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Exploring the Gender Pay Gap in India: Assessing its Implications on Economic Growth and Development

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ABSTRACT

This research aims to look into unequal pay among India's male and female employees, utilizing information obtained from the National Sample Survey Organization (NSSO) as well as the Labour Bureau Ministry of Labour and Employment Government of India. The main idea is to examine women's workforce participation in different Indian states between 2006 and 2014 while also comparing wages between men and women doing similar jobs. The study of gender inequality in salaries is important because it hampers economic growth, promotes social injustice, and undermines efforts for gender balance. This thesis will therefore use reliable government sources that have collected large amounts of data to reveal what causes wage imbalances between males and females within Indian labour markets. This inclusion of data covering almost a decade allows for long-term assessment regarding shifts or patterns vis-à-vis female workers' job rates as well as earnings compared with those earned by their male counterparts. Consequently, through detailed statistical analysis based on various parameters, this investigation intends to find out why the difference in pay exists among different states in India and whether there are any linkages with education levels achieved; types of industries engaged in, or even cultural practices followed within these areas. By shedding light on the magnitude and determinants of the gender pay gap in India, this study aims to inform evidence-based policy interventions aimed at promoting gender equality and fostering inclusive economic development. The findings of this research hold implications not only for policymakers and governmental agencies but also for employers, civil society organizations, and advocacy groups striving to address gender-based disparities in the workplace and promote greater gender parity. This research contributes to the existing body of knowledge on the gender pay gap in India by conducting a rigorous analysis of empirical data collected from reputable sources. By elucidating the complexities of this issue and exploring potential avenues for intervention, this study seeks to advance our understanding of gender inequality in the Indian labour market and advocate for policy measures aimed at achieving greater economic justice and gender equity.

Keywords: Gender Parity, Equality, Glass Ceiling, Indian Economy

I. Introduction:

The gender pay gap is a complicated problem that is influenced by many different things such as discrimination, social norms, and occupational segregation. This is still an issue in our world today even though there have been advancements made towards equality between genders and labour laws enacted to prevent it; especially prevalent among undeveloped countries like India (Bhatia et al., 2022).

A. Occupational Segregation:

A significant factor contributing to the gender wage gap is occupational segregation which continues to be widespread. This happens when men and women are concentrated in different jobs or industries where they do not earn equally or get paid at all thus resulting in job discrimination based on sex. For example, most caregivers work for low wages while the majority of them are women but technology careers are dominated by men who earn higher salaries. Education also has some impact since teachers are mainly females only the teaching profession pays less compared to others such as engineering which largely consists of males who receive better pay.

B. Societal Norms:

Norms within societies along with cultural expectations also have a big role to play with regards to unequal payments between genders across various occupations worldwide. People generally grow up knowing what should be done by whom in society according to their gender roles hence affecting the types of jobs they choose later in life leading to either high-paying jobs for one person or another being stuck doing odd-end underpaid ones. This can easily be seen when looking at deep-rooted prejudices about abilities between both sexes where certain tasks are considered too difficult for women making it hard for them to gain access into lucrative fields like science and technology while men may find themselves forced into taking caregiving roles perceived as traditionally feminine hence lower wages offered here too.

C. Discrimination at Workplaces:

Workplace discrimination is another major cause of the gender wage gap. It refers to unfair practices during recruitment, promotion, training, and equal pay provision among other factors that affect how much money employees receive for their work. Some employers may deliberately offer lower wages or ignore female employees' talents simply because they view them as less competent than their male counterparts. For instance, a study found out that women with the same qualifications were paid about 80% of what men earned doing similar jobs while another revealed some organizations still use different standards when evaluating performance between different sexes. These acts not only violate human rights but also contribute greatly towards perpetuating poverty among women who end up earning much less thus making it harder for them to improve their living standards. Also, Government policies can either help reduce or worsen the gender pay gap depending on how implementation occurs

In summary, the gender pay gap persists as a complex and multifaceted issue shaped by occupational segregation, societal norms, and discrimination. Addressing this gap requires concerted efforts at multiple levels, including policy interventions, cultural shifts, and organizational reforms aimed at promoting gender equality, challenging stereotypes, and eliminating discriminatory practices in the workforce. By recognizing and addressing the root causes of the gender pay gap, societies can create more equitable and inclusive workplaces where all individuals have the opportunity to thrive and succeed, regardless of gender.

