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# An Econometric Analysis of Inter-State Variations in Women's Labour Force Participation in India 

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#### Abstract

The study attempts to investigate the factors responsible for the inter-state variations in women's labour force participation in India by using the NSSO $61^{\text {st }}$ round (2004-05) data. Two separate regression models for rural and urban women between women's labor force participation as dependent variable and its various possible determinants have been estimated to identify the factors determining the rural and urban women's labour force participation by using cross sectional data of all states and union territories of India. Our findings suggest that Personal variables education and wages are significant determinants of urban women's labour force participation but not of rural women's labour force participation. Other important determinants of women's labour force participation are sex ratio, Muslim population, SC and ST population and Unemployment rate.


## Introduction

Since the pioneering work of Mincer (1962) the economic analysis of women's labour force participation attracted considerable attention. Large amount of theoretical and empirical work has undergone in past to understand the factors determining the women's labour force participation. Women's labour force participation is desirable for equity and efficiency considerations. The equity aspect implies that labour market participation of women will improve their relative economic position. It will also increase overall economic efficiency and improve development potentials of the country (Aysit, T. 2002). In case of India women's labour force participation is low in comparison to developed countries and significant amount of interstate variation is observed. There is also rural-urban divide in terms of women's labor force participation. Various rounds of National Sample Survey organization (NSSO) data suggest that rural women's labour force participation is quit high in compare to their urban counterparts. High participation of rural women in labour force suggests that that they are mostly involved in non salaried jobs, casual jobs. Prevalence of such regional and geographical variations is in contrast with above mentioned considerations of equity and efficiency.

Although large numbers of econometric studies have been conducted to understand the behaviour of female labour force participation in other countries (Becker, G. 1965, Cain, G. G. 1966, King, A. G. 1978, Mincer, J. 1962, Tansel, A. 1996 etc.), there are only few econometric studies of female labour supply in India (Bardhan, P. K. 1979, Dasgupta, P. 2005, Kingdon, G. G. 1999 etc.). NSSO data highlights the extent of interstate variation in women's labour force participation but the factors underlying such differences are yet to be explored. Identification of such factors will help policy makers to design and implement policies to remove these interstate variations in the women's labour force participation.

Hence to fill the gap in empirical works on this particular issue the objective of the current study is to investigate the factors responsible for the interstate variation in women's labour force participation in India. Separate models for rural and urban women's labour force participation and their possible determinants have been estimated on the belief that the factors determining the women's labour force participation in rural and urban India may be different.

The study has been divided in six sections. Section 2 highlights some features of women labour force participation in India at national as well as state level. Section 3 describes the model used in the study; variables included and expected sign of the coefficients of the included regressors. Section 4 discusses the data source and the estimation methodology adopted for the estimation of the model. Empirical results are provided in section 5. Brief conclusions and policy implications are given in Section 6.

## 2. Women's Labour Force Participation in India; Trends and pattern

Analysis of trends of women's labour force participation of some of the developed countries shows that women's labour force participation increases rapidly over the period. During 1980s and 1990s, labour force growth was substantially higher for women than for men for every region of the world except Africa (Lim, L.L. 2002). Various round of National Sample Survey Organization (NSSO) data shows that the women's participation in labour force decreases during nineties both for rural and urban areas. NSSO $61^{\text {st }}$ round (2004-05) data shows increased participation of the women in the labour force.

Various rounds of NSSO data suggest that rural women's labour force participation is high while urban women's labour force participation is low. Table.1. shows that rural women's labour force participation according to usual status (ps+ss) was $33 \%$ during 1993-94 which decreases to $30.2 \%$ during 1999-00 and again increases to $33.3 \%$ during 2004-05. Urban women's labour force participation according to usual status (ps+ss) was $16.5 \%$ which decreases to $14.7 \%$ during 2004-05 then increases to $17.8 \%$ during 2004-05. Data also suggest that Women's labour force participation deteriorated during the nineties both for the rural and urban women. High participation of rural women and low participation of urban women in the labour force suggest that women are mostly involved in informal works in India.

Table. 1 also shows the female male ratio in labour force participation during various NSS rounds. Comparison of $50^{\text {th }}$ round (1993-94) and61 ${ }^{\text {st }}$ round (2004-05) suggest the participation of women as percentage of men increases both for rural and urban areas according to all statuses. Labour force participation of men decreases during 1993-94 to 2004-05 while the participation of women increases over the period.

