

Female Labour Force Participation and Economic Growth in India: Trends, Determinants and the Growth Potential of Women's Employment

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Abstract

Female labour force participation is becoming more acknowledge as a critical component of inclusive economic development in India. Despite swift economic expansion, improvements in female education and demographic transition, women's participation in the labour market has historically remained considerably below that of men. Using secondary data from the Periodic Labour Force Survey (PLFS), the World Bank and International Labour Organization (ILO), the study analyses developments in female labour force participation, worker population ratio, unemployment and economic growth. The PLFS data show a substantial increase in the female labour force participation rate from 23.3 percent in 2017–18 to 41.7 percent in 2023–24. However, a large gender gap remains, particularly in urban employment. The latest monthly PLFS evidence also indicates that female LFPR stood at 34.4 percent in July 2026 when using Current Weekly Status measure, shows the importance of distinguishing between statistical concepts and reference periods. The paper argues that women's participation is constrained not merely by education or household income but by the availability of suitable jobs, unpaid care responsibilities, social norms, occupational segregation, safety and mobility constraints, skill mismatches and the structure of economic transformation. The study shows that increasing women's participation in productive and remunerative employment could substantially enlarge India's effective labour supply, improve household well-being, increase productivity and support the country's long-term high-growth ambitions.

Keywords: Female Labour Force Participation, Women Employment, Gender Gap, Economic Growth, India, Labour Market

1. Introduction

Women's participation in economic activities is an important component of sustainable and inclusive economic growth. Labour force participation makes women to contribute to household income, acquire economic independence and participate in the process of national development. At the macroeconomic level, greater participation of women expands the effective labour supply, improves utilisation of human capital and can increase the productive capacity of an economy. India presents an interesting case because the country has experienced considerable economic transformation while female labour force participation has remained substantially below male participation. Social norms, unpaid care responsibilities, limited access to suitable employment,

occupational segregation, wage differences, safety concerns and inadequate childcare facilities have historically constrained women's participation in paid work.

Current data, however, indicate a significant improvement in women's labour force participation. According to the Periodic Labour Force Survey, the female Labour Force Participation Rate (LFPR) for persons aged 15 years and above, under the usual status approach, has increased substantially over the last few years. This improvement provides an important basis for examining whether India can utilise its large female population more effectively to achieve higher and more inclusive economic growth.

2. Review of Literature

The relationship between women's employment and economic growth has received considerable attention in development economics. Economic theory suggests that increasing women's participation in productive employment can raise the effective labour supply and improve the allocation of human resources.

The World Bank has highlighted the importance of increasing women's participation for India's growth potential. Greater female employment can contribute to higher household incomes and enable the economy to make better use of its educated and working-age female population.

Klasen and Pieters (2015) argue that India's low female employment is associated with structural and social factors, including household income, education, fertility and the availability of appropriate employment opportunities. Desai et al. have also emphasised the importance of social and economic conditions in determining women's labour market outcomes.

Recent Indian labour-market evidence suggests that female LFPR has increased considerably. However, the increase needs to be examined carefully because participation does not necessarily imply access to high-quality, formal or well-paid employment. A substantial proportion of women continue to work in agriculture, self-employment and unpaid family work.

Thus, the central issue is not only increasing female participation but also ensuring productive, remunerative, secure and decent employment.

3. Objectives of the Study

The major objectives of the study are:

- To study the trends in female labour force participation in India. 2.
- To analyse the gender gap in labour force participation.
- To examine the relationship between female employment and economic growth.
- To suggest policy measures for improving women's participation in productive and decent employment.

4. Hypotheses of the Study

The study tests the following broad hypotheses:

H₀₁: There has been no significant improvement in female labour force participation in India during the study period.

H₀₂: There is no significant gender gap in labour force participation in India.

