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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN INDIA

NOVEMBER 2015

HIGHLIGHTS



Gender equality in work
and in society



Female Empowerment
Index across India's states



Scope for broader action
by the private sector

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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN INDIA

NOVEMBER 2015



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PREFACE

Gender inequality is a pressing human issue but also has huge ramifications for jobs, productivity, GDP growth, and inequality. In September 2015, MGI published a global report *The power of parity: How advancing gender equality can add \$12 trillion to global growth*. In this paper, MGI undertakes a deeper look at gender equality in India, building on the framework of the global report. We also draw on insights from a previous MGI research report *From poverty to empowerment: India's imperative for jobs, growth and essential basic services*, which laid out a potential path for inclusive growth that would bring minimum acceptable living standards to millions of Indians. Our hope is that these studies help policy makers, business leaders and other stakeholders chart the way towards effective interventions that promote equitable growth and broad-based prosperity in the country.

This research was led by Jonathan Woetzel, a director of McKinsey and MGI based in Shanghai; Anu Madgavkar, an MGI senior fellow based in Mumbai; Rajat Gupta, a director of McKinsey based in Mumbai; James Manyika, a director of McKinsey and MGI based in San Francisco; and Kweilin Ellingrud, a partner based in Minneapolis. Shishir Gupta, a knowledge expert based in Gurgaon, and Mekala Krishnan, a consultant based in Stamford, jointly led the working team, which comprised Rishi Arora and Vritika Jain. We thank several colleagues for their support for this effort, namely Noshir Kaka, McKinsey's India managing director; Ramesh Mangaleswaran, a director of McKinsey, based in Chennai; Shirish Sankhe, a director of McKinsey and member of MGI's Council, based in Mumbai; Renny Thomas, a director of McKinsey, based in Mumbai; and Helene Gayle, CEO, McKinsey Social Initiative. We are grateful to our academic advisers who helped shape this research and provided challenge, insights and guidance: Richard N. Cooper, Maurits C. Boas Professor of International Economics at Harvard University, and Laura Tyson, Professor of Business Administration and Economics, and Director of the Institute for Business and Social Impact, Haas Business and Public Policy Group, University of California at Berkeley.

Special thanks go to three global institutions that have made significant contributions to our understanding. We are grateful to the International Monetary Fund and, in particular, Rakesh Mohan, then executive director, and Kalpana Kochhar, deputy director, Asia and Pacific Department; the International Finance Corporation and, in particular, Henriette Kolb, head of the Gender Secretariat; and the International Center for Research on Women, notably Sarah Degnan Kambou, president. In India, we owe our gratitude to S. Ramadorai, Chairman of the National Skill Development Agency; and Usha Thorat, former Deputy Governor of the Reserve Bank of India, and chair of Reserve Bank of India's External Advisory Committee for Small Finance Banks, for their valuable guidance.

Many business leaders in India contributed to this work and we are extremely grateful to them, though any references to specific companies in this report are from public sources: BP Biddappa, executive director, human resources, Hindustan Unilever and vice president, human resources, Unilever South Asia; Geeta Goel, director of mission investing, Michael & Susan Dell Foundation; Gitanjali Mishra, general manager, State Bank of India; Santrupt Mishra, director, group human resources, Aditya Birla Management Corporation; Ajoyendra Mukherjee, global head of human resources, Tata Consultancy Services; KK Natarajan, CEO and managing director, Mindtree; Chandrika Pasricha, founder and CEO, FlexingIt;

NS Rajan, group chief human resources officer, Tata Sons; Nishant Rao, managing director, LinkedIn India (recently appointed as CEO, FreshDesk); Ashok Pamidi, diversity and inclusion head, NASSCOM; Chetna Sinha, founder and chair, Mann Deshi Bank; and TK Srirang, senior general manager and head of human resources, ICICI Bank.

MGI's operations team provided crucial support for this research. We would like to thank MGI senior editor Janet Bush; Rebeca Robboy in external communications and media relations; Julie Philpot, editorial production manager; Marisa Carder and Margo Shimasaki, graphics specialists; and Deadra Henderson, manager of personnel and administration. We also thank the McKinsey India External Communications team, namely Fatema Nulwala, Cuckoo Paul, Ava Sethna, and Natasha Wig for external relations support, and Therese Khoury of New Media for design support.

