



# TRENDS OF FEMALE LABOUR FORCE PARTICIPATION RATE A SECONDARY ANALYSIS BASED ON PLFS SURVEY

Fasla Rahman K<sup>1</sup>, Prof. Dr Shaheed Ramzan C.P<sup>2</sup>

<sup>1</sup>Research Scholar in Economics, PG and Research Department of Economics, Government Arts and Science College, Kozhikode, University of Calicut

<sup>2</sup>Associate Professor, PG and Research Department of Economics, Government Arts and Science College, Kozhikode, University of Calicut

## ABSTRACT

Migration shapes human settlement patterns and contributes to economic growth. It also forms human capital. Labour force participation rate, which includes the number of employed individuals, is influenced by gender. Males have a higher share of labor force participation than females. Recent studies show an increasing trend in female labour market employment, with the ILO estimating a 164 million labour force, accounting for half of the century's total migration. This paper examines the changing focus of the labour market, focusing on female labor force trends over seven years, using data from PLFS. The results postulates that the unemployment rate among women had declined from 7 percent to 4 percent and also the rate of female labour force participation had increased creating a positive trend in the area of labour market employment.

JEL Classification: B25, B27, B29

**KEYWORDS:** International labour organisation, Gross Domestic Product, women labour force participation, Periodic labour force survey, Average annual growth rate.

## INTRODUCTION

Large-scale migration is a global trend driven by psychological, social, economic, and political factors, impacting the labor force and employability, affecting the global labor market. The National Sample Survey Organisation's 2009-10 figures show a significant decline in female labor force participation, with a 10.1% decrease from the previous year, compared to a 22.6% rate in 2010. The male population participation rate has fallen by 3.4%, attributed to economic, social, and political constraints in the labor force mechanism and employment trend.

The development process, characterized by the movement of workers from agriculture to manufacturing and urbanization, has significant implications for women's role in society, particularly in the labor market. Boserup's work on women's role in economic development highlights the importance of reducing gender discrimination in the labor market and promoting women's participation. However, the relationship between women's engagement in the labour market and broader development outcomes is complex. Women's employment may be driven by necessity, increasing educational attainment, changing societal norms, and available employment opportunities. Increased participation is often observed during economic crises, but often in low-paid and low-productivity jobs. Measurement of women's work in developing countries is often overlooked, undervalued, and underreported, as they often contribute to non-market activities like caregiving.

Women's labour force participation has remained stable at around 52% globally from 1990 to 2010, but varies significantly across developing countries and emerging economies. In the Middle East, North Africa, and South Asia, less than one-third of working-age women participate, while East Asia and sub-Saharan Africa have two-thirds. Men's participation rate has declined from 81% to 77%, mainly due to increased education enrollment. South Asian countries, such as India, have seen falling female labor force participation rates due to rapid economic growth and fertility decline. Bangladesh and Pakistan have seen increased female participation rates, while Sri Lanka has remained stagnant.

This article tries to analyse the performance of female labour force participation rate in the organised labour market also assessing the factors which govern the functioning of female labour force mechanism within an industrial framework.

## OBJECTIVES OF THE STUDY

1. To study about the concept of female labour force participation rate
2. To analyse the factors behind the female labour force participation in India
3. To analyse the trend of male and female labour force participation rate in India based on PLFS data

## LITERATURE REVIEW

The literature on female labour supply and participation is extensive, focusing on various determinants such as individual and household characteristics, societal norms, cultural attitudes,



education level, and urbanization. The basic static labour supply model assumes competitive labour markets and income and substitution effects. Women's expected wage is the opportunity cost of their time in paid employment, with higher wages having a substitution effect and countervailing income effects. Increased unearned income, such as through social transfers, only exerts an income effect on women's labour supply decisions, potentially leading to a potential withdrawal from the labour market. Unitary and collective household models have been used to explain labour supply behavior and women's participation in economic activities.

