

Why women in India are dropping out of the workforce: Farzana Afridi and Kanika Mahajan on their research on gender and labor markets

Voices in Development: A Podcast from Yale's Economic Growth Center explores issues related to sustainable development and economic justice in low- and middle-income countries. This episode features Farzana Afridi and Kanika Mahajan on understanding and overcoming the barriers to women's labor market participation in India.

Transcript:

Farzana Afridi: You want to look under the black box of what is happening within the household, and then see how that interacts with the outside world to determine, ultimately, the impacts of government policies.

00:15 - 1:55

Catherine Cheney: Why do some countries advance while others fall behind? Who benefits from economic growth and who doesn't? How do inequality and climate change affect people, especially the most marginalized? What role can data play in answering questions like these and informing policies that promote economic justice? Let's find out on Voices in Development.

Hello and welcome to our podcast. I'm your host, Catherine Cheney. We're coming to you from the Economic Growth Center at Yale University, which is focused on economics and data-driven insights for equitable development. In this episode, we'll hear from Farzana Afridi and Kanika Mahajan, two development economists who have collaborated on research into women and work in India. Despite rapid economic growth in India, women are dropping out of the workforce. Research by Farzana and Kanika has uncovered new insights on why that is and what might be done about it.

Farzana Afridi is a professor of economics at the Indian Statistical Institute in Delhi, visiting professor at the Munk School of Global Affairs and Public Policy at the University of Toronto, and research fellow at the Institute of Labour Economics in Bonn. Kanika Mahajan is an associate professor of economics at Ashoka University in Sonapat, India. They participated in EGC's Kuznets Visitors Program, which brings short term visitors to the Yale campus to contribute to the development economics community. We talked about their work together on women's participation in the workforce, the benefits and risks of digital platforms, and opportunities for collaboration between researchers based inside and outside of India.

Farzana and Kanika, thank you so much for joining us.

Farzana Afridi: Thank you so much for having us.

Kanika Mahajan: Thank you.

1:57 - 2:05

Catherine: I want to hear a little bit more about the path each of you took into your work into development economics, as well as how your paths came together. So, Farzana, can we start with you?

2:06 - 4:45

Farzana: When I started my thesis, I was looking at how public programs interact with households behavior in the sense that, you know, often governments come up with cash transfers, let's say, or in-kind transfers, and they have certain expectations about what the impact of that would be. But very often governments don't take into account how households might react to those public programs. Just to give you an example, in economic theory, we think that if it is the case that there is a single person within the household who is making decisions about how, let's say, food has to be distributed within the household, and if the government comes up with something like school meals, for example, and targets it at a particular school going child in the family, then the family could just reallocate the food.

Let's say the child is getting one extra piece of bread in the school. When they come back home, you give them one piece of bread less because they've got that additional food from the school. So in the net, the effect of that transfer program is not going to be as large as the government would have liked. And so what matters is intra-household or within household decision-making processes, how they interact with the government policies and programs. And so I started looking at what determines decision-making within the household, and especially in these contexts, when child health education outcomes are important, it is the role of the mother in terms of decision-making, in terms of allocation of resources, along with the father.

Of course, that's very important. But we had a lot of new literature coming up, which is talking about the differences in preferences in terms of how these resources are distributed within the household between women and men. And that ultimately leads you to thinking about how is the decision-making within the households determined that in turn, is determined by how much income they are earning, how much say they have is linked to all of that. And then that brings you in turn to labor market relationships that women have decisions that they're making about earnings and so on and so forth.

That brings the whole picture together. You want to look under the black box of what is happening within the household, and then see how that interacts with the outside world to determine ultimately, the impacts of government policies. That's where it took me to looking at women in particular, looking at labor markets and all the attendant issues related to that.

4:46 - 4:48

Catherine: Kanika, what led you into this work?

4:49 - 7:07

Kanika: I was first year of my PhD. As confused as can be about what I really would like to work on. So my supervisor just said, no, why don't you go to the field, actually talk to people, figure out what really excites you amongst all the things that you can possibly do. And I remember my visit to these villages in Maharashtra, in India, these were primarily agricultural pockets and just started speaking to both men and women who used to work on the agricultural fields just discussing, you know, daily issues with them in terms of, you know, what are their concerns? What did they feel that is missing in the labor market? Or, you know, what else is that they feel is the big issue in the agricultural sector, especially when they go seek work in terms of the wages they get, in terms of the employment days and hours they get.

