

An Analysis of the Impact of Mahatma Gandhi National Rural Employment Guarantee Act, 2005 on Female Labour Force Participation in India

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ABSTRACT

The financial emancipation of women is crucial for female empowerment and economic growth. Participation of women in the labour force equips them better to combat socio-economic issues while simultaneously boosting economic activity and GDP at the macro level(Buterin et al., 2023). Despite this, even in the 21st century, women's participation in the workforce is less than 47% compared to 72% for men(The Gender Gap in Employment: What's Holding Women Back?, n.d.). The reasons for this disparity include both demand-side (opportunities for women to work) and supply-side (availability for women to work) factors. This paper explores women's labour force participation in India and the factors influencing it. It evaluates the impact of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 as a demand-side policy intervention to improve women's labour market participation using secondary data. The results of this research indicate that the policy has helped improve the income, employment and decision-making power of women. Yet, the research indicates that the programme faces several structural constraints in providing employment and fails to address the long-term supply-side issue of low female labour market participation.

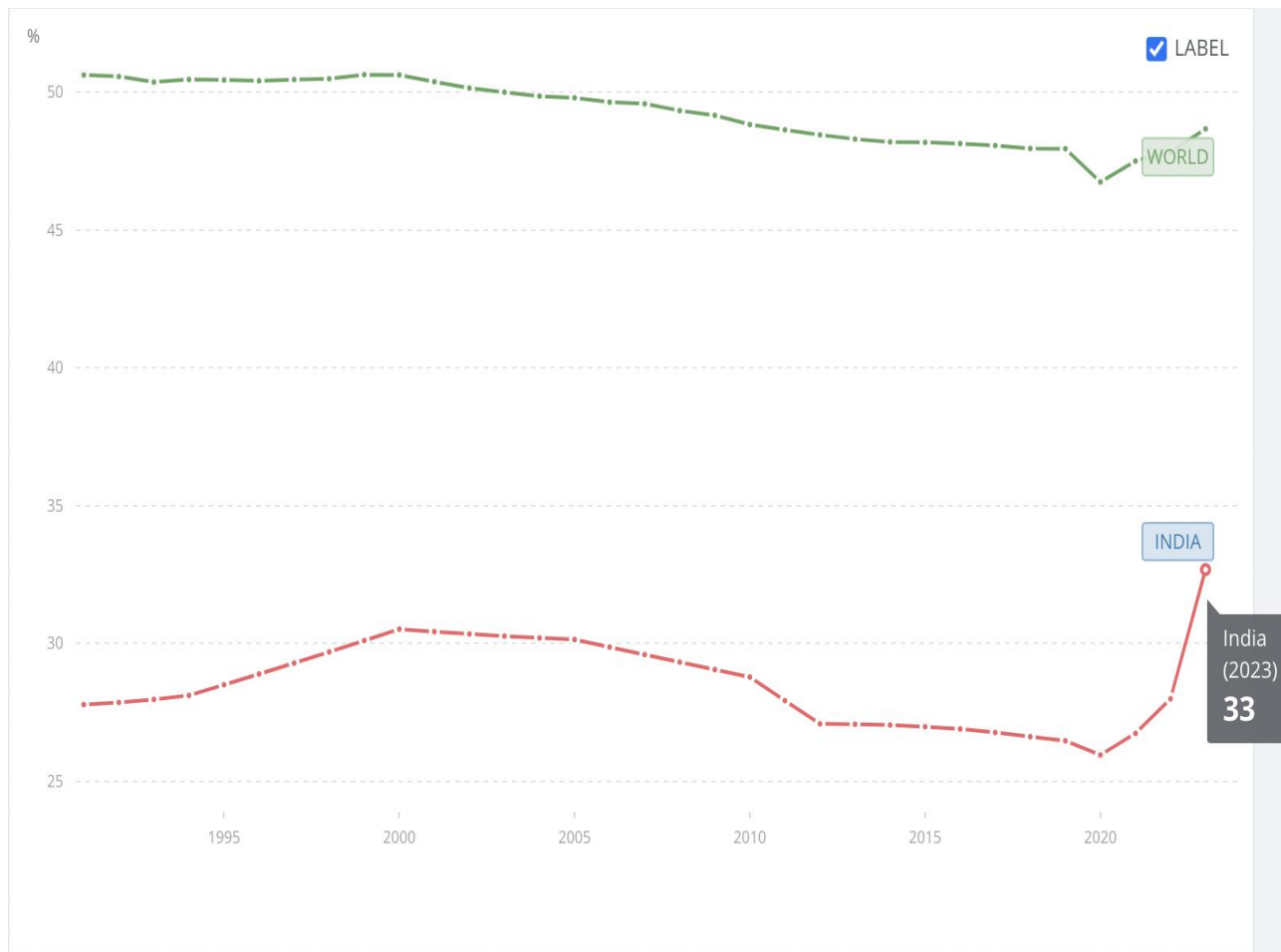
Methodology

The paper uses secondary data from official government sources such as World Bank Open Data, the Annual Periodic Labour Force Survey, the Indian Human Development Survey, the National Sample Survey, and MGNREGA's official reports. It also incorporates qualitative and quantitative analyses from various articles and research papers published since 2011, following the policy's nationwide implementation.