Table.1.Labour force participation rate (LFPR) according to usual, current weekly and current daily statuses during 1993-94, 1999-2000 and 2004-2005

| Status | Number of Persons |  |  |  |  |  | Female Male ratio ${ }^{1}$ 1993-94 | Female Male ratio 1999-00 | $\begin{aligned} & \text { Female } \\ & \text { Male } \\ & \text { ratio } \\ & 2004-05 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Male |  |  | Female |  |  |  |  |  |
|  | $\begin{aligned} & 1993 \\ & -94 \end{aligned}$ | $\begin{aligned} & 1999 \\ & -00 \end{aligned}$ | $\begin{aligned} & \text { 2004- } \\ & 05 \end{aligned}$ | $\begin{aligned} & 1993- \\ & 94 \end{aligned}$ | 1999- <br> 00 | $\begin{aligned} & 2004- \\ & 05 \end{aligned}$ |  |  |  |
| Rural |  |  |  |  |  |  |  |  |  |
| usual (ps) | 549 | 533 | 546 | 237 | 235 | 249 | 0.43 | 0.44 | 0.45 |
| usual (ps+ss) | 561 | 540 | 555 | 330 | 302 | 333 | 0.58 | 0.56 | 0.60 |
| cWS | 547 | 531 | 545 | 276 | 263 | 287 | 0.50 | 0.49 | 0.52 |
| cds | 534 | 515 | 531 | 232 | 220 | 237 | 0.43 | 0.42 | 0.45 |
| Urban |  |  |  |  |  |  |  |  |  |
| usual (ps) | 538 | 539 | 566 | 132 | 126 | 148 | 0.24 | 0.23 | 0.26 |
| usual (ps+ss) | 543 | 542 | 570 | 165 | 147 | 178 | 0.30 | 0.27 | 0.31 |
| cws | 538 | 539 | 566 | 152 | 138 | 168 | 0.28 | 0.26 | 0.29 |
| cds | 532 | 528 | 561 | 132 | 123 | 150 | 0.25 | 0.23 | 0.27 |

Source: NSSO

Large amount of variation in the women's labour force participation at the state level have been observed. Table. 7 and table. 8 shows the women's labour force participation for rural and urban women respectively. Both tables give the women's labour force participation figures at state level for two NSSO rounds ( $50^{\text {th }}$ and $61^{\text {st }}$ round). Coefficient of variation for rural women's labour force participation (which is 0.3967 and 0.4282 respectively for $50^{\text {th }}$ and $61^{\text {st }}$ round) for two rounds suggest that interstate variation increases during $61^{\text {st }}$ round. For urban women coefficient of variation for two periods (which is 0.3082 and 0.3030 respectively for $50^{\text {th }}$ and $61^{\text {st }}$ round) does not indicate increased variability over the period. Coefficient of variation also suggests more variation in rural women's labour force participation than their urban counterparts.

[^0]
## 3. The Model, Variables Included and Empirical Specification

The initial formulation of any econometric model depends upon economic theory, our own knowledge of the underlying relationship among variables, previous similar studies etc. The following regression model has been used in the study to estimate the women's labour supply function with cross sectional data of all the states and union territories of India both for the rural and urban area.

$$
\operatorname{WLFP}_{i}=\alpha+\beta_{i} X_{i}^{\prime} s+U
$$

Where Women labour force participation $\left(\mathrm{WLFP}_{\mathrm{i}}\right)$ is the dependent variable and X 's are the regressors explaining the women's labour force participation. $\alpha$ represents intercept and $\beta_{\mathrm{i}}$ gives the estimated coefficient of the respective regressors. $U$ is zero men and constant variance disturbance term.

The dependent variable in the study is Women's labour force participation (WLFP). Though theoretically there are number of variables which can be included in the study as a possible determinant of WLFP but we have included only some of the important variables. Explanatory variables included in the study are number of female headed households (FHH), Average Household size (AHS), Population 0-4 age (CHP), Three education splines Females Literate and upto Primary(PRIM), Females Literate and upto Middle (MID), Females Literate Secondary \& above (SEC), Muslim Population (MUSP), Wages (WGS), Sex Ratio (SEXR), Unemployment Rate (UR), ST and SC population (STSCP). All the variables are defined in table.2.

All the variables included in the study have two data sets one for rural area and other for urban area. Two separate regressions for the rural and urban women's labour force participation are estimated separately by using above mentioned variables but with different data set.

Large volume of literature has been devoted to understand the determinants of the woman's labour force participation. Studies differ in term of their geographical coverage, statistical methods adopted for estimating the relationship between women's labour force participation and its determinants and the type of data used for the purpose. Selection of the determinants
of the women's labour force participation also differs according to the purpose of the study, statistical methods and the type of data used for the study. Selection of explanatory variables in this particular study has been made on the basis of literature surveyed

