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“Unlocking the full potential
of the U.S.-India relationship”

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India's Economy: The Other Half

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2011 was the centenary year of International Women's Day, and much attention was paid to their rising role in the global political and economic landscape. Many expect that in Asia's current economic growth, women's economic involvement will rise with it—a fact true for some but quite untrue for others.

India is a dominant force in Asia's economic growth and home to the world's second-largest workforce—some 478 million people. As its economy develops to encompass new knowledge-based industries, and as its population moves from rural to urban areas, a pivotal issue should be given greater scrutiny: Are India's women poised to take part in the rapidly expanding economy? And what will the consequences be for India's economic development?

Despite having one of the most progressive federal constitutions and an extraordinary track record of economic growth since the early 1990s, the participation of women in India's economy is still disappointingly low. While women have been somewhat successful in Indian political life—in parliament, as chief ministers and as cabinet-level officials, and in the *panchayat* system—they have not been nearly as active in its economic life. India's economic growth is remarkable in its reach and impressive for pulling millions out of poverty, but women are still missing at virtually every level of professional life.

What It Costs India

Development data repeatedly reinforces the point that investing in women's health and education results in poverty alleviation, increased development, and healthier, better-educated children. Investing in women is investing in communities and nations. Melanne Verveer, the head of the U.S. State Department's Office of Global Women's Issues, calls women “the lowest hanging fruit” in order to achieve economic growth. Verveer also notes a UN study, which states that the Asia-Pacific region “is shortchanged between 42 and 47 billion dollars a year in GDP because of the untapped potential of women.”

The loss in GDP that India incurs as a side effect of low female economic participation is a major drag on its overall economic performance. Lakshmi Puri, the assistant secretary-general of UN Women, noted in 2011 that India's growth rate could jump by 4.2 percent if women were given more opportunities. That would push India's current growth rate of about 7.5

By the Numbers

India's Gender Gap

113

India's ranking on the World Economic Forum's Gender Gap Index (out of 135 countries), measuring economic, health care, education, and political issues.

Economy

0.3

Indian females' ranking in economic empowerment; 1.0 would mean equality with their male counterparts.

24%

The percentage of women in India's workforce—117 million out of 478 million people.

5%

The percentage of senior level female employees in India. The global average is about 20 percent.

48%

The percentage of women who drop out of the workforce before they reach the middle of their careers. The Asia regional average is 29 percent.

62%

The percentage of a male counterpart's salary that a woman earns in India. In the United States, it's about 80 percent.

111%

The percentage rise in the income of urban women between 2000 and 2011.

Demography

914

The number of girls per every 1,000 boys in 2011. In 1970, it was 976. Southwest Delhi has only 836.

(cont'd next page)

percent closer to 11 percent, making it, once again, one of the world's fastest accelerating economies.

The World Economic Forum's Global Gender Gap Report, sourced from over 600 employers, states that India has the lowest percentage of women employees (23 percent). Overall, India ranks close to the bottom (113 out of 135 countries).

The World Bank's recent report *More and Better Jobs in South Asia* states that the female employment rate in South Asia "is among the lowest in the developing world... Participation rates are particularly low in the three largest countries: Pakistan, where almost four out of every five women do not participate in the labor force, and Bangladesh and India, where slightly more than two out of every three do not do so." Two out of every three women in India are not employed. Can India afford this?

The Leaky Pipeline

Women in India's workforce are distinct from their regional counterparts in that they drop out of professional life earlier than the rest. A recent report, *Gender Diversity Benchmark for Asia 2011*, notes that 48 percent of females drop out of the workforce before they reach mid-career, much higher than the regional average. The largest percent of Indian women leaving the workforce (the "leak") happens between the junior and middle level, as opposed to between the middle and senior levels. Familial pressure and cultural norms are most often cited as reasons for leaving in the early stages, and women often find it easier to remain at junior levels or to leave the workforce altogether.

The good news is that the women who do make it to middle and senior levels seem to feel relatively welcome and encouraged to be there. According to a female executive at one of India's largest multinational firms, "Certain sectors are very women friendly and women are armed with advanced degrees. They are extremely confident, self-assured and willing to make a difference... In recent years there is a [growing] consciousness in companies to have a diverse workforce."

More good news was found in a survey last year by research firm IMRB: the income level of urban Indian women has doubled in the last decade, reinforcing the growing financial success of women in India.

Enabling the "Other Half"

Not surprisingly, the enabling factors necessary to encourage women into the workforce, and to keep them there, are lacking. Health care, education, and work-life policies are all needed.

Health care is concentrated in urban centers and does not reach hundreds of millions of India's rural population. Nor does it reach the youngest citizens. Child malnourishment is rampant: 5 percent of children die within their first year, and just over 20 percent of the population is chronically malnourished. If cognitive development is stunted from such an early age, learning and potential productivity is lost, with repercussions for society at large. Without this basic input into the welfare of its citizenry, India's women will never be empowered enough to enter the workforce in a productive way. India currently spends 1 percent of its GDP on health care. Over the next five years, it aims to increase that to 2.5 percent—a critically important step in the right direction.

Education in India is also lacking, though strides are being made to expand and strengthen the system. Closing the literacy gap between men and women should be a major focus in this regard. World Bank data show that while 75 percent of men over the age of 15 can read and write, only 51 percent of women can, the result of boys being given priority in education. There is a general under-representation of girls in primary schools, and their enrollment drops off precipitously at the secondary and tertiary levels.

2.66

India's average fertility rate in 2009. The average fertility rate in the world is 2.47 births per woman.

35

The number of years it took India to reduce the average number of children a mother had from 6 to 3. It took the United States 110 years.

Political Empowerment

1

Indian women now occupy the number 1 positions as president, leader of the ruling Congress Party, speaker of Parliament, and chief minister of the most populous state.

99

India's ranking in the IPU's Women in Parliament Classification (out of 188 countries).

11%

The percentage of women representatives in the two houses of the Indian Parliament.

33–50%

The percentage of seats in *panchayats* (local councils) reserved for women.

—*Ritika Bhasker*

Sources: *World Economic Forum Gender Gap Index*; *IPU Women in Parliament*; *Gender Diversity Benchmark 2011*; *UN Gender Parity Index*.

Finally, innovative work-life policies are needed. Cultural norms continue to place restrictions on female mobility. By removing obstacles and enforcing flexible work environments (as many other countries have done), women and girls can attend school, get jobs, start businesses, and stay in the workforce—all economically and socially strong choices.

While it is necessary for some policies to have government approval, others can certainly help. Wal-Mart recently announced an effort at bolstering its “women-friendly plans.” It seeks to source \$5 billion of products per year from women-owned businesses and support the training of women at the factories and farms that produce its goods. This could potentially impact tens of thousands of women around the world, many in South Asia.

Perhaps this is an idea that can be adapted to the Indian environment—industry working with small and medium-sized businesses in rural areas to reinforce the talent that is still, in 2012, untapped. With approximately 350 million women under age 35, improving access to jobs and education is imperative for India in the twenty-first century. The “other half” must be counted in.

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