1. Female Employment in India

According to the World Bank Open data, the percentage of the female population 15 and above who are employed in the labour market is just 33% in India in 2023 compared to 49% in the world. This is far lower than the percentage of the male population ages 15+ employed which is 77% in India and 73% in the world in 2023. The 40% difference between men and female % population employed is of grave concern, especially for a developing country like India, where advancing women’s employment can lead to a GDP boost of \$770 billion by 2025, 18% higher than the expected GDP(Singh, 2024).

Figure 1: Labour force participation rate, female (% of female population ages 15+) (modelled ILO estimate) - India, World



Source: World Bank Open Data(World Bank Open Data, n.d.)

However, as seen in Figure 1, the labour force participation for females in India has been increasing since 2020 rising significantly from 2022(28%) to 2023(33%). While post-COVID economic recovery and economic growth and development are important reasons for the same, structural changes such as declining fertility rates and improving female education have also played a role. The Labour force participation rate data, given in Figure 3, reinforces the trend with the LFPR females (15+) increasing from 23.3% in 2017-18 to 37% in 2022-23. Though this number is still very small compared to males (15 +) LFPR, the increase is the right step towards better policy making and implementation.

Figure 2: Labour force participation rate, male (% of male population ages 15+) (modelled ILO estimate) - India, World



Source: World Bank Open Data(World Bank Open Data, n.d.)