## Table.2. Definition of Variables included in the Study

| Variables | Definition |
| :---: | :---: |
| WLFP | Number of women's in the labour force per 1000 women's according to usual status for women's of age 15 and above for each state and union territories. |
| FHH | Number of female headed households per 1000 households for each state and union territories. |
| AHS | Average number of persons per household for each state and union territories. |
| CHP | Number of persons of age group 0-4 years per 1000 persons for each state and union territories. |
| PRIM | Number of females literate and upto primary per 1000 female. |
| MID | Number of females literate and upto primary per 1000 females. |
| SEC | Number of females literate and upto secondary and above per 1000 females. |
| MUSP | Number of Muslims per 1000 persons for each state and union territories. |
| WGS | For Urban women it is defined as average wage/ salary earnings per day received by regular wage/ salaried worker (female ) of age 15-59 years for each state and union territories measured in Rs 0.00 and for rural women defined as Average daily wages for casual workers (female) of age 15-59 years engaged in works other than public works for each state and union territories measured in Rs 0.00 |
| SEXR | Number of females per 1000 Persons for each state and union territories. |
| UR | Unemployment rates according to usual status (ps+ss) (or usual status adjusted)) for each state and union territories. |
| STSCP | Number of scheduled tribes and scheduled cast persons per 1000 persons for each state and union territories. |

First three variables FHH, AHS and CHP represent household characteristics. The variable FHH is likely to affect WLFP positively as in this type of households women play significant role for their family and also have autonomy in their decision making. Head of the household is the person, who provides most of the needs of the household and is familiar with all the activities of the household. In the absence of any male head of household, female heads the
household. The expected sign of coefficient of variable AHS is difficult to understand. It is found in past studies that contribution of a woman is positively related with the household size. "Income dilution effect" suggests that larger family size compels a woman to contribute more in the household Income. In large households if working age male persons are more then women's participation will be low and if females are more then women's participation will be high. The variable CHP is likely to affect WLFP negatively. 0-4 age group population i.e. child population will affect women's labour force participation negatively due to the involvement of women in the childcare.

Education is the most important personal variable influencing women's labour force participation. Education has a positive effect on the decision to participate in the labour market for two reasons. First, education is an investment in human capital and recipient has to work in order to recover cost of education. Second, education is considered as a consumption activity and recipient induced to work because of higher earning potential since the opportunity cost of not working is higher. However in practice the effect of education on the

Women's labour force participation is not so straightforward. Higher levels of education for women do not directly translate into higher labour force participation. Female wages is second important personal variable included in the model. The effect of female wages on women's labour force participation depends on the substitution and income effects. The substitution effect will be positive since higher female wages means more participation. The income effect will be negative since as income increases desire for leisure increases. Income effect is expected to be smaller hence the net effect of female wages on women's labour force participation will be positive (Mincer, 1962). As the rural labour market in India comprise mainly agricultural work, self employment and casual work these two personal variables namely education and wages are expected to determine urban women's labour force participation significantly but their effect on rural women's labour force participation will be little.

The variable Unemployment rate is included to describe the labor market conditions. The effect of unemployment rate on female women's labour force participation will depend on the relative strengths of "discourage worker effect" and "added worker effect". Discouraged worker hypothesis implies when unemployment rate is high then there is less chance that workers will succeed in gaining employment and they give up job search. Lack of job search losses them the status of being unemployed and they drop out of the labour force. Hence
"discourage worker effect" affects women's labour force participation negatively. "Added worker hypothesis" implies when men lose their jobs with a rise in unemployment rate wives might enter the labour force in order to compensate for the loss in the family income. Hence "added worker hypothesis" suggest a positive effect of the unemployment rate on women's labour force participation.

Caste and religion are expected to have to have significant association with women's labour force participation in India. We have included Muslim population and scheduled cast and scheduled tribe's population in the model to capture the effects of these factors. Muslim population is likely to have negative effect on both rural and urban women's labour force participation due to various religious impediments in joining labour force and also due to ignorance by the government to increase their participation. SC and ST population is expected to have positive association with both urban and rural women's labour force participation. NSSO data $61^{\text {st }}$ (2004-05) round suggest that at all India level participation of SC and ST women's in the labour force which are respectively 338 and 466 for rural and 210 and 254 for urban areas is much higher than the overall figure ( 249 for urban and 148 for rural areas). Data also suggest that the participation of Muslim women (185 for rural and 128 for urban areas) is much less than the overall women's participation in labour force. One reason for increased participation of SC and ST population in the labour force is the reservation benefits available for the groups.

Sex ratio is another variable included in the model to capture the interstate variations in women's labour force participation in India. Sex ratio affects women's labour force participation positively in two ways. First, the states with higher sex ratio have more women available to join labour force and hence high participation. Second, higher sex ratio shows the positive attitude of that particular state toward women and hence higher participation.