We are grateful for all of the input we have received, but the final report is ours and any errors are our own. This report contributes to MGI's mission to help business and policy leaders understand the forces transforming the global economy, identify strategic locations, and prepare for the next wave of long-term growth. As with all MGI research, this work is independent and has not been commissioned or sponsored in any way by any business, government, or other institution, although it has benefited from the input and collaborations that we have mentioned. We welcome your emailed comments on the research at **MGI@mckinsey.com**.

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IN BRIEF

THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN INDIA

Advancing gender equality can deliver sizeable additional economic growth and broad-based prosperity to the world—nowhere more so than in India. Delivering that impact, however, will require tackling significant gender gaps in society and driving a national agenda for change in eight areas that involve all stakeholders.

- In MGI's "best-in-region" scenario, in which all countries match the progress towards gender parity of the fastest-improving country in their region, the world could add \$12 trillion to GDP in 2025, doubling the contribution of women to global growth in business-as-usual scenario in the coming decade. India could boost its GDP by \$0.7 trillion in 2025 or 16 percent of the business-as-usual level, the largest relative boost of all ten regions analysed by MGI. This translates into 1.4 percent per year of incremental GDP growth for India. About 70 percent of the increase comes from raising India's female labour-force participation rate by 10 percentage points, from 31 percent at present to 41 percent in 2025, to bring 68 million more women into the economy over this period.
- The economic potential of India's women is not achievable without gender gaps in society being addressed. To understand the interplay, MGI maps 15 gender equality indicators across work and society for 95 countries. The indicators fall into four categories: one pertaining to gender equality in work, and the other three to gender equality in society, namely essential services and enablers of economic opportunity, legal protection and political voice, and physical security and autonomy. Using these we calculate a Gender Parity Score, or GPS, a measure of where each country stands on a scale of 0.00 to 1.00, where gender parity is set at 1.00. India's GPS is just 0.48, somewhat lower than warranted by its stage of economic development.
- For this paper, MGI developed a new score—the India Female Empowerment Index or Femdex—based on a sub-set of 10 of the 15 indicators for which data are available at the state level in India and broadly representative of the GPS. We find a wide variation in gender equality among India's 32 states, which indicates where efforts to bridge gender gaps need to be focused. The simple average Femdex score of the five states that are closest to gender parity—Mizoram, Kerala, Meghalaya, Goa, and Sikkim—is 0.67. This is comparable with a modified GPS for Argentina, China and Indonesia, estimated using the same set of 10 indicators that make up the Femdex. That contrasts with a simple average Femdex of 0.46 in India's bottom five states on gender parity—Bihar, Madhya Pradesh, Assam, Jharkhand, and Uttar Pradesh—which is close to the GPS of Chad and Yemen. However, the top five states account for just 4 percent of India's female working-age population, while the bottom five comprise a much larger 32 percent. MGI's GPS and Femdex analyses both find strong linkages between gender equality in work and in society.
- To bring 68 million more women into the non-farm labour force over the next decade, India's policy makers, business leaders, and social-sector leaders need to focus concerted action in eight areas: (1) Closing gender gaps in secondary and tertiary education in India's large states; (2) Lowering barriers to job creation; (3) Expanding skills training for women in key sectors; (4) Expanding the reach of financial and digital services to enable women entrepreneurs; (5) Stepping up gender diversity policies and practices in private-sector organisations; (6) Further strengthening legal provisions for women and the enforcement of laws; (7) Improving infrastructure and services to address the high burden of routine domestic work, childcare and elder care; and (8) Reshaping deep-rooted attitudes about the role of women in work and in society.

of **additional annual GDP in 2025** could be added in India by fully bridging the gender gap in the workplace...

\$0.7 trillion

could be added in 2025 by matching the best-in-region country in progress toward gender parity in work, **an increase of 16%** compared with business-as-usual GDP in 2025.

68 million

70%

from the top nine states

We linked economic potential to
15 outcome-based indicators in
4 categories.

Equality in work

Essential services and enablers of economic opportunity

Legal
protection and
political voice

Physical security and autonomy

Our research for the first time links **gender equality in society** **with gender equality in work.** *The latter is not possible without the former.*

A map of India showing the percentage of the population with a high school or above education level by state/territory for 2011. The data is presented in a circular bubble format, with the bubble size corresponding to the percentage. The bubbles are color-coded: orange for percentages between 0.40 and 0.60, and red for percentages above 0.60. The map includes labels for each state/territory and its corresponding percentage value.