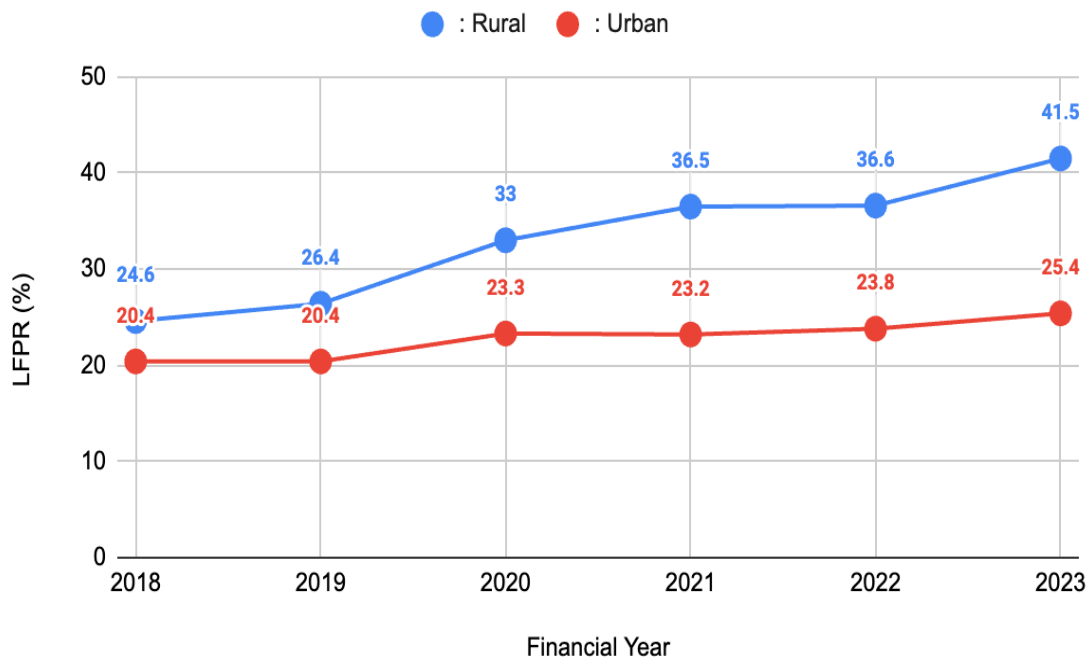
Figure 3: LFPR from 2017-18 to 2022-23

Table 1: Labour force participation rates (in per cent) in usual status (ps+ss) estimated from PLFS (2017-18), PLFS(2018-19), PLFS (2019-20), PLFS (2020-21), PLFS (2021-22) and PLFS (2022-23)									
all-India									
age group	rural			urban			rural+urban		
	male	female	person	male	female	person	male	female	person
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
PLFS (2022-23)									
15 years and above	80.2	41.5	60.8	74.5	25.4	50.4	78.5	37.0	57.9
all ages	55.5	30.5	43.4	58.3	20.2	39.8	56.2	27.8	42.4
PLFS (2021-22)									
15 years and above	78.2	36.6	57.5	74.7	23.8	49.7	77.2	32.8	55.2
all ages	56.9	27.2	42.2	58.3	18.8	39.0	57.3	24.8	41.3
PLFS (2020-21)									
15 years and above	78.1	36.5	57.4	74.6	23.2	49.1	77.0	32.5	54.9
all ages	57.1	27.7	42.7	58.4	18.6	38.9	57.5	25.1	41.6
PLFS (2019-20)									
15 years and above	77.9	33.0	55.5	74.6	23.3	49.3	76.8	30.0	53.5
all ages	56.3	24.7	40.8	57.8	18.5	38.6	56.8	22.8	40.1
PLFS (2018-19)									
15 years and above	76.4	26.4	51.5	73.7	20.4	47.5	75.5	24.5	50.2
all ages	55.1	19.7	37.7	56.7	16.1	36.9	55.6	18.6	37.5
PLFS (2017-18)									
15 years and above	76.4	24.6	50.7	74.5	20.4	47.6	75.8	23.3	49.8
all ages	54.9	18.2	37.0	57.0	15.9	36.8	55.5	17.5	36.9
<i>2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18</i>									

Source: Annual report, PLFS 2022-23

The data above reiterates the pattern of gradual increase in female(15+) labour force participation as graphed in Figure 4. There is however a significant difference in rural and urban female employment statistics, with a 41.5% 15+ female labour force participation rate in rural India, compared to 25.4% in urban areas. This statistic is often surprising since rural areas are considered to be more orthodox and hence more likely to stick to traditional gender roles compared to urban areas. Moreover, women in urban areas are more educated and more skilled and thus have a higher probability. However, The difference is attributed to the fact that there is large-scale poverty in rural areas, hence rural women get employed in low-paying low-skilled agriculture and allied jobs to support their families. In urban areas, since families earn comparatively more urban families do not want females to work, as often female employment is a family decision rather than her own choice due to socio-political factors(Byju’s, 2022).

Figure 4: LFPR(%) of female(15+) in rural and urban areas



Source: Author's Analysis of PLFS data (2022-2023)

The rising LFPR has also been attributed to the U-hypothesis claiming that India is on the rising part of the U curve. The U hypothesis claims that there is a U-shaped relationship between female labour force participation and education. It claims that in poor countries the female labour force participation is the highest as agriculture dominates the economy and more women are employed at low-paying jobs at farms. As the country's GDP increases and it undergoes structural changes from the agriculture to the manufacturing sector, female labour participation decreases because Work in the manufacturing sector limits women's ability to work and take care of their simultaneously and there is also social stigma regarding women working with heavy machinery and/or in the factory. However, as the GDP further increases and there is greater education, and more opportunities for women in the emerging service sector, the labour force participation starts to increase. This hypothesis is consistent with the current trend in India, where the service sector is emerging and female labour force participation is rising(*The Paradox of Low Female Labour Force Participation*, 2024).

Despite this, government policies play a crucial role in encouraging more women to join the workforce and creating more opportunities for them.