H₀₃: Female employment has no positive relationship with economic growth in In

5. Research Methodology

The study is based primarily on **secondary data**. Data on labour force participation are obtained from the **Periodic Labour Force Survey (PLFS)** published by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India. Macroeconomic information is supplemented with data from the World Bank and other official publications.

The study uses descriptive and comparative analysis to examine trends in female LFPR and the gender gap. The main indicators are:

- Female Labour Force Participation Rate (FLFPR)
- Male Labour Force Participation Rate (MLFPR)
- Gender gap in LFPR
- Female employment
- GDP/economic growth

The gender gap is calculated as: **Gender Gap = Male LFPR – Female LFPR**

For examining the relationship between female employment and economic growth, this research proposes a simple regression framework:

$$\text{GDP Growth} = \alpha + \beta \text{ Female Employment} + \varepsilon$$

where:

- **GDP Growth** = annual economic growth rate
- **Female Employment** = indicator of women's employment/participation
- α = constant
- β = coefficient of female employment
- ε = error term

A positive and statistically significant value of β would support the hypothesis that higher female employment is associated with higher economic growth.

6. Trends in Female Labour Force Participation in India

India has witnessed a major rise in female labour force participation in recent years. The following table illustrates the broad trend.

Table 1: Labour Force Participation Rate by Gender in India

Persons aged 15 years and above; usual status, approximate percentage

Year	Male LFPR (%)	Female LFPR (%)	Gender Gap (percentage points)
2017–18	75.8	23.3	52.5
2018–19	75.5	24.5	51.0
2019–20	75.8	30.0	45.8
2020–21	77.4	32.5	44.9
2021–22	77.2	32.8	44.4
2022–23	78.5	37.0	41.5
2023–24	78.8	41.7	37.1

Source: Compiled from Periodic Labour Force Survey (PLFS), MoSPI. Figures may vary depending on the age group and LFPR concept used.

The table demonstrates a substantial increase in female labour force participation. Female LFPR increased from around **23 per cent in 2017–18 to over 40 per cent by 2023–24** under the corresponding usual-status measure.

This improvement is an important structural development in India's labour market. On the other hand, female participation continues to remain considerably below male participation. The increase may be associated with many factors, including rising educational attainment, increased rural employment, expansion of self-employment, changes in household economic circumstances, government programmes and greater recognition of women's economic contribution.

However, the quality of employment remains an important concern. A rise in participation does not automatically mean that women are entering stable, formal and well-paid employment.

7. Gender Gap in Labour Force Participation

The gender gap remains one of the most significant characteristics of India's labour market.

Year	Male LFPR (%)	Female LFPR (%)	Gender Gap (percentage points)
2017–18	75.8	23.3	52.5
2018–19	75.5	24.5	51.0
2019–20	75.8	30.0	45.8
2020–21	77.4	32.5	44.9
2021–22	77.2	32.8	44.4
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2023–24	78.8	41.7	37.1

The gender gap declined considerably over the period. Nevertheless, the difference remains high. This indicates that India's challenge has shifted from merely increasing female participation to ensuring **sustained, high-quality and equitable employment opportunities for women**.

Several factors contribute to the gender gap:

7.1 Unpaid Care Work

Women continue to undertake a disproportionately major share of household work and childcare. These responsibilities reduce the time available for paid employment.

7.2 Social Norms

Traditional perceptions about women's roles can restrict women's mobility and participation in the formal labour market.

7.3 Occupational Segregation

Women are disproportionately focused in agriculture, informal work, low-paid services and unpaid family employment.

7.4 Safety and Mobility

Concerns about workplace safety and transportation can affect women's ability to accept jobs, particularly jobs located far from their homes.

7.5 Wage Inequality

Differences in earnings and career progression may reduce women's incentives and bargaining power within households.

8. Female Employment and Economic Growth

Female employment can influence economic growth through several channels.

First, greater participation increases the effective labour supply. When women who are willing and able to work obtain productive employment, the economy uses a larger proportion of its working-age population.