And that's when I realized that the perspectives were so different. If you spoke to women, they would speak about wage gaps. They would also speak about not being able to feed their kids well enough with the wages that they were earning. They would also talk about access to government policies to PDS, whereas men, they were more worried about getting access to non-agricultural employment. The factory, which was supposed to come nearby, has not really materialized. So you could clearly see that the issues, the concerns and the problems facing each one of them were different.

And given that they were facing such different constraints within which they were making their own decisions, so they may be making decisions as a household unit. But as Farzana mentioned, within the household, the kind of divisions that come up which lead to men focusing on certain areas and women focusing on the others. And you know, what was exciting is now how that changes the family dynamic. And what implications does that have in the labor market itself, and for future labor market prospects for both men and women? I found that required more attention specifically in the context of India, because these issues were much less explored in the Indian context at that point of time, as opposed to the developed countries.

That field visit really made me realize that this was definitely one issue that I cared about, and I would want to explore that more in my research in terms of, you know, how these inequities come about, what are the channels that lead to creation of inequities in the labor market, and what kind of intergenerational effects and even what long term implications can they have in the lives of both women and men?

7:07 - 7:21

Catherine: It's so interesting to hear about each of your early motivations and what set you on this path. As you started to ask those questions, how did you ultimately start to come together around some particular areas you wanted to focus on geographically?

7:22 - 9:08

Farzana: Geographically, uh, it was obvious, but we were also in the same institute. So Kanika was in the last year of a PhD program when I joined as faculty. She's done some earlier chapters in her thesis, which were looking at rural labor markets and looking at women in particular. And I was very intrigued by what we were observing in India, which was this decline in women's labor force participation over the last few decades. It's been such a huge puzzle.

Unlike the developed countries where you see declines in fertility rates, you see increases in women's educational attainment, gender gaps in educational attainment, declining. Typically, women would increase their labor force participation. You would see more engagement with paid outside work. But in India, the opposite was happening. And so I was very interested in exploring that. And I saw it as a natural extension of the work that Kanika was doing in terms of our mutual interest, to have her on board as a collaborator on that particular project.

It just took off from there. We had so many common interests from her. I also got interested in agriculture. I was working in rural areas, but I was not working in agriculture in particular, so it really fitted very well in terms of what I could learn from her, and also in terms of her interests and the earlier work, because I had done fieldwork, I had done data collection on surveys and so on. So her natural acumen and interest with secondary data, which she had really good hold of, along with my interest in trying to bridge it with data, which is in the field. I think it's sort of it was very natural coalitions that we formed.

9:09 - 9:19

Kanika: I think we had great synergy in the kind of questions we wanted to work on, especially with respect to gender. That was the main starting point, which got us collaborating together on this front.

9:27: - 9:40

Catherine: So let's start with that initial collaboration. Farzana, you mentioned this very helpful coalition you formed. Can you talk about what you found in looking into the reason for this decline and what the implications of those findings were?

9:41 - 13:01

Farzana: Typically, what we see is an increase in women's labor force participation, but we don't see that happening and India also is an outlier in women's labor force. Participation is much below where similar countries at that level of GDP per capita and education levels would be. And so what we wanted to really understand is how this change has evolved over the last few decades. So we looked at data to see what explains this decline. Is it the supply side? So when I say the supply side, it means essentially what are the reasons for households preferences which determine this decline, how much of it is explained by reasons that we can't really pin down? For instance, they could also be the demand side, which is that is it the case that there isn't enough

demand for women's work, or the kind of work that women want to do is not coming forth? What we found was that in the earlier decades, the decline that we observed was primarily driven by the supply side reasons, which is women's educational attainment was increasing quite dramatically.

And now you see that at least at lower levels of education, the gender gap has declined or completely been removed in India. So when your educational attainment goes up, your productivity increases. So you're going to be more productive in the labor market because you're just more knowledgeable. You can do things much more efficiently and so on, which also means that you can be more efficient within the home, for instance, the domestic work that you're doing. One of the very important things that women do and all of us do, irrespective of whichever country we are located in, is help children with education.

