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Impact Of Female Labour Force On The Economic Growth Of India

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Abstract

India has experienced rapid economic growth, structural shifts in the economy, and an increase in educational attainment levels, and rapid urbanization in the last twenty-five years. In the same period, there has been a 23% decline in the female labor force participation rate. What's the relationship between economic growth and women's economic activity? Is growth enough or Does the nature of growth matter in attracting more women to the labor force? This paper explores these questions using state-level employment data spanning the last twenty-five years, 1983-84 to 2009-10. Several cross-country and within-country studies suggest female labor Force participation tends to decline initially with economic development, plateaus at a certain stage of development before rising again. This is argued to be mainly a result of structural shifts. The results of the study also suggest that growth by itself is not sufficient to increase women's economic activity, but the dynamics of growth matter. These findings are especially important.

Keywords: *Female labor, force participation rate, economic growth, structural change, health, safety, and welfare of the women.*

Introduction:

Female labor force engagement and development are intricately linked, involving changes in economic growth, literacy, fertility rates, and social norms, among other variables. It is critical to understand women's employment. To increase employment quality, policy should target both labor demand and supply. Expanding secondary education is critical, but so is providing jobs for women. One of the most critical aspects is that the females who are addressing the topic of women's rights and protections in India are doing it positively. Women have battled to achieve social prominence and a respectable position in society from antiquity to the current day. At the time, Indian women were in urgent need of laws that would elevate their social status and provide enough protection from physical and psychological torture. This article contributes to the body of knowledge by examining the relationship between economic growth and women's economic output in India, a country with significant regional economic, social, and cultural variation. Over the previous three decades, the combination of high economic prosperity has been accompanied by a rise in conservatism and patriarchy.

Economic Growth And Female Labour:

Globally, India is a powerful global economic powerhouse. Named as the fastest- growing economy in the world in 2017, with GDP growth of more than 7% annually from 2011 to 2012. However, 2017 was important for Indian women for another reason: it was the year when India's female labor force participation rate (FLFPR) dropped to the lowest point since independence.¹

Growth in the employment of women has dropped by 5% in recent years (2017–2018), while GDP has dropped from 7.8 percent in 2011–12 to 5.3 percent. Between 1983 and 2017-2018, the rise of WPR for women was negative, suggesting that there was no logical relationship between economic growth and WPR for women in India. Between 1983 and 2018, the growth of the role of women in rural India decreased by 2%, while it decreased by 2% in urban India. Between 2017 and 2018, India's rural area experienced a sharp decline in employment rates for women, by 6%.²

Structural Changes:

Economic growth is commonly measured through sectoral value added, which reflects the contribution

¹ International Monetary Fund, World Economic Outlook Report (IMF 2017).

² Ministry of Statistics and Programme Implementation (MoSPI), Periodic Labour Force Survey Annual Report 2017–18 (Government of India, 2019).

of individual sectors to national output. However, the sectors contributing most significantly to GDP growth do not necessarily generate equivalent levels of employment, leading to a phenomenon often described as jobless growth.³ In the Indian context, rapid expansion in capital-intensive and technology-driven industries, such as information technology, financial services, and telecommunications, has outpaced growth in labour-intensive sectors such as agriculture, textiles, and traditional manufacturing.⁴ These labour-intensive sectors have historically employed the majority of female workers, particularly those with low educational attainment or limited access to training.⁵ As these sectors contract in relative share and productivity-driven automation increases, the employment avenues traditionally available to women diminish sharply.⁶

Consequently, the structural transformation of the Indian economy has reduced the demand for female labour, especially for regular wage employment. The mismatch between the skills required in emerging sectors and the skills possessed by most women creates a widening participation gap. Although female literacy and educational attainment have increased substantially in recent decades,⁷ job markets have not expanded with parallel opportunities that are socially acceptable, safe, or flexible for women, creating a dual challenge of “skills mismatch” and “demand deficiency.”

A sectoral-level analysis that jointly evaluates value added and employment generation reveals that economic growth can progress without corresponding improvements in female participation rates.⁸ The effect is particularly visible among migrant women transitioning from rural to urban labour markets. While rural-to-urban migration may increase access to informal employment — such as domestic work, caregiving, home-based manufacturing, and street vending — this often reflects distress-driven employment, characterised by low wages, informality, and lack of social security.⁹ The dominance of informal employment illustrates that economic growth does not automatically enhance the quality of

³ Santosh Mehrotra and Jajati K Parida, ‘Why Is the Labour Force Participation of Women Declining in India?’ (2017) World Development 32.