1. Gender Pay Gap and its Implications:

The gender pay gap stems from several factors, including occupational segregation, societal norms, and discrimination. Occupational segregation, wherein men and women gravitate towards distinct fields, contributes significantly to the pay gap, with male-dominated sectors often offering higher remuneration. Societal norms, dictating traditional gender roles, shape women's career choices, education, and workplace dynamics, perpetuating the pay gap. Discrimination, both explicit and implicit, further exacerbates this divide, with unequal treatment in hiring and promotions and unconscious biases undervaluing women's contributions to the workforce (Aradra, 2023).

According to the International Labour Organization (ILO), women in India earn only 73% of men's wages for equivalent work. In sectors like technology, this gap widens, with women earning a mere 60% of men's salaries (Aradra, 2023). This substantial disparity carries significant economic implications. Increased women's workforce participation could potentially elevate India's GDP by \$770 billion (18%), injecting liquidity into the economy, alleviating poverty, and enabling enhanced government investment in infrastructure and development initiatives. Encouraging educational and career pursuits among young girls and women thus stands to bolster India's developmental trajectory.

2. Data Analysis from the NSSO:

Data from the NSSO's 68th Round indicates a near-equal distribution of male and female workers in the productive age group (21-65). However, disparities emerge concerning regular and casual employment, with a higher proportion of male casual workers compared to females. These discrepancies, stemming from factors like differential access to education, discrimination, and labour market dynamics, underscore the imperative for government intervention to rectify gender-based labour imbalances (NSSO, 2020).

Table 1

| Sample Characteristics | Sample Size | Proportion (%) |
|---|-------------|----------------|
| Total Sample | 2,53,076 | |
| (Individuals aged between 21 years to 65 years are included – productive age group)) | | 49.93 |
| <i>Proportion of males</i> | | 50.07 |
| <i>Proportion of females</i> | | |
| Rural Sample | 1,51,827 | |
| Male Population | 75,399 | |
| Female population | 76,428 | |
| Urban Sample | 1,01,249 | |
| Male population | 50,858 | |
| Female Population | 50,921 | |
| Wage earners (regular salaried + casual) | 58,483 | |
| <i>Proportion of male wage earners</i> | | 78.68 |
| <i>Proportion of Female wages earners</i> | | 21.32 |
| <i>Male regular salaried / wages earners</i> | | 80.90 |
| <i>Female regular salaried / wages earners</i> | | 19.10 |
| Casual labour (included above) | 26,179 | |
| <i>Proportion of male casual workers</i> | | 75.93 |
| <i>Proportion of female casual workers</i> | | 24.07 |

Source: Estimate using NSSO 68th Round

The sample of people in the ‘productive age group’ (between 21 and 65) have nearly the same distribution of male and female workers. Similarly, the distribution of male and female workers in the rural and urban areas is also nearly the same. Although the percentage of the male population is far higher than the female population those who earn regular pay. Moreover, the proportion of male casual workers is a high difference of 51.86% that that of female casual workers. This shows us that due to gender-based disparity, there are higher male casual workers than women. The reason for this disparity can be differences in access to education,

discrimination, and labor market dynamics. Statistics like these suggest that there is a dire need for government intervention to equal labor opportunities for both genders.

3. State-wise Analysis:

Tables provided by the Labour Bureau Ministry of Labour and Employment Government of India reveal state-wise variations in the gender pay gap and women's workforce participation from 2006 to 2014. Kerala exhibits the highest average gender pay gap, while Himachal Pradesh boasts the highest women's workforce participation rates, contrasting sharply with Delhi's lower participation figures (Labour Bureau Ministry of Labour and Employment Government of India, 2006-2014).