Simple things like immunization, helping them with their homework. And so women at one end might be looking at what are the returns to my investing my time at home versus the returns that I would get if I stepped out of the home and worked in the labor market. As this educational attainment goes up, it is sort of explaining a lot of that decline, which means that the returns at home started increasing, but you can balance that return at home. Also, if the returns in the labor market go up. And it seemed that in the later decades, one of the things that we couldn't find explanation for because we couldn't really look into the demand side and we didn't have the data on it, was to say it is possible that women are just not finding the kinds of jobs which will give them higher returns, and so it obviously makes economic sense for them to just stay back at home, because the returns in terms of investing in their children's human capital, their education and their health, when these kids grow up, they work in the labor market or their educational attainment is going to feed back into the family.

So it makes more sense for me to stay because I just don't have the good enough returns that I see in the labor market. I think that paper has done really well in terms of drawing the attention of researchers, because the perspectives were very narrow. Looking only at, for instance, is it social norms, is it other constraints within the households that women are facing because of which they are not being able to get out of home? And we said, look, that is important. That is one reason. But there's this unexplainable part also. We are not able to look at it, but it could also be the demand side, right?

13:02 - 15:30

Kanika: The fascinating part of that piece of research was to be able to quantify and show that the first decade, yes, the supply side, the income effects, and just the fact that we observe a U-shaped with respect to education when it comes to women's labor force participation, that explains the entire decline. But come 2000s and you suddenly find that the supply side factors are not as important, which points at the demand side factors in explaining at least some part of

the decline, and perhaps a major part of the decline that we observe in rural India when it comes to women's labor force participation.

And primarily that decline is in the agricultural sector. In fact, this paper formed a stepping stone for two more papers that we did after that. In those two papers, we looked at two distinct set of questions. But one was that no can can the demand side in the agricultural sector itself explain some of the decline that we saw in the second decade? Because what we also found is that agricultural underwent a lot of mechanization, especially when it came to tilling the land. Almost a fourfold mechanization in the country after the mid-nineties.

And it really made us think more deeply if there was any linkage between mechanization in agriculture and the trends in women's labor force participation that we observed. And there we did find that at least about 70, 75% of the decline in that particular decade could be explained just by mechanization in the agriculture. And I think more fascinatingly, not in the task in which the mechanization happened, but actually a downstream task. So we know that that mechanization primarily happened in tilling. But when you do good quality tilling, it reduces the growth of weeds, which means that the requirement of labor in the weeding stage, which comes much later, is going to be less.

Primarily, women do weeding. That's a task that's primarily assigned to women. And that's where we found the maximum fall to be when it comes to women's labor. So I think that was a great offshoot of the paper that we wrote, the second paper on urban India. Again, I think this paper really motivated the fact that we saw this U-shaped with respect to education when it came to women's labor force participation, and then actually digging deeper into quantifying what were the returns to home production, whether we returns to education and being able to speak about that and sort of say that, okay, what was the role played by these two opposing forces in being able to explain at least the shape that we see of women's labor force participation with, with their education in India, I think has also been well received.

15:31 - 15:56

Catherine: You are both based in India. Of course, you travel often and have collaborations with other universities. You're here at Yale right now. What do you see as the value of being based in India and working with universities in India on these questions? What do you see as the value of collaborating with universities and researchers elsewhere? The opportunities, as well as the limitations for collaborating with external partners in this work.

15:57 - 19:00

Farzana: So number one, I would say that perspectives and issues that concern us as researchers and also as policymakers in India, are often different from perspectives and issues that may concern, you know, researchers based outside India. And the approaches to the work that people do based in India might be different from the approaches outside India. Having said that, I think

collaborations are great in the sense that they bring these different perspectives together and also methodologies.

And sometimes when we are very rooted in a problem, we are not able to have that objective view. You just sit back and you look at an issue and then you can say, oh, but you know, this seems obvious, right? Like this is probably the answer to this question. I'll give you an example that has been stuck in my head for a long time, which is everybody in India talks about why women are not participating in the labor market. So it's about 25%, 30%. When you look at the US, it's close to 60%.

As a matter of fact, if you compare it with other developing countries, even Bangladesh, which is our neighbor, is showing higher labor force participation and so on. So the question really is for policymakers. Also from a macro perspective, you know, if you could get all these women into the labor market, these are potentially productive people and you could increase GDP. And then I'm sitting in this group of people, we have this annual meeting where we have Abhijit Banerjee from MIT and Dilip Mookherjee from Boston University. We were having a discussion over the paper, and then at the end of the discussion, both of them brought up this point.