⁴ International Labour Organization, Women and the Future of Work in Asia and the Pacific (ILO Report, 2018).

⁵ Ashwini Deshpande and J Singh, ‘The Demand-Side Story: Structural Change and the Decline in Female Labour Force Participation in India’ (IZA Discussion Paper, 2024).

⁶ Sher Verick, ‘Female Labour Force Participation in Developing Countries’ (ILO Working Paper, 2018).

⁷ Ministry of Statistics and Programme Implementation, PLFS Annual Report 2023–24 (Government of India).

⁸ Guido Gaddis and Stephan Klasen, ‘Economic Growth, Structural Change, and Women’s Employment Patterns’ (2014) Feminist Economics 26.

⁹ Farzana Afridi, ‘Labour Markets, Marriage and Norms: Understanding Female LFPR in India’ (2024) VoxDev.

women's work or create sustainable labour-market integration.¹⁰

Therefore, sectoral growth patterns suggest that macroeconomic expansion alone is insufficient to raise female labour force participation without structural reforms, including labour-intensive industrial strategy, investment in care economies, childcare support, gender-inclusive workplaces, and targeted skill development.

Trends And Its Evolution Of Female Labours:

- ❖ Rising female labor participation globally, though rates vary by region due to cultural, economic, and policy differences.
- ❖ Increase in women entrepreneurs and leaders in various sectors.
- ❖ Greater focus on gender equality policies, maternity/paternity leave, and workplace diversity.
- ❖ The impact of technology and remote work has opened new opportunities but also posed challenges such as digital divides.

Regional Variations In Employment:

The NSSO's survey taken between 1983-84 and 2009-10 about the employment and unemployment data has been drawn for the women's economic activity. The sample has been restricted to women aged 25–59 years to isolate the trend in employment from an increase in education among the younger cohorts. The net state domestic product per capita and the sector-wise contribution are obtained from CSO 2011 (Central Statistical Organization)

During the period of 1983-84 to 2009-10, the rate of women's labor participation has declined by 22.8 percent and 24.3 percent for unpaid and paid work, respectively. However, a lot of differences have been found in the trends of female labor force participation within regions in India.

The lowest rate of women labour participation of 22.6 per cent was resulted in eastern states, while more than double the rate participation of 51per cent observed in southern states of

¹⁰ International Labour Organization (n 2).

India in 2009-10. It shows that compared to any other regions, the women from southern states enjoy higher shares to participate in productive works with less constraint in India.

Dynamic Changes: Emerging Patterns and Persistent Inequalities

The nature of women's labour participation in India is evolving. There has been a notable increase in part-time, informal, and gig-sector work, often unregularised and lacking social security protections.¹¹ Women are increasingly represented across a diverse range of occupations, from traditional care, domestic, and agricultural roles to modern sectors such as services, hospitality, retail, information technology, and entrepreneurship.¹²

While economic empowerment opportunities have expanded for some, the majority of working women continue to face heightened vulnerability in informal sectors, where job security, social benefits, and legal protections remain minimal.¹³ Persistent inequalities endure, including wage gaps, occupational segregation, limited upward mobility, inadequate maternity protections, unsafe workplaces, and deep-seated social norms that discourage female employment.¹⁴

Women's Rights under Labor Law: Legal Protections and Gaps

India has enacted several labour laws aimed at safeguarding women's employment rights, health, safety, and dignity. The **Equal Remuneration Act 1976** mandates equal pay for equal work and prohibits discrimination in recruitment and service conditions.¹⁵ The **Maternity Benefit Act 1961** protects pregnant women and new mothers through paid leave and workplace safeguards. The **Factories Act 1948** and other welfare legislation regulate working hours, safety, and workplace conditions. The **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013** provides statutory protection and makes employer accountability mandatory.¹⁶

¹¹ International Labour Organization, Women and Men in the Informal Economy: A Statistical Picture (ILO 2018).

¹² Organisation for Economic Co-operation and Development (OECD), Economic Outlook 2020 (OECD Publishing 2020).

¹³ International Labour Organization, India Wage Report: Wage Policies for Decent Work and Inclusive Growth (ILO 2018).