## 4. The Data and Estimation Methodology

Data regarding all the variables included in the study has been taken from the various reports of the NSSO $61^{\text {st }}$ round survey (2004-05) for each state and union territory of India. Total number of observation in the study is 35 . Data of the variable Muslim population (MUSP) is taken from the NSSO Report No. 521 titled "Employment and Unemployment Situation among Religious Groups in India 2004-05" and of the variable Scheduled cast and scheduled
tribes population (STSC) is taken from NSSO Report No. 516 titled "Employment and Unemployment Situation among Social Groups in India 2004-05". All other variables are taken from the NSSO Report No. 515 titled "Employment and Unemployment Situation in India 2004-05"

These reports are based on the seventh quinquennial survey on employment and unemployment conducted in the 61st round of NSSO during July, 2004 to June, 2005. The survey was spread over 7,999 villages and 4,602 urban blocks covering 1, 24,680 households ( 79,306 in rural areas and 45,374 in urban areas) and enumerating $6,02,833$ persons ( 3 , 98,025 in rural areas and $2,04,808$ in urban areas).descriptive statistics of variables included in the study are reported in table.3.

Table.3.Descriptive Statistics

|  | Descriptive Statistics (Rural) |  |  |  | Descriptive Statistics (Urban) |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Variables | N | Min | Max | Mean | Std. Dev. | N | Min | Max | Mean | Std. Dev. |
| WLFP | 35 | 84 | 766 | 480.74 | 197.89 | 35 | 108 | 419 | 259.43 | 78.14 |
| FHH | 35 | 4 | 339 | 119.31 | 69.41 | 35 | 17 | 288 | 123.06 | 58.04 |
| AHS | 35 | 3.4 | 5.6 | 4.623 | .5897 | 35 | 3.0 | 5.5 | 4.311 | .5497 |
| CHP | 35 | 70 | 150 | 102.43 | 19.25 | 35 | 34 | 134 | 83.14 | 17.21 |
| PRIM | 35 | 239 | 585 | 341.43 | 86.11 | 35 | 240 | 425 | 301.11 | 43.34 |
| MID | 35 | 42 | 257 | 114.77 | 55.64 | 35 | 79 | 285 | 149.20 | 47.41 |
| SEC | 35 | 23 | 246 | 100.20 | 60.44 | 35 | 114 | 491 | 283.57 | 75.21 |
| MUSP | 35 | 1 | 958 | 109.09 | 194.39 | 35 | 1 | 955 | 139.94 | 185.73 |
| WGS | 35 | 28.16 | 150 | 52.03 | 23.11 | 35 | 69.03 | 319.3 | 179.46 | 58.49 |
| SEXR | 35 | 640 | 1173 | 939.17 | 103.95 | 35 | 756 | 1252 | 934.03 | 93.14 |
| UR | 35 | 3 | 133 | 28.80 | 33.18 | 35 | 12 | 280 | 63.29 | 58.67 |
| STSCP | 35 | 1.00 | 975 | 409.80 | 252.87 | 35 | 13 | 988 | 263.20 | 229.67 |

Due to the presence of heteroskedasticity application of OLS for the estimation of the Women's labor force model yields inefficient estimators and hence estimated variances and covariances of the regression coefficients are biased and inconsistent and tests of hypotheses are invalid. To overcome the problem we have applied Heteroskedasticity-corrected estimates method for estimating the above specified model. This method is applicable when heteroskedasticity is present in the form of an unknown function of the regressors which can be approximated by a quadratic relationship. In this it offers the possibility of consistent standard errors and more efficient parameter estimates as compared with OLS. The procedure involves
(a) Estimation of the model with OLS (b) an auxiliary regression to generate an estimate of the error variance, and then finally (c) weighted least squares, using as weight the reciprocal of the estimated variance.

In the auxiliary regression we have regress the log of the squared residuals from the first OLS on the original regressors and their squares. The log transformation is performed to ensure that the estimated variances are non-negative. Call the fitted values from this regression $u^{*}$. The weight series for the final WLS is then formed as $1 / \exp \left(u^{*}\right)$.

Formulation of satisfactory model is crucial to draw any meaningful conclusion from the model. In words of F. Hendry
"We generally drive across bridges without worrying about the soundness of their construction because we are reasonably sure that someone rigorously checked their engineering principle and practice. Economists must do likewise with models or else attach the warning 'not responsible if attempted use leads to collapse'.

General to simple approach of model formulation suggested by Hendry (1985) has been applied for model formulation. Since there is no unique way of formulating a model, we have formulated various alternative models and then put them through a number of diagnostic tests. For choosing best model among various alternative models we have used various model selection criterions like adjusted R-squared, Akaike, Schwarz and Hannan-Quinn.

## 5. Empirical Results and Discussion

Table 10 presents the estimation results for rural women's labor force participation. All models are estimated by Heteroskedasticity-corrected Estimation method described above to get ride of Heteroskedasticity. F-statistics reported in the table for all the three models suggest good fit. Adjusted R-squared for all models is also high which shows that explanatory variables included in models are able to explain a high proportion of the variation in rural women's labour force participation.