State/Territory	Percentage
Jammu & Kashmir	0.55
Himachal Pradesh	0.63
Punjab	0.59
Chandigarh	0.60
Haryana	0.53
Uttarakhand	0.57
Delhi	0.56
Rajasthan	0.52
Gujarat	0.56
Madhya Pradesh	0.49
Uttar Pradesh	0.49
Bihar	0.42
West Bengal	0.54
Jharkhand	0.46
Chhattisgarh	0.55
Odisha	0.51
Maharashtra	0.59
AP & Telangana	0.59
Goa	0.64
Karnataka	0.59
Tamil Nadu	0.60
Kerala	0.67
Puducherry	0.59
Sikkim	0.64
Meghalaya	0.69
Assam	0.47
Nagaland	0.52
Manipur	0.55
Mizoram	0.70
Tripura	0.51
Arunachal Pradesh	0.50

● High inequality ● Extremely high inequality

0.42 Lowest Femdex:
Bihar

¹ The India Femdex covers 10 of MGI's 15 gender equality indicators that are available at the state level.



THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN INDIA

The McKinsey Global Institute (MGI) has analysed 15 gender equality indicators in 95 countries in one of the most comprehensive attempts to map gender inequality and quantify the economic potential of closing the gender gap around the world. India has the highest economic value at stake from advancing gender equality of all ten regions analysed.¹

India has lower gender equality than warranted by its stage of economic development. Gender inequality in India is high or extremely high on three dimensions in MGI's framework—gender equality in work, legal protection and political voice, and physical security and autonomy—and medium to high on the fourth dimension of essential services and enablers of economic opportunity.

In this paper, MGI examines the potential economic impact on India of advancing women's equality, introduces its new India Female Empowerment Index (Femdex), which measures gender equality at the state level. MGI also identifies eight areas on which India should consider focusing in order to help women to fulfil more of their economic and social potential.

ADVANCING GENDER EQUALITY OFFERS A LARGE ECONOMIC BOOST TO INDIA

Women are currently particularly under-represented in India's economy compared with their potential. MGI estimates suggest that, at 17 percent, India has a lower share of women's contribution to GDP than the global average of 37 percent, and the lowest among all regions in the world. In comparison, China's women contribute 41 percent, those in Sub-Saharan Africa 39 percent, and women in Latin America 33 percent. Women in India only represent 24 percent of the labour force that is engaged in any form of work in the market economy, compared with an average of 40 percent globally. India's position on share of women in workforce is on a par with countries in the Middle East and North Africa (MENA), where, unlike India, legal provisions can restrict many forms of female employment in many countries.

India's economy would have the highest relative boost among all regions of the world if its women participated in paid work in the market economy on a similar basis to men, erasing the current gaps in labour-force participation rates, hours worked, and representation within each sector (which affects their productivity).

MGI considered a "full-potential" scenario in which women participate in the economy identically to men, and found that it would add up to \$28 trillion, or 26 percent, to annual global GDP in 2025 compared with a business-as-usual scenario (Exhibit 1). In this scenario, India's would gain the most of any of ten regions analysed with \$2.9 trillion added to annual GDP in 2025, or 60 percent of GDP.

However, it is unlikely that this scenario will materialise within a decade because the barriers hindering women from participating in the labour market on par with men are unlikely to be fully addressed within that time frame and because, ultimately, such participation is a matter of personal choice. MGI therefore considered an alternative "best-in-region" scenario based on actual evidence of how rapidly countries have closed the gender gaps in work in the past decade. This scenario assumes that all countries match the momentum of the fastest-

¹ *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, McKinsey Global Institute, September 2015.

improving countries in each region. Global GDP could rise by \$12 trillion in 2025 in this scenario. India could boost annual GDP by \$0.7 trillion, or 16 percent, in 2025 compared with a business-as-usual case, adding an incremental 1.4 percentage points each year to its GDP growth rate. As in the full-potential scenario, this is the largest relative potential of any region in the world.

Exhibit 1

India has the highest relative potential for additional GDP growth from advancing women's equality

Incremental 2025 GDP to 2025 business-as-usual scenario

	Full-potential scenario		Best-in-region scenario	
	%	2014 \$ trillion	%	2014 \$ trillion
India	60	2.9	16	0.7
South Asia (excluding India)	48	0.4	11	0.1
Middle East and North Africa	47	2.7	11	0.6
Latin America	34	2.6	14	1.1
East and Southeast Asia (excluding China)	30	3.3	8	0.9
Sub-Saharan Africa	27	0.7	12	0.3
World	26	28.4	11	11.8
Eastern Europe and Central Asia	23	1.1	9	0.4
Western Europe	23	5.1	9	2.1
China	20	4.2	12	2.5
North America and Oceania	19	5.3	11	3.1

NOTE: Numbers may not sum due to rounding.