1. Kapsos, Silberman, and Bourmpoula's 2014 ILO study highlights the significant role of female labor force participation in an economy's GDP growth, arguing that female labor force members enjoy equal privileges and benefits as male workers.
2. Fatima and Sultana (2009) and Özsoy and Atlama (2009) highlight the importance of higher female labor force participation in both developed and developing economies. They argue that increased female employment leads to poverty reduction, reduced fiscal burden, and more inclusive development.
3. Empirical studies from developed countries and multiple countries conducted by Boserup, 1970; Durand, 1975; Goldin, 1990; Mammen and Paxson, 2000; Mincer, 1985; Pampel and Tanaka, 1986; Schultz, 1991; Tam, 2011 show a U-shaped relationship between female labor force participation and economic development. This hypothesis suggests that participation declines initially and increases later as a country develops, due to factors like sectoral shifts, urbanization, socioeconomic transformation, education, fertility, and income and substitution effects.
4. According to Ejaz, 2007; Psacharopoulos and Tzannatos, 1989; Tansel, 2001 Education significantly influences female labor force participation, according to human capital theories. Higher education leads to higher participation and increased productivity. The static labour supply model explains this effect based on the substitution effect and income effect. Higher education increases potential earnings, increasing the opportunity cost of not working and reducing working hours. Studies show higher returns for women. Higher human capital levels lead to higher wages, increasing women's market participation.

## THEORETICAL FRAMEWORK

There are various theories that attempt to explain and understand the participation of women in the labor force. These theories often consider historical, economic, sociocultural, and institutional factors. Here are some key theories:

**Human Capital Theory:** This theory suggests that individuals, including women, invest in education and training to enhance their productivity in the labor market. The more skills and education a person acquires, the higher their earning potential. Human capital theory has been used to explain changes in women's participation in the workforce as a result of increased educational attainment.

**Gendered Division of Labor:** Rooted in sociological perspectives, this theory argues that society assigns specific roles to men and women based on gender norms and expectations. Historically, women have been assigned domestic and caregiving roles, while men have been associated with paid work. Changes in the gendered division of labor are often linked to shifts in cultural and social norms.

**Dual Labor Market Theory:** This theory proposes the existence of two distinct labor markets: the primary market with well-paid, stable jobs, and the secondary market with lower-paid, less stable employment. Women have often been concentrated in the secondary labor market, facing challenges such as lower wages and job insecurity. Changes in the structure of the labor market can influence women's participation.

**Feminist Theory:** Various feminist perspectives emphasize the role of patriarchy and gender inequality in shaping women's labor force participation. Feminist theories argue that women's work has been undervalued and that gender-based discrimination, both overt and subtle, has limited women's opportunities in the workforce. **Socialization and Role Expectations:** This theory explores how societal expectations and gender roles shape individuals from a young age. Traditional gender roles may influence career choices and work preferences, impacting women's participation in certain industries or occupations.

**Institutional Theory:** This perspective looks at the influence of formal and informal institutions on women's participation in the labor force. Institutional factors such as family policies, workplace practices, and legal frameworks can either facilitate or hinder women's access to employment and career advancement.

**Globalization and Economic Restructuring:** Changes in the global economy, including increased globalization and economic restructuring, can impact women's employment opportunities. These changes may lead to the expansion of certain industries that traditionally employ women, or they may result in the outsourcing of jobs, affecting both men and women in specific regions.