Among the household characteristic variables only coefficient of CHP is significant. Negative coefficient of the variable CHP as expected earlier suggest that states with high population of 0-4 age group have lower women's labour participation (rural). Other household characteristic variables namely FHH and AHS have no significant impact on the

Table.5.Heteroskedasticity-corrected Estimation Results
Dependent variable: Rural WLFP

| Variables | Model- I | Model-II | Model-III |
| :---: | :---: | :---: | :---: |
| Const | -243.316 | $\begin{gathered} -380.425^{* *} \\ (0.03367) \end{gathered}$ | $\begin{gathered} -437.853^{* * *} \\ (0.00806) \end{gathered}$ |
| FHH |  |  |  |
| AHS | $\begin{aligned} & -19.056 \\ & (0.46113) \end{aligned}$ |  |  |
| CHP | $\begin{gathered} -1.89792 * * \\ (0.03632) \end{gathered}$ | $\begin{gathered} -1.23677^{*} \\ (0.09854) \end{gathered}$ |  |
| PRIM | $\begin{gathered} -0.547779 * * * \\ (0.00849) \end{gathered}$ | $\begin{gathered} -0.453318^{* * * *} \\ (0.00820) \end{gathered}$ | $\begin{gathered} -0.609983 * * \\ (0.01259) \end{gathered}$ |
| MID | $\begin{gathered} -0.242255 \\ (0.46291) \end{gathered}$ | $\begin{gathered} 0.0527434 \\ (0.86358) \end{gathered}$ | $\begin{gathered} 0.0691054 \\ (0.84652) \end{gathered}$ |
| SEC |  |  |  |
| WGS |  |  |  |
| UR | $\underset{(<0.00001)}{-3.33631 * * *}$ | $\begin{gathered} -3.39357 * * * \\ (<0.00001) \end{gathered}$ | $\underset{(<0.00001)}{-2.73698 * * *}$ |
| SEXR | $\begin{gathered} 1.20433 * * * \\ (<0.00001) \end{gathered}$ | $\begin{gathered} 1.16384 * * * \\ (<0.00001) \end{gathered}$ | $\begin{aligned} & 1.0733 * * * \\ & (<0.00001) \end{aligned}$ |
| MUSP | $\begin{gathered} -0.0552998 \\ (0.40083) \end{gathered}$ | $\begin{gathered} -0.115937 * * \\ (0.03593) \end{gathered}$ | $\begin{gathered} -0.166333 * * \\ (0.01560) \end{gathered}$ |
| STSCP | $\begin{gathered} 0.467809 * * * \\ (<0.00001) \end{gathered}$ | $\begin{gathered} 0.417094 * * * \\ (<0.00001) \end{gathered}$ | $\underset{\substack{0.494822 * * * \\(<0.00001)}}{ }$ |
| Adjusted R-squared | 0.961835 | 0.934889 | 0.938743 |
| F-Statistics | 108.1081 | 70.74071 | 87.83978 |
| P-value(F) | $5.75 \mathrm{e}-18$ | $1.03 \mathrm{e}-15$ | $7.53 \mathrm{e}-17$ |
| Akaike criterion | 130.6293 | 137.8470 | 131.8562 |
| Schwarz criterion | 144.6275 | 150.2898 | 142.7436 |
| Hannan-Quinn | 135.4615 | 142.1423 | 135.6145 |

WLFP. Coefficient of PRIM is significant but negative. Two other educational splines MID and SEC are unable to affect WLFP. Inclusion of WGS as explanatory variables deteriorates the overall significance of models and also coefficient of variable WGS does not come out significant hence it is not included in the models on the belief that it does not determine the rural WLFP.

Estimated results of the models reported in the table 4 suggest that personal variables (educational variables and wages) are not determining the rural WLFP. Insignificance of coefficients of educational variables included in the models is due to unavailability of
education based employment opportunities in the rural areas especially for females. It seems that that rural women's participation in the labour force is a matter of survival and hence wages does not affect participation decision.

Coefficient of the variable UR is highly significant and negative for all the three models (Table.4). The variable UR (unemployment rate) is included in the models to assess the impact of labour market condition on WLFP. Negative coefficient of UR confirms the presence of 'discouraged workers effect' mentioned above. Coefficient of the variable SEXR has positive significant effect on rural WLFP according to all the three models reported in the table.4. Hence states which have positive attitude toward women have high participation of women in labour force. Two variables MUSP and STSCP included in the models to capture the religious and cast factors determining the WLFP have significant coefficients. MUSP affects WLFP negatively and STSCP affects positively. Lower participation of Muslim women's in the labour force is on expected line. Due to the various religious impediments and almost absence of safety nets by the Government for Muslim women their participation in the labour force is low. All three models suggest that STSCP has strong positive effect on rural WLFP. Participation of scheduled tribes and scheduled cast women is high due to the provision of various Government sponsored programs for the upliftment of the groups and reservation policy pursued by the Government.