2. Reasons for historically low female LFPR

There are both supply-side factors like societal pressure, domestic work, stigma etc and demand-side factors such as biased hiring, mismatch in skills, and inadequate support for childcare etc that discourage women from joining the workforce. The supply side and demand side factors both reinforce each other to create a system of suppression.

2.1 Supply- Side factors:

1. Prosperity's Pullout: When Rising Incomes Sideline Women's Work:

As household income increases due to rising growth, women drop out of the labour force simply because they can afford to. Women's participation in the labour force is often viewed as an emergency and standby measure. The moment the family becomes financially stable, they expect women to drop out of the labour force (Frayar, 2023)

2. Rising Education:

As the economy grows, women, particularly in urban areas, prioritise their further education and temporarily drop out of the labour force. As women spend longer time in schools, the labour force presence of women declines. In the long run, education helps women get higher-paying jobs in the workforce though it has not yet translated to greater jobs (Goel et al., 2023).

3. Fear of personal safety in the workplace:

Increasing cases of sexual violence and rape cases in workplaces have a negative effect of deterring women from going out for work in society(Siddique, 2018). Furthermore, women tend to feel unsafe in workplace environments, especially since work fields are usually male-dominated areas with a lack of strict laws regarding women's safety and inclusion.

4. Unavailability of compatible work:

There is an unavailability of work opportunities that allow women to work while simultaneously taking care of household duties and family expectations(Dhanaraj & Mahambare, 2018). Furthermore, only a limited number of sectors align with women's preferences for employment flexibility, working conditions, and location, which are often shaped by family expectations, social acceptance and the burden of other unpaid work. Women's work is hence often displaced by other men who do not have to contribute to household unpaid work.

5. Social Expectations

Only 32% of women continue to work after getting married(BBC News, 2023). This is because of the societal belief that women have a primary obligation to their household duties which mounts over their desire to have a profession of any kind. There is also a lack of support from their families regarding women's professions, leading to decreasing labour market participation.

2.2 Demand-side reasons:

1. Motherhood penalty:

The motherhood penalty refers to the wage forgone by a mother for taking care of her children which depends on the socially dominant image of an ideal worker and ideal woman. The motherhood penalty has both demand-side and supply-side effects. On the supply front, employers have an inherent bias against mothers as it is believed that they won't be able to fulfil the image of an ideal worker characterised by long hours and overtime work(Sarkhel & Mukherjee, 2020). When women take a temporary break from the work sector, they suffer from loss of wages and employment opportunities afterwards because of biases, skill and employment expectation mismatch.

2. Unavailability of regular and steady employment opportunities for women:

The volatility in the job market disproportionately affects women as their job prospects are displaced by men instead. The frequent entry and exit of women in the labour force is due to the lack of steady employment available to them(Deshpande & Singh, 2021). In rural areas, in particular, there are very scarce opportunities for paid labour for women(apart from low-paying agriculture opportunities. Since high-paying jobs in rural India are limited, they are dominated by men, pushing women out of the labour market.