Well, think of it from a welfare perspective. Is it the case that the kinds of work that women might be getting, the kinds of returns that they are getting in terms of wages in the labor market in India might be so low that, from a welfare perspective, is just completely sensible for them to just sit back at home and not be participating in the labor market at all, which is essentially what Kanika's paper and my paper are people together is essentially the point that it's trying to make is that it is a rational decision of the household, and also from the woman's perspective, not to participate in the labor market.

And this was something that was said so simply. And so obviously, we've been laboring over it and breaking it into quantifying this much and that much, and how much is explained by demand, how much is explained by supply. And it's said so beautifully. It was like, yeah, that's like, you know, a ray of sunshine. Yeah. It's obvious. Right. And so policy issue there is the onus on the households or is the onus on the policymakers to get these women out to work. What is it that we are not doing that will get these women out to work? So there's something that's happening.

Of course, there's stuff happening within the household, but there's other stuff going on outside the household that needs to be addressed in order to get these women outside. Right. Talking to people outside India and talking to people inside India both have values and then you learn from each other.

19:01- 20:36

Kanika: I think being here, we probably understand some of the micro issues better, if I were to put it that way. Is there something which was different in terms of methodology or some ground knowledge which perhaps you can obtain when you speak to people who are actually conducting these secondary data sets or even having access to them the way we have access to them, when you're based in the country of the study itself. So I think that is very useful because you can immediately reach out to people. You can speak about issues which may be bothering you from a more micro perspective, just to understand the entire data collection process.

And in general, you know how people are thinking about these issues in the country. It gives you a pulse of the problem as people around you are perceiving it. And when you have collaborators outside what I have found quite valuable and in terms of, you know, me having learned from them is to place the problem in a bigger economic context. Think about both sides of the problem. Just don't think that it is the household's problem, right? The household is also making decisions within a constrained environment or within the environment that they have been subjected to, and that can be affected by policy as well.

And that can be affected in general by the labor market conditions that they are in currently. That helps you think about the issue more broadly. You then just don't think in one way that this problem can only be addressed if you were to do these XYZ things, but take a step back and think of the macro picture. If I were to think of the problem of low female labor force participation, you know, how do I think about it more broadly? That plays a bigger role because you're able to get a broader perspective on the same problem.

20:37 - 20:53

Catherine: I want to ask about a specific collaboration. Farzana, you lead the Digital Platforms in Women's Economic Empowerment program to analyze and suggest measures that empower women on digital labour platforms. Would love to hear what you're finding and also kind of speak to that collaboration a little bit and how it works.

20:54 - 23:32

Farzana: So there are a host of issues that come into play when you are thinking of moving from traditional labor market to digital labor market. One of the main concerns that you begin with when you talk about this is gender differences in access to digital devices and usage, and that itself brings to our attention the fact that some of the gender differences and gaps that you see in the traditional labor market might actually become bigger or also continue to exist in the digital space.

So typically, for example, in India, women's ownership and usage of smartphones is extremely low. Even if they have ownership, their usage is quite poor. There's been a recent report which has come out, which is showing that some of these gender gap start in adolescence. Girls in this

age group are lagging far behind, both in terms of access and usage. And then when you stretch it to now when these individuals finish schooling, they can get on to the labor market.

You have these platforms where they can either register to find jobs or they can use the platforms as sources of labor. So for example, providing services. What is very interesting is the occupational segregation that you see in the traditional labor market, which is women are engaged in certain occupations, jobs which might be more flexible, jobs which are part-time. For example, in India, you have the beauty sector where there are a lot of women. In the garment sector, there's a lot of women.

But when you look at the economy as a whole, you see very few women participating in the labor market. And some of that segregation now seems to be carrying over to the digital sector as well, because a lot of these platforms are then catering to those segmented, segregated occupations. So one of the things that Kanika and I are working on is looking at the beauty sector and skilling in India. You think that there are a lot of women in the beauty sector, but if you actually go deep dive into it, you see most of the women are employed at the lower earning scale.

So they are doing stuff which pays lower hourly rates. So for example, all the hair cutters, they all men, there are no women. So they're doing stuff which will pay you much less in the same sector. And that is something that we need to be conscious about, is we don't want replication of those gender differences and gaps and occupational segregation. And hopefully we are making progress by moving to the digital platforms. But I don't think we are. So those are issues that need to be brought to the fore.