Results for Urban WLFP are given in table 6. Unlike rural WLFP household characteristic variables have significant effect on urban WLFP. Coefficient of FHH has positive significant impact on WLFP. Positive sign of FHH was as expected as in such households women have more responsibilities toward their families. Coefficient of AHS is positive but not significant (Model II). Coefficient of CHP is significant in all three models but it is positive opposite to the prior expectation. Hence for urban women children population does not retard their participation in labour force.

Two of the three educational splines MID and PRIM are significant determinants of urban WLFP. Coefficient of the variable PRIM does not comes out significant and its inclusion reduces the overall significance of the model hence it does not appear in any of the three model estimated for the urban WLFP. Coefficient of WGS, second personal variable included in the model also has positive significant coefficient. Results of urban WLFP model suggest that personal variables are significant determinants of women's labour force participation. Coefficient of UR (Model I and Model II) is negative but not as significant as for rural model.

It appears that 'discourage worker effect' for urban women is not as strong as for rural women

Table.6. Heteroskedasticity-corrected Estimation Results Dependent variable: Urban WLFP

| Variables | Model-III | Model-II | Model- I |
| :---: | :---: | :---: | :---: |
| Const | $\begin{gathered} -145.464 \\ (0.31176) \end{gathered}$ | $\begin{gathered} -380.785^{* * *} \\ (0.00050) \end{gathered}$ | $\begin{gathered} -348.514 * * * \\ (0.00009) \end{gathered}$ |
| FHH | $\begin{gathered} 0.37071 * * \\ (0.03157) \end{gathered}$ | $\begin{gathered} 0.493964 * * * \\ (0.00050) \end{gathered}$ | $\begin{gathered} 0.487326 * * * \\ (0.00042) \end{gathered}$ |
| AHS |  | $\begin{aligned} & 1.06861 \\ & (0.95139) \end{aligned}$ |  |
| CHP | $\begin{gathered} 1.22819 * * * \\ (0.00450) \end{gathered}$ | $\begin{gathered} 1.70997 * * * \\ (<0.00001) \end{gathered}$ | $\begin{gathered} 1.59285^{*} * * \\ (<0.00001) \end{gathered}$ |
| PRIM |  |  |  |
| MID | $\begin{gathered} 0.422535^{* *} \\ (0.04108) \end{gathered}$ | $\begin{gathered} 0.753048 * * * \\ (0.00023) \end{gathered}$ | $\begin{gathered} 0.653722 * * * \\ (0.00037) \end{gathered}$ |
| SEC | $\begin{gathered} 0.0334029 \\ (0.82201) \end{gathered}$ | $\begin{gathered} 0.180701 \\ (0.13330) \end{gathered}$ | $\begin{gathered} 0.219138 * * \\ (0.01164) \end{gathered}$ |
| WGS | $\begin{aligned} & 0.26732 \\ & (0.17215) \end{aligned}$ | $\begin{gathered} 0.312404 * * * \\ (0.00813) \end{gathered}$ | $\begin{gathered} 0.255706 * * * \\ (0.00388) \end{gathered}$ |
| UR | $\begin{gathered} -0.110818 * \\ (0.06617) \end{gathered}$ | $\begin{gathered} -0.0700936 \\ (0.43126) \end{gathered}$ |  |
| SEXR | $\begin{gathered} 0.27382 * * * \\ (0.00246) \end{gathered}$ | $\begin{gathered} 0.240175 * * * \\ (0.00401) \end{gathered}$ | $\begin{gathered} 0.235428 * * * \\ (0.00429) \end{gathered}$ |
| MUSP | $\begin{gathered} -0.0795773 * \\ (0.07825) \end{gathered}$ | $\begin{gathered} -0.102033 * * \\ (0.02234) \end{gathered}$ | $\begin{gathered} -0.0987578 * * * \\ (0.00680) \end{gathered}$ |
| STSCP | $\begin{gathered} 0.0691349 \\ (0.19545) \end{gathered}$ |  |  |
| Adjusted R-squared <br> F-Statistics <br> P-value(F) <br> Akaike criterion <br> Schwarz criterion <br> Hannan-Quinn | $\begin{aligned} & 0.957287 \\ & 77.20030 \\ & 9.18 \mathrm{e}-16 \\ & 138.5253 \\ & 155.6342 \\ & 144.4313 \end{aligned}$ | $\begin{gathered} 0.846451 \\ 21.82528 \\ 1.03 \mathrm{e}-09 \\ 138.1634 \\ 153.7169 \\ 143.5325 \end{gathered}$ | $\begin{aligned} & 0.895710 \\ & 42.71624 \\ & 5.54 \mathrm{e}-13 \\ & 160.3262 \\ & 172.7690 \\ & 164.6215 \end{aligned}$ |

Variable SEXR is again one of the most significant positive determinants of the WLFP. Variable MUSP affect WLFP inversely. All models in table 6 give statistically significant coefficient of variable MUSP. Variable STSCP is unable to determine the urban WLFP
significantly. Model I in table 6 gives coefficient of the variable STSCP which is significant at $19.5 \%$ level.