Table 2

| OLS and Tobit Estimates of the Labour Supply Curve for Women | | | | |
|---|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| | <i>OLS Estimates</i> (Model 1) | <i>Tobit Estimates</i> (Model 1) | <i>OLS Estimates</i> (Model 2) | <i>Tobit Estimates</i> (Model 2) |
| (Intercept) | 5.638076 (9.24E-06***) | -17.878454 (3.66E-06***) | 5.725723 (1.35e-05***) | -17.365792 (1.26E-05***) |
| Wage_women | 3.761163 (<2.00E-16***) | 6.374833 (<2.00E-16***) | 3.763510 (<2e-16***) | 6.391385 (<2.00E-16***) |
| Wage_men | -0.102815 (0.000531***) | -0.405572 (5.67E-05***) | -0.103496 (0.000517***) | -0.40908 (5.05E-05***) |
| (wage_women) ² | -0.050145 (<2.00E-16***) | -0.080873 (2.70E-05***) | -0.050128 (<2e-16***) | -0.080804 (2.00E-16***) |
| head_female | 52.547773 (7.92E-08***) | 70.009477 (2.70E-05***) | 52.541467 (8.09e-08***) | 69.988064 (2.71E-05***) |
| Edu | -1.492717 (0.001106**) | -4.130058 (0.0014988**) | -1.486295 (0.001189**) | -4.132821 (0.0015**) |
| edu ² | 0.069411 (0.010651*) | 0.137255 (0.05095*) | 0.068647 (0.012071*) | 0.134658 (0.05617*) |
| age*wage_women | -0.023075 (2.54E-07***) | -0.036124 (4.40E-05***) | -0.023191 (2.58e-07***) | -0.036829 (3.97E-05***) |
| age*edu | 0.026592 (0.005136**) | 0.0938 (0.00079***) | 0.026727 (0.005005**) | 0.094975 (0.00073***) |
| children_below_12 | | | -0.072336 (0.793060) | 0.38505 (0.61336) |
| | Adjusted R-squared: 0.7554 | | Adjusted R-squared: 0.7551 | |

Note: The term in the parentheses is the p value of the estimated coefficients.; Signif. Codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.'

Source: Estimated results from the data.

The model suggests that higher education in women leads to an increased women's labour supply.

The economic findings also suggest that the variable ‘age of woman’ has a positive and significant coefficient, suggesting that as women age, human capital increases return and incentivizes them to provide more. This may also imply that higher-educated women can make their time in the labour market more productive and efficient in comparison to under-educated women.

Table 3

Women workforce participation across the states and UTS during 2006–2014

| State | Year | | | | | | | | | Average FWPR |
|-------------------|------|------|------|------|------|------|------|------|------|--------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Jammu and Kashmir | 22.5 | 22.5 | 22.5 | 22.5 | 22.5 | 19.1 | 19.1 | 19.1 | 19.1 | 20.99 |
| Himachal Pradesh | 43.7 | 43.7 | 43.7 | 43.7 | 43.7 | 44.8 | 44.8 | 44.8 | 44.8 | 44.19 |
| Punjab | 19.1 | 19.1 | 19.1 | 19.1 | 19.1 | 13.9 | 13.9 | 13.9 | 13.9 | 16.79 |
| Chandigarh | 14.2 | 14.2 | 14.2 | 14.2 | 14.2 | 16 | 16 | 16 | 16 | 15.00 |
| Haryana | 27.2 | 27.2 | 27.2 | 27.2 | 27.2 | 17.8 | 17.8 | 17.8 | 17.8 | 23.02 |
| Delhi | 9.4 | 9.4 | 9.4 | 9.4 | 9.4 | 10.6 | 10.6 | 10.6 | 10.6 | 9.93 |
| Rajasthan | 33.5 | 33.5 | 33.5 | 33.5 | 33.5 | – | 35.1 | 35.1 | 35.1 | 34.10 |
| Uttar Pradesh | 16.5 | 16.5 | 16.5 | 16.5 | 16.5 | 16.7 | 16.7 | 16.7 | 16.7 | 16.59 |
| Bihar | 18.8 | 18.8 | 18.8 | 18.8 | 18.8 | 19.1 | 19.1 | 19.1 | 19.1 | 18.93 |
| Nagaland | 38.1 | 38.1 | 38.1 | 38.1 | 38.1 | 44.7 | 44.7 | 44.7 | 44.7 | 41.03 |
| Manipur | 39 | 39 | 39 | 39 | 39 | 38.6 | 38.6 | 38.6 | 38.6 | 38.82 |
| Tripura | 21.1 | 21.1 | 21.1 | 21.1 | 21.1 | 23.6 | 23.6 | 23.6 | 23.6 | 22.21 |
| Meghalaya | 35.1 | 35.1 | 35.1 | 35.1 | 35.1 | 32.7 | 32.7 | 32.7 | 32.7 | 34.03 |
| Assam | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 | 22.5 | 22.5 | 22.5 | 22.5 | 21.50 |
| West Bengal | 18.3 | 18.3 | 18.3 | 18.3 | 18.3 | 18.1 | 18.1 | 18.1 | 18.1 | 18.21 |
| Orissa | 24.7 | 24.7 | 24.7 | 24.7 | 24.7 | 27.2 | 27.2 | 27.2 | 27.2 | 25.81 |
| Chhattisgarh | 40 | 40 | 40 | 40 | 40 | 39.7 | 39.7 | 39.7 | 39.7 | 39.87 |
| Madhya Pradesh | 33.2 | 33.2 | 33.2 | 33.2 | 33.2 | 32.6 | 32.6 | 32.6 | 32.6 | 32.93 |
| Gujarat | 27.9 | 27.9 | 27.9 | 27.9 | 27.9 | 23.4 | 23.4 | 23.4 | – | 26.21 |
| Maharashtra | 30.8 | 30.8 | 30.8 | 30.8 | 30.8 | 31.1 | 31.1 | 31.1 | 31.1 | 30.93 |
| Andhra Pradesh | 35.1 | 35.1 | 35.1 | 35.1 | 35.1 | 36.2 | 36.2 | 36.2 | 36.2 | 35.59 |
| Karnataka | 32 | 32 | 32 | 32 | 32 | 31.9 | 31.9 | 31.9 | 31.9 | 31.96 |
| Goa | 22.4 | 22.4 | 22.4 | 22.4 | 22.4 | 21.9 | 21.9 | 21.9 | 21.9 | 22.18 |
| Kerala | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 18.2 | 18.2 | 18.2 | 18.2 | 16.64 |
| Tamil Nadu | 31.5 | 31.5 | 31.5 | 31.5 | 31.5 | 31.8 | 31.8 | 31.8 | 31.8 | 31.63 |
| Puducherry | 17.2 | 17.2 | 17.2 | 17.2 | 17.2 | 17.6 | 17.6 | 17.6 | 17.6 | 17.38 |