## CONCEPT OF FEMALE LABOUR FORCE PARTICIPATION

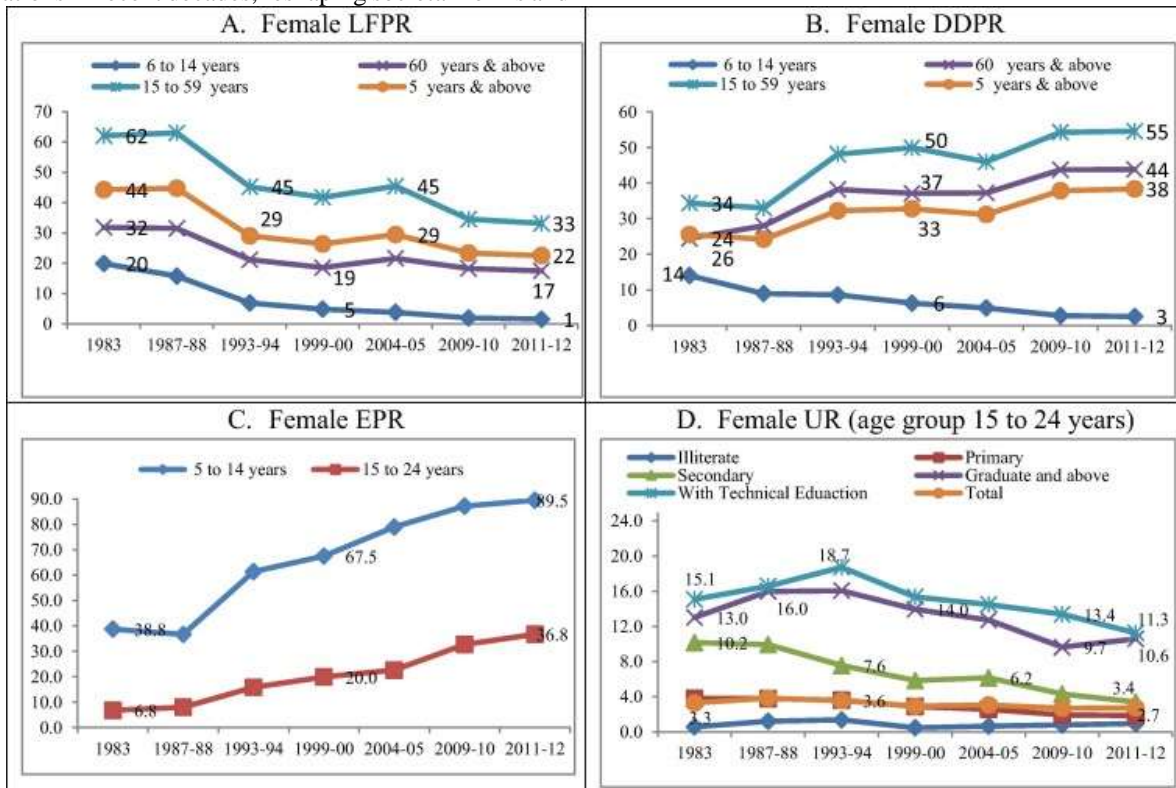
The term "female labor force" refers to the portion of the overall female population that is economically active, participating in paid employment or seeking employment. This includes women who are engaged in various forms of work, such as formal employment, self-employment, part-time work, or temporary work. The female labor force encompasses women across different industries, professions, and sectors of the economy. Understanding the female labor force is essential for analyzing and addressing issues related to gender equality, economic empowerment, and workforce participation. It involves examining factors such as the labor force participation rate, occupational distribution, wage gaps, and other aspects of women's engagement in the workforce. Efforts to promote gender equality often focus on creating an inclusive and



supportive environment for women in the labor force, addressing barriers to their participation, and advocating for equal opportunities and treatment in the workplace. The concept of the female labor force is a crucial component of discussions surrounding women's rights, empowerment, and socio-economic development.

Female labor force participation has undergone significant transformations in recent decades, reshaping societal norms and

contributing to economic growth. Historically, women were predominantly confined to traditional roles within the household, but the dynamics have shifted as more women have entered the workforce. The female labor force participation rate, a key metric in assessing women's involvement in economic activities, reflects the progress made and the challenges that persist.



Source: <https://www.sciencedirect.com/science/article/abs/pii/S0305750X17301663>

### Historical Perspective

In the past, societal expectations and gender stereotypes limited women's opportunities outside the home. However, the 20th century witnessed a gradual shift as industrialization and social movements paved the way for increased female participation in the workforce. During World War II, women took on roles traditionally held by men, demonstrating their capability and challenging preconceived notions about gender roles.

### Factors Influencing Female Labor Force Participation:

Several factors contribute to the variations in female labor force participation rates across countries and regions. Educational attainment, societal attitudes, legal frameworks, childcare provisions, and cultural norms all play crucial roles in shaping women's choices regarding work.

- **Education:** Educational opportunities for women have expanded significantly, empowering them with the skills and knowledge needed to excel in various fields. Higher education levels correlate with increased workforce participation, as women are better equipped to pursue diverse career paths.

- **Societal Attitudes:** Changing societal attitudes towards women in the workforce have been instrumental in increasing female labor force participation. Efforts to break down gender stereotypes and promote inclusivity have fostered an environment conducive to women pursuing careers.
- **Legal Frameworks:** Legislative measures promoting gender equality and prohibiting discrimination have positively influenced female labor force participation. Laws ensuring equal pay, maternity leave, and protection against workplace discrimination contribute to a more equitable work environment.
- **Childcare Provisions:** Accessible and affordable childcare options are pivotal in enabling women to balance work and family responsibilities. Adequate support allows women to participate in the workforce without compromising their roles as caregivers.
- **Cultural Norms:** Deep-rooted cultural norms can either facilitate or impede women's entry into the labor force. Societies that value gender equality and challenge traditional roles tend to have higher female labor force participation rates.