## 6. Conclusion and Policy Implications

To investigate the factors determining the WLFP in interstate settings we have estimated two separate regression models for labour force participation of rural and urban women. Regression model estimated for the labour force participation of rural women suggests that among household characteristic variable children population (0-4 age group) has negative effect on women's labour force participation. Personal variables, education and wages have no significant effect on rural women's labour force participation. Negative coefficient of unemployment rate suggests the presence of strong 'discourage workers effect'. States with high sex ratio are experiencing high participation of rural women's participation in labour force. higher sex ratio shows the positive attitude of that particular state towards women hence it can also be said that states which have positive attitude toward women have higher women's participation in labour force. Muslim population has negative effect while scheduled tribes and scheduled cast population has positive effect on rural women's labour force participation. Regression model estimated for urban women's labour force participation suggest that household characteristic variables like household size, female headed household and child population are significant determinant of urban women's labour force participation. Personal variables education and wages also have significant effect on urban women's labour force participation. In case of urban women discourage worker effect is not as strong as for the rural women. Sex ratio is again a significant positive determinant as in the case of rural women. States with higher Muslim population have less participation of urban women in labour force. Scheduled tribe and scheduled cast population is not a significant determinant of urban women's labour force participation. One important difference between the two models (rural women's and urban women's) is that personal variables (education and wages) are significant determinants of urban women's labour force participation but unable to determine rural women's labour force participation.

Some of the broad policy implications which emerged from the current study are as follows:
(a) there is a need to generate education based jobs for women in rural areas. Various states Governments should prepare and implement policies for the participation of rural women's in permanent salaried jobs
(b) States Governments should initiate awareness generation to adopt positive attitude towards women among public since it is one of the most important impediment in women's participation in economic activities
(c) Various states should design and implement some special schemes for the participation of Muslim women's in labour force.

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Table.7. Labour Force Participation and Female-Male ratio during 1993-94 and 2004-05 (Rural)

| States | 1993-94 |  | 2004-05 |  | Female <br> Male Ratio 1993-94 | Female <br> Male Ratio 2004-05 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Female | Male | Female | Male |  |  |
| Andhra Pradesh | 725 | 903 | 655 | 867 | 0.80 | 0.76 |
| Arunachal Pradesh | 636 | 789 | 644 | 806 | 0.81 | 0.80 |
| Assam | 260 | 847 | 328 | 872 | 0.31 | 0.38 |
| Bihar | 271 | 867 | 231 | 878 | 0.31 | 0.26 |
| Goa | 391 | 777 | 299 | 783 | 0.50 | 0.38 |
| Gujarat | 581 | 891 | 621 | 894 | 0.65 | 0.69 |
| Haryana | 442 | 802 | 484 | 802 | 0.55 | 0.60 |
| Himachal Pradesh | 730 | 887 | 713 | 818 | 0.82 | 0.87 |
| Jammu \& Kashmir | 600 | 862 | 389 | 807 | 0.70 | 0.48 |
| Karnataka | 615 | 894 | 620 | 877 | 0.69 | 0.71 |
| Kerala | 358 | 826 | 418 | 809 | 0.43 | 0.52 |
| Madhya Pradesh | 631 | 898 | 574 | 876 | 0.70 | 0.66 |
| Maharashtra | 707 | 859 | 657 | 835 | 0.82 | 0.79 |
| Manipur | 482 | 751 | 482 | 766 | 0.64 | 0.63 |
| Meghalaya | 735 | 916 | 756 | 897 | 0.80 | 0.84 |
| Mizoram | 481 | 827 | 623 | 867 | 0.58 | 0.72 |
| Nagaland | 345 | 683 | 746 | 817 | 0.51 | 0.91 |
| Orissa | 461 | 868 | 493 | 882 | 0.53 | 0.56 |
| Punjab | 328 | 843 | 475 | 844 | 0.39 | 0.56 |
| Rajasthan | 673 | 878 | 626 | 848 | 0.77 | 0.74 |
| Sikkim | 285 | 850 | 468 | 807 | 0.34 | 0.58 |
| Tamil Nadu | 651 | 869 | 631 | 853 | 0.75 | 0.74 |
| Tripura | 203 | 826 | 173 | 854 | 0.25 | 0.20 |
| Uttar Pradesh | 347 | 884 | 391 | 854 | 0.39 | 0.46 |
| West Bengal | 291 | 897 | 268 | 866 | 0.32 | 0.31 |
| A \& N Islands | 681 | 915 | 391 | 852 | 0.74 | 0.46 |
| Chandigarh | 179 | 853 | 84 | 908 | 0.21 | 0.09 |
| Dadra \& Nagar Haveli | 795 | 907 | 766 | 829 | 0.88 | 0.92 |
| Daman \& Diu | 395 | 868 | 226 | 864 | 0.46 | 0.26 |
| Delhi | 162 | 909 | 85 | 845 | 0.18 | 0.10 |
| Lakshadweep | 302 | 827 | 161 | 910 | 0.37 | 0.18 |
| Pondicherry | 415 | 834 | 495 | 861 | 0.50 | 0.57 |
| All India | 490 | 876 | 494 | 859 | 0.56 | 0.58 |