¹⁴ UN Women, Progress of the World's Women: Transforming Economies, Realising Rights (UN 2015).

¹⁵ Equal Remuneration Act 1976 (India).

¹⁶ Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

However, despite progressive legal provisions, enforcement remains inconsistent. Structural barriers such as informal employment, lack of awareness, weak implementation mechanisms, low union participation among women, and cultural stigma often dilute legal protections.¹⁷

Landmark Case Laws: Constitutional and Labour Rights for Women

Air India v Nergesh Meerza (1981)¹⁸

This case challenged the discriminatory policy of terminating female cabin-crew employees on account of pregnancy or marriage, which effectively barred them from continuing employment or obtaining promotions. The Supreme Court held these policies arbitrary and discriminatory under Articles 14 (equality) and 15 (non-discrimination on grounds of sex) of the Constitution. The judgment is widely considered a milestone in gender equality jurisprudence in the workplace.

Vishaka v State of Rajasthan (1997)¹⁹

In this crucial case, the Court recognized that sexual harassment at workplace violates fundamental rights, specifically, the right to equality (Article 14), non-discrimination (Article 15), and right to life with dignity (Article 21). The Court laid down guidelines (the “Vishaka Guidelines”) that employers must follow until formal legislation was enacted, culminating in the 2013 Statutory Act addressing workplace harassment.

Other significant cases also include those dealing with maternity benefits, equal wage claims, and workplace equality. However, despite progressive jurisprudence, empirical evidence suggests that many women remain outside the formal workforce or are employed in sectors lacking job security and benefits.

¹⁷ International Labour Organization, Women at Work: Trends 2020 (ILO 2020).

¹⁸ Air India v Nergesh Meerza AIR 1981 SC 1829

¹⁹ Vishaka v State of Rajasthan (1997) 6 SCC 241.

Critical Analysis & Why Economic Growth Alone Is Not Enough

The Indian experience underlines a structural paradox: even as GDP growth accelerated and educational attainment improved, female labour force participation continued to decline or remain stagnant. The root causes include:

- **Sectoral shift** from agriculture and low-skill manufacturing (women-intensive) to capital-/skill-intensive industries (male-dominated), reducing demand for female labour.
- **Informalization of work**, leading to insecure, low-quality, and underpaid employment with limited legal protections.
- **Social norms and gender roles** placing disproportionate burden of unpaid domestic and caregiving work on women, restricting their ability to take up formal employment.
- **Lack of women-friendly jobs and infrastructure** limited childcare support, unsafe workplaces, absence of flexible working conditions.
- **Weak enforcement of labour laws**, especially in informal and unorganized sectors.

Hence, relying solely on macroeconomic growth for gender-equal labour participation is inadequate. Without targeted policies, structural reforms, social support systems, and enforcement mechanisms, gains remain uneven and fragile.

Conclusion and Policy Recommendations

Given the complex interplay between economic growth, labour demand, social norms and institutional frameworks, a multifaceted strategy is needed to improve female labour participation:

1. Promote labour-intensive and women-friendly sectors (care economy, services, small-scale manufacturing).
2. Strengthen formalisation of informal work through social security, regular contracts, benefits.
3. Expand childcare, flexible working hours, transport safety, maternity protections to address care-work burden.
4. Ensure vigilant enforcement of labour laws (ERA, Maternity Benefit Act, Sexual Harassment Act).

5. Encourage female entrepreneurship and skill development tailored to regional socio-economic contexts.
6. Improve data collection and research to track women's employment participation, job quality, sectoral distribution.

Through this, India can transform economic growth into real opportunities for women — not just in numbers, but in quality, dignity, and equality.

India has undergone substantial changes in the last twenty-five years. The country has experienced rapid economic growth, structural shifts in the economy accompanied by high rates of urbanization, increases in educational attainment levels, and declining fertility rates, among other things. But during the same period there has been a gradual and long-term fall in women's economic activity. The proportion of 25-59-year-old women who are part of the labor force has declined by 23 percent. This has been far higher in some of the poorest states in India.

It is seen that the composition of growth has an effect on women's labor force participation rate. Economic growth in India has not been employment intensive. This likely affects women's options more than it affects men's. Agriculture and manufacturing sectors are typically labor intensive but have not led the overall economic growth in India.

These data suggest unequivocally that economic development alone is insufficient to increase women's economic participants.