Table 4

| Raw gender pay gap across the states and UTs during 2006–2014 | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| State | Year | | | | | | | | | Average |
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Jammu and Kashmir | 0.22 | 0.34 | 0.36 | 0.39 | 0.26 | 0.39 | 0.30 | 0.33 | 0.27 | 0.32 |
| Himachal Pradesh | 0.21 | 0.21 | 0.19 | 0.21 | 0.05 | 0.25 | 0.22 | 0.2 | 0.24 | 0.20 |
| Punjab | 0.23 | 0.22 | 0.18 | 0.19 | 0.19 | 0.14 | 0.22 | 0.15 | 0.13 | 0.18 |
| Chandigarh | -0.03 | -0.08 | -0.19 | -0.02 | 0.08 | 0 | -0.13 | -0.12 | -0.02 | -0.06 |
| Haryana | 0.33 | 0.35 | 0.28 | 0.31 | 0.18 | 0.16 | 0.21 | 0.21 | 0.25 | 0.25 |
| Delhi | 0.1 | 0.08 | 0.04 | 0.11 | 0.1 | -0.01 | 0.08 | 0.21 | 0.25 | 0.11 |
| Rajasthan | 0.38 | 0.41 | 0.37 | 0.48 | 0.45 | - | 0.38 | 0.42 | 0.38 | 0.41 |
| Uttar Pradesh | 0.16 | 0.25 | 0.24 | 0.17 | 0.21 | 0.22 | 0.19 | 0.27 | 0.24 | 0.22 |
| Bihar | 0.58 | 0.58 | 0.53 | 0.52 | 0.29 | 0.73 | 0.45 | 0.45 | 0.45 | 0.51 |
| Nagaland | 0.41 | 0.45 | 0.28 | 0.14 | 0.82 | -0.18 | 0.44 | 0.27 | 0.34 | 0.33 |
| Manipur | 0.22 | 0.24 | 0.17 | 0.13 | 0.07 | 0.27 | 0.36 | 0.2 | 0.15 | 0.20 |
| Tripura | 0.26 | 0.36 | 0.51 | 0.45 | 0.85 | 0.8 | 0.6 | 0.33 | 0.38 | 0.50 |
| Meghalaya | 0.32 | 0.28 | -0.06 | -0.02 | -0.17 | -0.14 | -3.42 | 0.16 | 0.26 | -0.31 |
| Assam | 0.08 | 0.19 | 0.17 | 0.19 | 0.29 | 0.46 | 0.41 | 0.31 | 0.51 | 0.29 |
| West Bengal | 0.36 | 0.37 | 0.38 | -0.23 | 0.26 | -0.05 | 0.21 | -0.13 | -0.46 | 0.08 |
| Jharkhand | 0.26 | 0.07 | -0.01 | 0.24 | 0.03 | 0.1 | 0.17 | 0.06 | 0.02 | 0.10 |
| Orissa | 0.39 | 0.63 | 0.54 | 0.57 | 0.37 | 0.56 | 0.61 | 0.28 | 0.02 | 0.44 |
| Chhattisgarh | 0.42 | 0.45 | 0.24 | 0.4 | 0.29 | 0.43 | 0.4 | 0.61 | 0.6 | 0.43 |
| Madhya Pradesh | 0.4 | 0.29 | 0.43 | 0.42 | 0.4 | 0.29 | 0.34 | 0.27 | 0.3 | 0.35 |
| Gujarat | 0.42 | 0.4 | 0.41 | 0.35 | 0.34 | 0.34 | 0.33 | 0.36 | 0.34 | 0.37 |
| Maharashtra | 0.64 | 0.65 | 0.6 | 0.58 | 0.57 | 0.52 | 0.51 | 0.58 | 0.55 | 0.58 |
| Andhra Pradesh | 0.51 | 0.53 | 0.52 | 0.5 | 0.55 | 0.55 | 0.52 | 0.49 | 0.51 | 0.52 |
| Karnataka | 0.47 | 0.44 | 0.44 | 0.48 | 0.51 | 0.46 | 0.49 | 0.5 | 0.53 | 0.48 |
| Goa | 0.55 | 0.54 | 0.47 | 0.53 | 0.46 | 0.55 | 0.47 | 0.31 | 0.2 | 0.45 |
| Kerala | 0.67 | 0.68 | 0.67 | 0.67 | 0.68 | 0.68 | 0.68 | 0.67 | 0.66 | 0.67 |
| Tamil Nadu | 0.56 | 0.54 | 0.56 | 0.47 | 0.5 | 0.46 | 0.51 | 0.49 | 0.47 | 0.51 |
| Puducherry | 0.42 | 0.39 | 0.36 | 0.43 | 0.3 | 0.43 | 0.31 | 0.27 | 0.48 | 0.38 |