Source: NSSO

Table.8. Labour Force Participation and Female-Male ratio during 1993-94 and 2004-05 (Urban)

| States | 1993-94 |  | 2004-05 |  | Female Male Ratio 1993-94 | Female Male Ratio 2004-05 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Female | Male | Female | Male |  |  |
| Andhra Pradesh | 288 | 815 | 309 | 797 | 0.35 | 0.39 |
| Arunachal Pradesh | 165 | 782 | 213 | 729 | 0.21 | 0.29 |
| Assam | 162 | 768 | 169 | 820 | 0.21 | 0.21 |
| Bihar | 120 | 738 | 108 | 735 | 0.16 | 0.15 |
| Goa | 301 | 778 | 280 | 761 | 0.39 | 0.37 |
| Gujarat | 216 | 809 | 209 | 823 | 0.27 | 0.25 |
| Haryana | 241 | 830 | 196 | 774 | 0.29 | 0.25 |
| Himachal Pradesh | 278 | 723 | 360 | 861 | 0.38 | 0.42 |
| Jammu \& Kashmir | 200 | 768 | 149 | 755 | 0.26 | 0.20 |
| Karnataka | 247 | 806 | 261 | 801 | 0.31 | 0.33 |
| Kerala | 329 | 813 | 386 | 792 | 0.40 | 0.49 |
| Madhya Pradesh | 228 | 789 | 227 | 814 | 0.29 | 0.28 |
| Maharashtra | 253 | 789 | 269 | 790 | 0.32 | 0.34 |
| Manipur | 327 | 686 | 336 | 708 | 0.48 | 0.47 |
| Meghalaya | 305 | 789 | 419 | 689 | 0.39 | 0.61 |
| Mizoram | 398 | 753 | 396 | 721 | 0.53 | 0.55 |
| Nagaland | 169 | 671 | 402 | 750 | 0.25 | 0.54 |
| Orissa | 229 | 776 | 278 | 781 | 0.30 | 0.36 |
| Punjab | 147 | 843 | 211 | 801 | 0.17 | 0.26 |
| Rajasthan | 240 | 782 | 283 | 775 | 0.31 | 0.37 |
| Sikkim | 219 | 859 | 233 | 777 | 0.25 | 0.30 |
| Tamil Nadu | 337 | 832 | 329 | 811 | 0.41 | 0.41 |
| Tripura | 216 | 774 | 299 | 797 | 0.28 | 0.38 |
| Uttar Pradesh | 162 | 790 | 175 | 802 | 0.21 | 0.22 |
| West Bengal | 219 | 815 | 210 | 793 | 0.27 | 0.26 |
| A \& N Islands | 327 | 867 | 253 | 808 | 0.38 | 0.31 |
| Chandigarh | 336 | 849 | 202 | 726 | 0.40 | 0.28 |
| Dadra \& Nagar Haveli | 440 | 910 | 283 | 921 | 0.48 | 0.31 |
| Daman \& Diu | 188 | 732 | 290 | 790 | 0.26 | 0.37 |
| Delhi | 141 | 803 | 127 | 759 | 0.18 | 0.17 |
| Lakshadweep | 222 | 818 | 323 | 754 | 0.27 | 0.43 |
| Pondicherry | 258 | 783 | 258 | 769 | 0.33 | 0.34 |
| All India | 238 | 801 | 244 | 792 | 0.30 | 0.31 |

Source: NSSO

1. Formula used for calculating female Male ratio is same here as for the table. 1
2. Tables 7 and 8 do not include the figures for three states Jharkhand, Uttaranchal and Chhattisgarh which came into existence during the year 2000 .

[^0]:    1. Female Male ratio $=$ Number of females in labour force per 1000 females

    Number of Males in labour force per 1000 Males