Second, women's earnings can increase household income and expenditure on education, nutrition and health. This can enhance human capital formation over the long term.

Third, greater female employment can increase productivity by making better use of women's educational qualifications and skills.

Fourth, women's economic independence can contribute to higher investment in children's education and improve intergenerational outcomes.

The relationship can therefore be represented as:

Higher Female Employment → Higher Labour Utilisation → Higher Household Income → Greater Human Capital → Higher Productivity → Economic Growth

9. Empirical Discussion

The descriptive evidence shows the argument that female labour force participation in India has increased substantially. At the same time, the persistent difference between male and female participation demonstrates that gender inequality in labour-market participation continues to be an important structural issue.

The expected relationship between female employment and economic growth is positive. When women move from unpaid domestic works into productive market-oriented employment, the economy can benefit from additional labour and human capital.

A simple empirical model may be estimated using yearly data:

$$GDP_t = \alpha + \beta FLFP_t + \epsilon_t$$

where GDP_t represents economic growth and $FLFP_t$ represents female labour force participation.

If the estimated coefficient β is positive and statistically important, the null hypothesis H_{03} would be rejected in favour of H_{13} .

It should be noted that a simple correlation or regression does not by itself establish causality. Economic growth can also influence women's employment by creating extra employment opportunities. Therefore, future research should employ longer time-series data, panel data across Indian states, and more sophisticated econometric techniques to establish causal relationships.

10. Major Findings

The study produces four major findings.

First, female labour force participation in India has shown a significant upward trend in recent years.

Second, although the gender gap has reduced, male participation continues to substantially exceed female participation.

Third, female employment has considerable potential to contribute to economic growth through greater labour utilisation, household income, productivity and human capital formation.

Fourth, increasing participation alone is insufficient. The policy focus must increasingly shift towards **decent, productive, formal and adequately remunerated employment**.

11. Policy Recommendations

To improve women's participation in productive and decent employment, the following measures are recommended:

11.1 Expansion of Affordable Childcare

Accessible childcare facilities can enable women with young children to participate in paid employment.

11.2 Skill development

Skill-development programmes should be designed to connect women with recent sectors such as digital services, manufacturing, healthcare, financial services and the green economy.

11.3 Safe Transportation

Safe and affordable public transportation is essential for increasing women's mobility and access to employment.

11.4 Promotion of Formal Employment

Government policies should encourage firms to create formal employment opportunities with social security, maternity benefits and safe working conditions.

11.5 Flexible Work Opportunities

Flexible working arrangements, including appropriate part-time and remote area employment, can help women balance employment and household responsibilities.

11.6 Equal Pay and Career Advancement

Effective implementation of equal payment principles and stronger mechanisms against workplace discrimination are required.

11.7 Support for Women Entrepreneurs

Improved access to credit, markets, technology and business training can strengthen women's entrepreneurship and self-employment.

11.8 Rural Employment Opportunities

Policies should expand non-farm employment opportunities for rural women so that participation is not concentrated only in low-productivity agricultural works.

12. Conclusion

Female labour force participation is increasingly important for India's development strategy. The evidence presented in this study shows a substantial improvement in women's participation in the labour force in recent years. However, a large gender gap still, demonstrating that India's labour market has not yet achieved gender parity.

The study's central argument is that increasing women's participation can generate major economic benefits by expanding the effective labour force, utilising human capital more efficiently, increasing household incomes and improving productivity. Nevertheless, the objective should not

simply be to enhance the number of women classified as economically active. Women need access to **productive, decent, safe, secure and fairly remunerated employment**.

The hypotheses relating to the improvement in female participation and the persistence of the gender gap are broadly supported by the descriptive evidence. India's future growth potential will therefore depend not only on physical capital and technology but also on its ability to fully utilise its female human capital. Policies that remove hardles to women's employment can simultaneously promote **gender equality, household welfare and sustainable economic growth**.

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