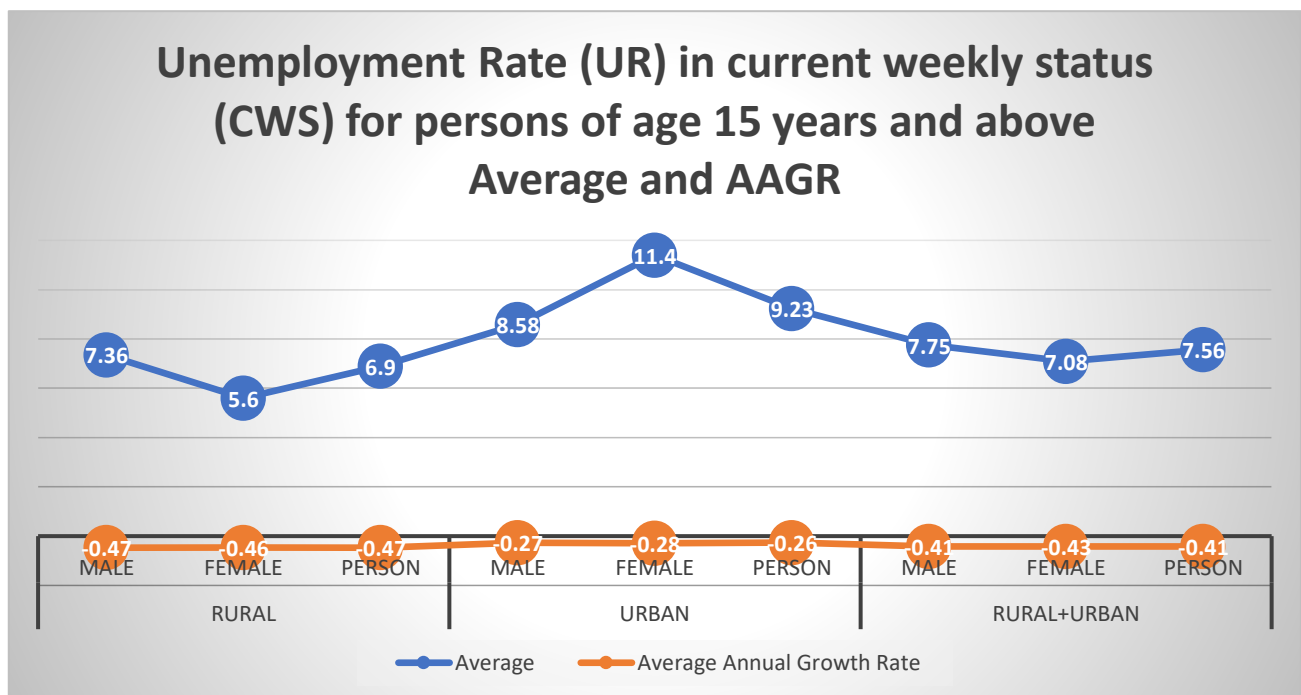
## METHODOLOGY

This paper makes use of secondary data analyses comparing the average annual growth rate of unemployment rate and work

force participation rate of male and female section for a period from 2017-18 to 2022-2023. The data was compiled based on the reports from the PLFS survey.

### Trends In Labour Force Participation Rate Over The Years

Unemployment Rate (UR) in current weekly status (CWS) for persons of age 15 years and above									
All-India									
Indicator	Rural			Urban			Rural+Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
2017-18	8.7	7.5	8.4	8.7	12.7	9.5	8.7	9	8.7
2018-19	8.6	7.3	8.3	8.8	12.1	9.5	8.7	8.7	8.7
2019-20	8.7	5.5	7.8	10.5	12.4	11	9.3	7.3	8.8
2020-21	7.1	4.8	6.5	9.4	12.2	10.1	7.8	6.6	7.5
2021-22	6.5	4.5	6	7.8	9.9	8.3	6.9	5.8	6.6
2022-23	4.6	4	4.4	6.3	9.1	7	5.1	5.1	5.1
<b>Average</b>	<b>7.36</b>	<b>5.6</b>	<b>6.9</b>	<b>8.58</b>	<b>11.4</b>	<b>9.23</b>	<b>7.75</b>	<b>7.08</b>	<b>7.56</b>
<b>Average Annual Growth Rate</b>	<b>-0.47</b>	<b>-0.46</b>	<b>-0.47</b>	<b>-0.27</b>	<b>-0.28</b>	<b>-0.26</b>	<b>-0.41</b>	<b>-0.43</b>	<b>-0.41</b>



### Unemployment Rate Trends:

**Rural-Urban Disparity:** In general, the urban unemployment rates are higher than rural rates across all years. This trend is consistent for both males and females.