23:33 - 23:39

Catherine: Kanika, as you look at the digital space, what are you currently working on and what do you see as some of the big research questions moving forward?

23:40 - 25:40

Kanika: A lot of times, these digital platforms just end up replicating the kind of gender gaps that we see in traditional markets. So technology will not be a solution to all your problems. It can perhaps help you mitigate some of them, but it can also create more of them. If we see that 30% women are working in India, we also find that 30% women are on these platforms looking for work. If we traditionally find women more in certain sectors in the employment data, we also find that women typically apply to these jobs on these platforms as well.

Similarly, if you see gender wage gaps in the usual labor markets, we also see gender wage gaps starting even at the application stage. Technology can be a solution, but it's important. You do realize what the limitations and the opportunities are. What we're currently working on, I think has a lot of scope in terms of just knowing how to use these technologies well. There's a huge

growth of the beauty segment when it comes to the gig labor market, or to having these digital platforms that allow workers in the beauty sector to offer their services.

Now, what's the good part of these platforms is that they are flexible so you can decide your work timings? I only want to work half a day, I will work till 2:00 and, you know, be back home once my kids are back from school or in general, you just have much more flexibility. And so you would think that these kind of jobs would help bring women into the labour market. But when women don't have enough digital literacy, these opportunities exist. But they are not equipped or skilled to be able to exploit these opportunities to the fullest.

And if they were able to have these vocational or these sort of, you know, traditional hard skills, but now you also equip and train them in these other skills, which hopefully should be able to give them a better return in the labour market. Does that really have a bite? I think that's the question that we are primarily interested in, that knowing how to navigate the digital world is as important as that world existing.

25:41 - 25:52

Catherine: There's a real sense of urgency here. You mentioned opportunities for collaboration with other researchers, but when it comes to the research to policy gap and these findings actually leading to change, what do you hope to see? One of the.

25:53:28 - 28:01

Farzana: One of the things that we've learned as academics is the need for advocacy. You know, typically what happens is that as academics, we tend to do our research and we focus on publications, but nobody really reads those papers because they're so technical. At least the policymakers don't read them because they're not going to understand what we really are talking about. So we need to put our research out there in many different ways, which comes through writing for a regular non-academic audience, something like what we are doing right now, which is through these podcasts where people can pick that up and listen to it and they take away stuff from that.

I think that is increasingly important because the purpose of research is not just to do it in vacuum, and the idea is to influence the policymakers and make them cognisant of these issues, and that they need to be addressed. For example, when we were talking about the demand side constraints for women's work, it requires very big policy changes, right? So you want to think about the industrial policy India has. You want to think about bringing in more manufacturing sectors. I think each researcher, each one of us contributing to that knowledge, is what builds a space where there's collective wisdom and brings it to the attention of the policymakers.

So for each one of us, it's very important to take our research out there and make it accessible so that we create that collective pressure on the policymakers to respond, because it's very difficult

for any one of us to do it just in terms of our own work, because you might have a particular finding, but somebody else is a different finding, right? So who does the policymaker believe? But then when you have many people saying the same thing, that's when you're trying to bring about a change. I think it's foolish for me as an academic to think that just my work is going to have that influence, but I think it is my responsibility as an academic to make sure that my work is accessible and out there and contributes to the common knowledge and the wisdom that we are creating.

28:02 - 28:03

Catherine: Kanika, would you want to add to that?

28:04 - 28:20

Kanika: I've always felt that when it comes to influencing policy, you also need to understand the political economy of what's going on, because the research may be saying something, but the policy may still take an opposite view. Because of the political economy in the space in which the electoral concerns become more important.

28:21 - 28:27

Catherine: Kanika. Farzana, thank you so much for joining us.

Farzana: Thank you so much. It was great fun.

Kanika: Thank you.

28:31 - 29:09

Catherine: That's all for this episode of Voices in Development. In the last year, the Economic Growth Center has hosted a number of events featuring the latest research on women's economic lives in South Asia, co-hosted by its affiliated initiatives Inclusion Economics, based at EGC in the Yale MacMillen Center, and the Gender and Growth Gaps Project. You can learn more and watch videos from the events on the EGC website at EGC.Yale.edu, where you can also sign up for the EGC newsletter. If you enjoyed this episode, please share it and leave a rating and review and look for the next installment of Voices in Development on EGC's website, Apple Podcasts, Spotify or wherever you get your podcasts.