SOURCE: ILO; World Input-Output Database; Oxford Economics; IHS; national statistical agencies; McKinsey Global Growth Model; McKinsey Global Institute analysis

MGI estimates that about 70 percent of the opportunity in the best-in-region scenario would come from raising women's labour-force participation rates to those of men with the rest coming from narrowing gaps in hours worked and equalising the average productivity level of male and female workers. This implies 68 million more women would be part of India's workforce in 2025 than in a business-as-usual scenario.² The national female labour-force participation rate would rise by 10 percentage points from 31 percent at present to

² MGI has found that India needs to add 115 million new non-farm jobs between 2012 and 2022 in order to give all citizens minimum acceptable living standards. The estimate of 115 million includes 69 million jobs to accommodate growth in the working-age population, 26 million jobs to accommodate higher labour-force participation and 20 million jobs to allow for a shift from farm to non-farm jobs. The aspiration of advancing gender equality to achieve the economic potential estimated to be available in MGI's best-in-region scenario for India implies a need for 68 million incremental jobs, roughly double the number required to accommodate growth in working-age population over a decade. See *From poverty to empowerment: India's imperative for jobs, growth and effective basic services*, McKinsey Global Institute, February 2014.

41 percent in 2025, closer to countries such as Italy and Greece with participation rates today of 40 percent and 44 percent respectively.³

The below-potential contribution of women to India's GDP today—measured by their share of paid work in the market economy—contrasts with their higher share of unpaid care work such as cooking, cleaning, and taking care of children and older members of the family. Globally, women spend roughly three times the amount of time spent by men on unpaid work.⁴ In India, the situation is more extreme—women perform 9.8 times the amount of unpaid care work that men. If that unpaid work were to be valued and compensated in the same way as paid work, it would contribute \$0.3 trillion to India's economic output. Much of this unpaid work may be done willingly and provide great satisfaction to women and welfare for their families. However, it does not translate into wage-earning opportunities for women or promote their financial independence. Substituting non-market work with market-based work would increase GDP because the current measure of GDP does not assign value to the contribution of household production, but does give a value to market-based production. Similarly, more equitable sharing of unpaid work among men and women, and productivity-enhancing measures for unpaid work could result in higher GDP (as currently defined) if the time saved by women was used to engage in paid work. This process may or may not have an effect on societal welfare and utility. It could, however, have positive second-order effects, for example greater financial independence for women, and inter-generational benefits.

MOVING FORWARD ON GENDER EQUALITY IN SOCIETY IS ESSENTIAL IF INDIA IS TO ACHIEVE THE FULL ECONOMIC POTENTIAL OF WOMEN

The role of women in the workplace cannot be viewed in isolation from their role in society. Achieving the economic potential of women requires gender gaps in both work and in society to be narrowed—equality in one goes hand-in-hand with equality in the other. To explore this relationship, MGI's global study examines 15 gender equality indicators of societal and work inequality that cover about two-thirds of the proposed gender-based indicators being used to measure the goals adopted by 193 countries under the Sustainable Development Goals framework adopted by the United Nations in September 2015.⁵

MGI's 15 indicators are grouped in four categories. The first relates to gender equality in work and the other three to gender equality in society:

- Gender equality in work (labour-force participation rate, professional and technical jobs, perceived wage gap for similar work, leadership positions and unpaid care work)
- Essential services and enablers of economic opportunity (unmet need for family planning, maternal mortality rate, gap in education level, financial inclusion, and digital inclusion)
- Legal protection and political voice (presence of legal protections for women in 11 different areas, and representation of women in parliamentary and ministerial positions)
- Physical security and autonomy (sex ratio at birth, child marriage and violence against women).

³ Throughout this paper, we estimate labour-force participation rates based on the a working age population of greater than 15 years, rather than 15 to 59 years as another common approach in India.

⁴ Data on unpaid care work comes from the OECD Gender, Institutions and Development database, 2014.

⁵ Based on analysis of indicators proposed in *Indicators and a monitoring framework for the Sustainable Development Goals: Launching a data revolution for the SDGs*, report to the Secretary-General of the United Nations by the Leadership Council of the Sustainable Development Solutions Network, June 12, 2015.

