

Dividing the Dividend: Women at Disadvantage

By Invite



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For a nation intoxicated by the possibility of reaping the demographic dividend, the latest NSS results on employment and unemployment come as a sobering reality check.

While fertility decline reduces the number of dependents per working age adult, unless this is also reflected in changing worker to non-worker ratio, how can we reap the demographic dividend? According to the NSS results, between 2004-5 and 2009-10, the work participation rates declined from 42% to 39%, hardly a reason to be sanguine about the potential of harvesting the demographic dividend.

Before jumping onto the bandwagon to blame the UPA government for jobless growth or conversely, dismiss the NSS data for its inability to capture reality, it is helpful to peer behind this decline. Between 2004-5 and 2009-10, male work participation rates have barely declined by a tenth of a percentage point, but the female work participation rates have declined by 6 percentage points. Thus, most of the employment decline is concentrated among women.

What might account for this decline? Here we stand on uncertain grounds. Until complete NSS results are available, there is no way of telling a consistent story.

But if we look at the female to male wage ratios, the story appears to a positive one. While women remain far behind men in terms of wages they are able to command, about 60 paise per rupee earned by men in rural areas and 80 paise per rupee in urban areas for regular wage and salaried workers, the gap appears to be narrowing. Between 2004-5 and 2009-10, this gap narrowed by 4 paise in rural areas and 7 paise in urban areas.

This suggests that we must look elsewhere to understand declining female work participation rates. A study by researchers from NCAER and University of Maryland offers an interesting clue. Female work participation declines with increase in incomes of other family members. Thus, if economic growth is reflected in rising male wages, it may lead to female labour force withdrawal. This survey also finds that increase in female education is also associated with lower work participation rates. Uneducated women are the most likely to be employed. With progressively higher levels of women's education, the female work participation rate drops until it begins to rise again for women with college education. Lack of suitable job opportunities for women with moderate education may be the greatest driving force behind this pattern.

This leaves us with an interesting dilemma. The much-touted jobless growth is largely concentrated in the female half of the Indian population. In some ways, the Indian economy is a victim of its own success. Twin engines of rising male wages and rising female education fuel decline in female work participation. The only way of getting out of this conundrum would be to create more jobs for women with primary and secondary levels of education. Here small and medium enterprises may have an important role to play by creating skilled non-agricultural jobs.

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