**Overall Trends:** The overall unemployment rates (Rural+Urban) have shown a declining trend over the years. There is a significant decrease in the unemployment rates from 2017-18 to 2022-23.

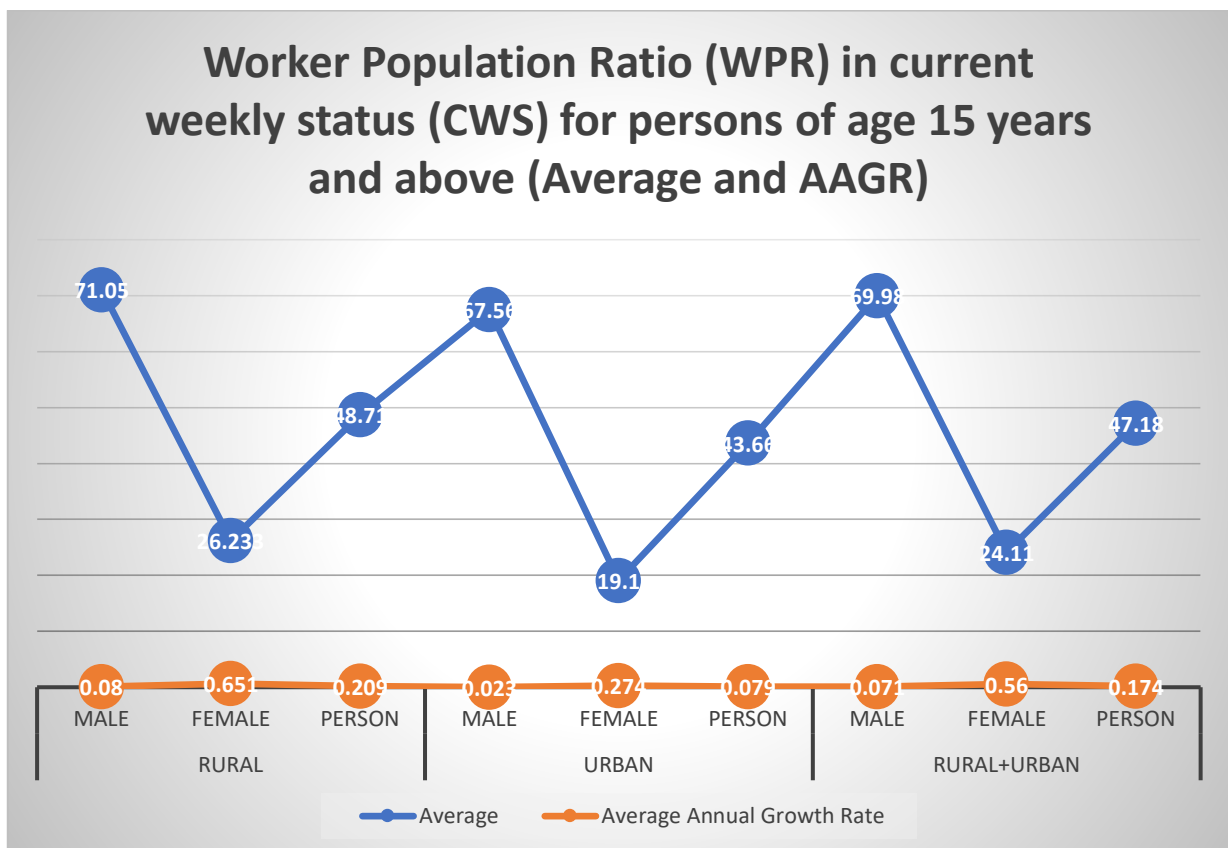
**Average Unemployment Rates:** Average Rates: The average unemployment rates for males, females, and persons are presented for rural, urban, and rural+urban areas. On average, the highest unemployment rates are observed for females, especially in urban areas.