Table 3 shows the state-wise gender pay gap from the year 2006 to 2014, while Table 4 shows the women's workforce participation in each state in the same duration of years. This data was released by the Labour Bureau Ministry of Labour and Employment Government of India. The data suggests that the average gender pay gap is the highest in Kerala and that the women workforce participation in Himachal Pradesh is the highest at 44.19 and in Delhi is the lowest at 9.93.

Policy Interventions to Address the Gender Pay Gap

Addressing the gender pay gap necessitates a multifaceted approach that combines legislative measures, workplace policies, and societal interventions. Governments play a crucial role in enacting and enforcing laws that promote gender equality in the workforce. Equal pay legislation, for instance, can mandate that employers pay men and women equally for performing the same job or work of equal value. Additionally, anti-discrimination laws can prohibit employers from engaging in discriminatory practices based on gender, ensuring fair treatment and opportunities for all employees.

Furthermore, implementing gender-sensitive policies within organizations can help mitigate the gender pay gap. This includes measures such as transparent salary structures, regular pay audits to identify and address any disparities, and initiatives to promote gender diversity in leadership positions. Encouraging flexible work arrangements, affordable childcare services, and parental leave policies can also support women's workforce participation and career advancement, ultimately contributing to closing the pay gap.

Moreover, efforts to challenge and change societal attitudes and cultural norms surrounding gender roles are essential in tackling the root causes of the gender pay gap. Education and awareness campaigns can challenge stereotypes and biases, promoting the value of women's contributions to the workforce and society at large. By fostering a culture of gender equality and inclusivity, societies can create an environment where women are empowered to pursue their career aspirations, negotiate fair wages, and access

equal opportunities for professional growth and advancement. Ultimately, by implementing comprehensive policy interventions at the legislative, organizational, and societal levels, countries can make significant strides toward achieving gender pay parity and fostering greater economic prosperity and social justice for all.

Conclusion:

The gender pay gap in India persists as a complex issue with profound economic ramifications. Addressing this gap requires multifaceted interventions targeting societal norms, educational access, and workplace discrimination. By fostering gender-inclusive policies and promoting equitable labour practices, India can harness the full potential of its workforce, thereby fostering sustainable economic growth and development.

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