3. MGNREGA

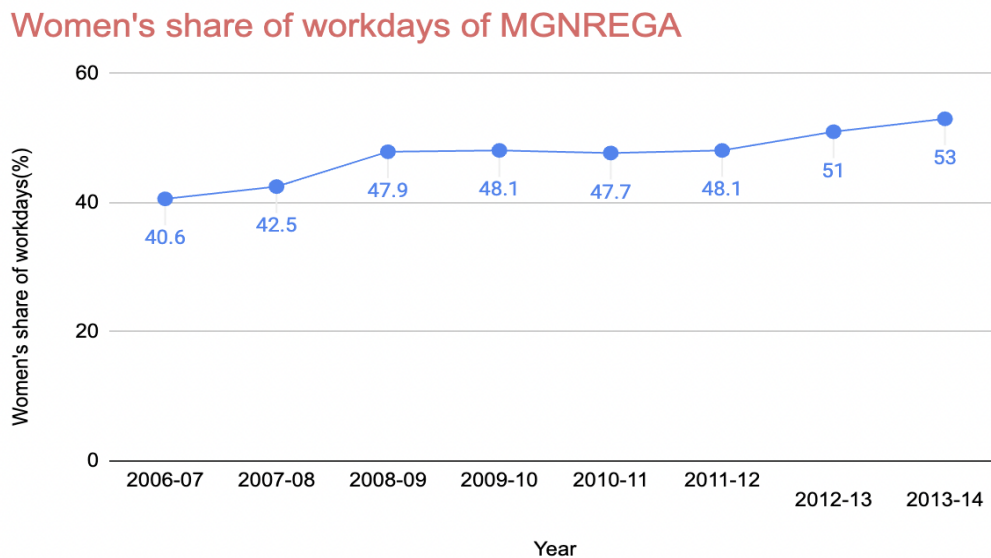
Mahatma Gandhi National Rural Employment Guarantee Act is a social welfare scheme aiming to 'enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members'(Mahatma Gandhi National Rural Employment Guarantee Act | Palamu | India, n.d.). It is mandated that at least 33% of the beneficiaries are women who have registered and requested work. This policy specifically targets the demand-side issue of the unavailability of employment opportunities for women in the workforce. By providing direct employment to women, the policy aims to increase their labour force participation. Additionally, the policy includes facilities for crèches and childcare to address the supply-side challenge of the unavailability of compatible work for women in the workforce. However, this is often neglected in practice. Additionally, MGNREGA provides employment closer to home, making it easier for women to participate while simultaneously

being engaged in household activities. The paper analyses the impact of this policy in empowering the financial independence of women.

3.1 Impact:

1. Female employment

According to NSSO, employment is defined in two aspects: Usual Principle status(PS) and Usual Subsidiary status(SS) (Mohanani & NSC Secretariat, n.d.). An individual is employed according to PS if they are employed in an economic activity for a long period of time. On the other hand, an individual is considered employed according to SS if they are engaged in an economic activity for at least 30 days. Since MGNREGA provides employment for at least 100 days, it contributes to the subsidiary employment in the country. Women's participation in MGNREGA work has increased from 40% in 2006-07 to 53% in 2013-14. NSS data on increasing engagement of women in the labour force in the subsidiary capacity have reinforced this.



Source: Author's Analysis of MGNREGA data

Although, this share varies widely with different states. While in more literate states like Kerala women's proportion of work is significantly higher (89.61%) compared to less developed states like UP(37.25%) and Jammu and Kashmir (33.34%)(Participation of Women Under Mahatma Gandhi National Rural Employment Guarantee Scheme | Ministry of Rural Development | Government of India, n.d.).

De Mattos and Dasgupta (2017) used the IHDS survey, restricting their sample to 15,618 women who were of working age (15 and above) and married and living with their spouses to be able to draw conclusions about employment and empowerment in decision-making within the household. The sample only included women who took part in both the surveys conducted in 2004-05 (the year before MGNREGA was implemented) and 2011-12 (after the policy's nationwide implementation) and answered questions about intra-household dynamics. The paper concluded that half of the women who worked in MGNREGA had previously not been employed in paid work. For 22.5% of the women, this was the first time being employed and for 28.8%, this was the first time being employed in paid work.

This shows how this policy acted as a medium to engage women in the labour force and earn their own money for the very first time.

2. Income

The work provides equal income for men and women, which is a significant factor in promoting gender equality in wage employment. Wages under MGNREGA are not uniform across states, rather they are linked to state-specific Standard Schedule of Rates. The base wage of Rs 100 is used which is indexed based on the rate of inflation. Since MGNREGA wage in most states is based on the quantity of work done rather than the number of hours spent, it leads to more efficient and higher wage earning, especially for women who in the traditional system are often unable to spend as much time due to the burden of household activities. Reddy et al. (2014) conclude that due to the policy, the rate of increase in women's wages is much higher than the rate in increase of men's and due to the fixed wages for men and women, the difference in male-female wages in agriculture has reduced significantly. Ghani (2017) concludes that the primary reason for the increase in the rate of income is not because the amount of income itself is increasing, but because more women are now taking part in paid labour. This shows how the lack of demand is one of the major constrain on women's work.

3. Decision-making within household

The access to paid work and income in their account also acts as a medium to empower women and increase their decision-making ability within the household. As women's access to economic resources increases, so does their bargaining power within the household(United Nations et al., 2009). De Mattos and Dasgupta (2017) built an index that constituted 4 components which influence women's control in decision-making and using the index concluded that women who worked as part of the MGNREGA had greater control over decision-making compared to earlier. Though women were previously employed in unpaid and other household work, this wasn't valued as much within the household due to societal expectations of a woman's duty.