### Average Annual Growth Rate (AAGR):

**Negative AAGR:** The negative AAGR values for each category indicate an overall decline in unemployment rates over the specified years. The decline is more pronounced for females, both in rural and urban areas.



Worker Population Ratio (WPR) in current weekly status (CWS) for persons of age 15 years and above									
All-India									
Indicator	Rural			Urban			Rural+Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
-1	-2	-3	-4	-5	-6	-7	-8	-9	-10
2017-18	69.1	20.1	44.8	67.7	17.1	42.6	68.6	19.2	44.1
2018-19	69	20.9	45	67.2	17.4	42.7	68.4	19.8	44.3
2019-20	70.1	26.7	48.4	66	19.4	43	68.8	24.4	46.7
2020-21	71.2	28.6	50	66.8	19	43.1	69.9	25.7	47.9
2021-22	71.7	27.9	49.9	68.4	19.9	44.6	70.7	25.6	48.3
2022-23	75.2	33.2	54.2	69.3	21.8	46	73.5	30	51.8
<b>Average</b>	<b>71.05</b>	<b>26.233</b>	<b>48.71</b>	<b>67.56</b>	<b>19.1</b>	<b>43.66</b>	<b>69.98</b>	<b>24.11</b>	<b>47.18</b>
<b>Average Annual Growth Rate</b>	<b>0.08</b>	<b>0.651</b>	<b>0.209</b>	<b>0.023</b>	<b>0.274</b>	<b>0.079</b>	<b>0.071</b>	<b>0.56</b>	<b>0.174</b>



**Average WPR:**  
 Rural: 71.05% for males, 26.233% for females, and 48.71% overall.  
 Urban: 67.56% for males, 19.1% for females, and 43.66% overall.  
 Rural+Urban: 69.98% for males, 24.11% for females, and 47.18% overall.

**Average Annual Growth Rate (AAGR):**  
 The AAGR indicates the average percentage change in WPR over the given years. Notable increases are observed in the rural male and female categories, urban female, and overall rural and urban categories. Rural male AAGR is 0.08%, rural female AAGR is 0.651%, and rural overall AAGR is 0.209%. Urban male AAGR is 0.023%, urban female AAGR is 0.274%, and urban overall AAGR is 0.079%. Rural+Urban male AAGR is

0.071%, rural+Urban female AAGR is 0.56%, and rural+Urban overall AAGR is 0.174%.

### LIMITATIONS OF THE STUDY

1. The study was done purely on the basis of secondary data and there stands no consideration from primary data analysis
2. The random effect and Hausman test were not feasible due to lack of primary data analysis.
3. The study was unable to conduct a comparative analysis of pre and post-Covid due to the lack of a suitable data source.

### CONCLUSION

Thus, the main findings include that the Rural areas consistently show higher WPR compared to urban areas. The



female WPR is lower than the male WPR across all categories and years. The AAGR values indicate the average annual growth rate of WPR, highlighting the rate of change in workforce participation. The unemployment rate has consistently decreased over the years, indicating improved employment opportunities. The decline is observed in both rural and urban areas and across genders. Rural areas generally show lower unemployment rates compared to urban areas. The negative AAGR values suggest a steady annual decline in unemployment rates, reflecting positive trends in the labor market.

## REFERENCE

1. *Economic survey 2022*
2. *BPE review 2022*
3. *Employment Statistics in Focus-April 2023-ministry of labour and employment 2022*
4. *NSSO 64<sup>th</sup> round*
5. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1908961>
6. Beena Sukumaran, H. H. *How to Improve Enrollment of Women in Engineering: Lessons Learnt from the Developing World*. Rowan University
7. ILO (International Labor Organization) *Reports on Female Labor Force Participation*
8. *World Bank Data on Female Labor Force Participation*
9. *Gender Data from the World Bank*
10. *Government of India Report on Female Labor Force*
11. *Report from the Government of Kerala on Female Labor*
12. Institute, M. G. (2018). *Automation and the workforce of the future* | McKinsey. Retrieved October 20, 2023, from [McKinsey Report]
13. Beena Sukumaran, H. H. *How to Improve Enrollment of Women in Engineering: Lessons Learnt from the Developing World*. Rowan University
14. K. Seeta Prabhu, P. S. (1996). *Gender-Related Development Index for Indian States Methodological Issues*. *Economic Political Weekly*
15. *PLFS data*