shows that within this age cohort, the participation rates of the higher qualified graduate women increased substantially by 9 percentage points. Their rates increased from 37.3 percent in 1999-2000 to 46.2 percent in 2011-12. Given such an optimistic situation, the chapter aims at finding an answer to the second research question of whether the rise in the labour force participation rate of young graduate women is supplemented by an improvement in their access to employment opportunities, particularly in the formal salaried sector.

The chapter found that the increase in the labour force participation rate of young graduate women in 2011-12 is not accompanied by a corresponding improvement in their labour market outcomes, both in terms of unemployment rates and quality of regular jobs. Women with a graduate degree have high unemployment rates exceeding 30 percent, and despite concentration in regular jobs, their relative employment shares in such jobs witnessed stagnation in 2011-12. No such decline or stagnation was witnessed by young lesser educated

women (below secondary education) and men with graduate-level education. Also, the labour market conditions of graduate women continue to be worse than that of graduate men, depicting the presence of gender discrimination. Hence, in the absence of improvement in the employment opportunities for these women, the discouragement effect may either keep them in the state of unemployment or may result in their withdrawal from the labour force. This may also disincentivise the future entry of educated women into the labour market.

Explanations for the lack of positive association between education level and labour force participation rate of urban married women lie in a complex set of inter-related supply and demand-side factors of the labour market. On the supply side, patriarchal constraints and socio-cultural institutions impede the use of educational skills of women by limiting the availability of labour market time. They also influence the perception about the nature of women's work outside the household. On the demand side, poor labour market conditions, inadequate employment opportunities, lack of quality jobs, and gender discrimination may discourage their entry into the labour force. In order to explore these dimensions, the remaining two chapters of the thesis focus on the supply and demand side of the labour market.

The fourth chapter focuses on the supply side factors. We utilise a direct question in the National Sample Survey (NSS) questionnaire to isolate the supply side factors from the demand side factors. Women in full-time domesticity were asked whether they were willing to join the labour market if a job is made available in their household. The answer to this question somehow disassociates their willingness from the constraints coming from the demand side of the labour market. All such willing women constitute potential or latent labour supply, and their entry into the labour market may enhance the female labour force participation rate of India. The chapter empirically estimates the importance of intra-household bargaining power of married women, proxied by the couple years of education gap, in determining the probability of their integration into the labour force. The key finding of the chapter is that it is the increase in the relative education level of married women, and not the absolute level, which has a significantly positive impact on the probability of their entry into the labour market. The results emphasise the fact that the reduction in the gender gap in education, particularly at the higher education level (secondary and above), may gradually pave the way for a reduction in the gender gap in labour force participation rates.

Focussing on married women, chapter five examines the demand side of the labour market. Poor labour market conditions may impose a discouraging effect on married women's labour supply decision. We empirically test for the importance of the discouraged worker effect in explaining the labour market behaviour of married women in urban India. The discouraged worker effect may arise from gender-based wage discrimination and underemployment. A three-stage district-level analysis of female labour market behaviour is undertaken, and selectivity bias is controlled for by using censored probit in the second stage and trivariate probit in the third stage of this multi-level framework. We find that gender wage discrimination discourages women from participating in the labour market, and the prevalence of underemployment in the form of overqualified employees discourages them from exploring better employment opportunities by making on-job search efforts.

The conclusions from the detailed analysis of the labour market behaviour of urban women spread across four chapters of the thesis provide an answer to the central aim of the thesis. In urban India, the problem of low and stagnant labour force participation rate relates primarily

to married women in the age-cohorts of 30 to 59 years. Even a rise in education levels to secondary and above doesn't seem to improve their participation rates.

In the case of young urban graduate women in the age cohort of 15 to 29 years, the high and rising trend in the labour force participation rates (between 2000 and 2012) is not accompanied by a corresponding improvement in their labour market conditions. Women with a graduate degree have high unemployment rates exceeding 30 percent. Graduate women are mainly concentrated in regular jobs, but their relative employment shares in such jobs witnessed stagnation. Moreover, among 80 percent of the graduate women employed in salaried jobs, a very small section has access to decent working conditions. It is found that the employment opportunities and quality of jobs are unequally distributed between graduate women and men, depicting the presence of gender discrimination in the labour market.

On the other hand, married women in urban India are trapped in a vicious cycle of a low labour force participation rate. On the supply side, domestic work burden, patriarchal norms, and socio-cultural institutions restrict their labour force entry. We found that a rise in the education level of married women and a corresponding improvement in the couple years of education gap may enhance their relative intra-household bargaining power. This rise in bargaining power is the key determinant having a positive association with the probability of integrating married women into the labour market. Nevertheless, on the demand side, even if married women manage to gain access to the labour market, stereotypes against them tend to govern their labour market outcomes. The marital status of women, their childbearing and domestic responsibilities, and secondary earner status within the family generates perceptions about their commitment and ability to perform jobs. The result is high unemployment rates for educated women, poor quality jobs lacking formal working conditions, and gender wage discrimination. All this may again discourage the entry of educated, married women into the labour market.