3.2 Evaluation:

1. Inconsistent employment days

By design, the programme is mandated to provide a minimum of 100 days of employment to a household. However, in most states, the average number of days of employment is still 50 days (Dheeraja et al., 2013). This disproportionately affects women as MGNREGA employment is often their primary source of income.

2. Delayed wage payments

The policy mandates that if the wages are not paid within 15 days, individuals are provided with delay compensation. However, in practice, this is often not followed. Payments are often delayed due to a shortage of funds or administrative delays. This also makes women's participation difficult, especially for those who are the sole working members in their family.

3. Worksite childcare neglected

Although providing creches and childcare facilities at the workplace is an essential part of the programme, such facilities are often neglected in practice. A few key reasons for this is lack of funds, staff capacity and bureaucratic delays. Moreover, women are often the minority in these workplaces, leading to their needs being prioritised less. There is also a lack of gender sensitisation amongst the project implementers, leading to delays and a lack of provision (Dutta et al., 2012). This lack of provision then becomes a structural challenge for women to take part in work as they have no facilities to look after their children. Many women often end up bringing their children to work, wherein they are often exposed to dangerous work conditions and dust/debris etc. This leads to this work opportunity being taken up by women only as a last resort to sustain their families. Women choose to drop out or not work in MGNREGA if they can afford to do so because of a lack of gender-sensitive infrastructure.

4. Social barriers and exploitation

The nature of work offered by MGNREGA in many places is physically strenuous and involves hard, manual labour. This type of work not only makes it structurally hard for women to take part but there are a lot of social stigmas also associated with women partaking in physical and manual labour. Dheeraja et al. (2013) also found that in many places men resisted women's employment in high-paying MGNREGA job opportunities and the presence of illegal contractors often leads to exploitation and exclusion of women in the workplace. These social barriers and exploitation further act as a barrier for women to partake in the work offered by this policy and it also increases supply-side barriers, leading to lower female participation. Moreover, it is

important to note that MGNREGA provides 100 days of employment to a household and hence which member of the household is employed is a family decision. Hence, the policy fails to address gender-imposed constraints within families.

5. Not a long-term solution?

While MGNREGA offers short-term subsidiary employment to women, it primarily serves as a safety net for poor families in immediate need of work. It addresses only the short-run demand for women's employment and fails to tackle the deeper, demand-side issues related to social and cultural norms that contribute to low female workforce participation.

4. Conclusion

MGNREGA serves to address the demand-side issue of the lack of steady employment opportunities for women by providing direct employment and ensuring wage equality. It also deals with supply-side issues of unavailability of compatible work by providing work close to home and mandating provisions like creches. The policy has significantly increased women's participation in the labour market, particularly in rural areas. The rise in female labour force participation from 40% in 2006-07 to 53% in 2013-14 highlights its impact. Moreover, MGNREGA has contributed to reducing the gender wage gap in agricultural work, empowering women financially and improving their decision-making power within households.

However, MGNREGA also faces several limitations. The program mandates the provision of 100 days of work per household, leaving the decision of who works in a particular household to individual families, which may not always favour women. Additionally, delayed wage payments, the neglect of childcare facilities, and physically strenuous work further reduce its accessibility for women. Social barriers, such as stigma around women doing manual labour, and exploitation by contractors, also limit women's participation. The policy also does not address deeper, structural challenges, such as cultural norms and biases, that restrict long-term female employment.

5. Future recommendations

In the future, to better the impact of the policy, the gender-sensitive provisions have to be reinforced. Though the design of the policy includes several gender-sensitive provisions, these provisions don't often translate into practice. Hence, the enforcement of the policy needs to be strengthened along with the strengthening of other public services like infrastructure and transport, to overcome the multitude of gendered constraints that women face. The programme must also account for women's disproportionate unpaid care work and ensure that the work is provided to individuals, not households to allow women to take part actively.

However, such short-term policies are not enough to deal with such a structural issue. These policies need to be complemented with initiatives that provide skill development and tackle structural issues such as gender biases in hiring and workplace safety concerns.

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