Using these 15 indicators, MGI has calculated a Gender Parity Score (GPS) for subgroups of indicators, specifically comparing GPS on indicators of gender equality in work and those relating to gender equality in society. We found virtually no countries with high gender equality in society but low gender equality in work, indicating that the two go hand-in-hand. Countries in Group 1 are relatively gender-equal on both dimensions, although even they have scope to improve. Countries in Group 2 have high women's participation in the labour force, but typically in near-subsistence or low-value-adding jobs. They lack the foundations of gender equality in society such as parity in access to health care, education, and financial services needed to raise productivity to that of men. Countries in Group 3 are characterised by low gender equality in both work and society, driven by poor access to essential services, limited legal rights, or social cultural norms that constrain the role played by women (Exhibit 2).

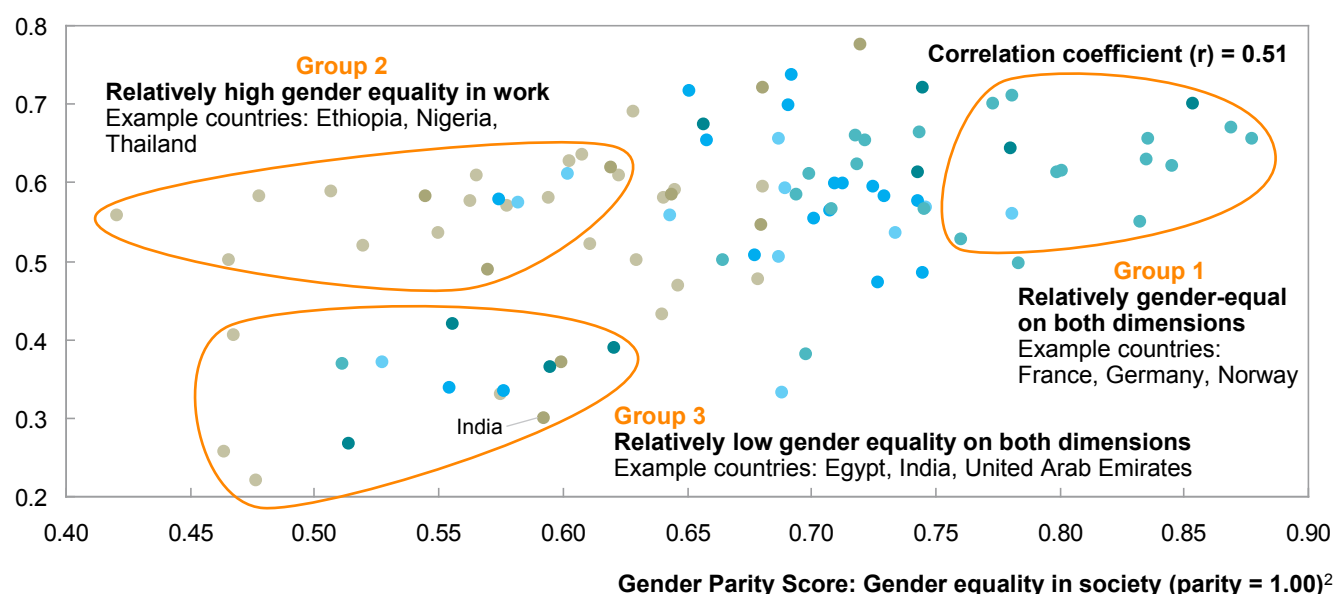
Exhibit 2

Gender equality in society is linked with gender equality in work

Per capita GDP levels, 2014 purchasing-power-parity international dollar

● <5,000 ● 5,000–10,000 ● 10,000–15,000 ● 15,000–25,000 ● 25,000–50,000 ● >50,000

Gender Parity Score: Gender equality in work (parity = 1.00)¹



¹ Labour-force participation rate, professional and technical jobs, perceived wage gap for similar work, leadership positions, unpaid care work.

² Essential services and enablers of economic opportunity, legal protection and political voice, physical security and autonomy.

SOURCE: McKinsey Global Institute analysis

Given the importance of closing the full range of gender gaps, we asked ourselves where to focus global attention. We identified ten “impact zones”—issue-region combinations where effective action would move more than 75 percent of women affected by gender inequality globally closer to parity. Five impact zones are global, or prevalent in virtually all parts of the world, while another five are concentrated in certain regions of the world (Exhibit 3). India is part of all five global impact zones and four of the regional impact zones. MGI estimates that India is home to about 25 percent of all women affected by gender inequality worldwide and that, therefore, progress on all aspects of gender equality in India is not only critical to its economic growth but to the achieving the world's aims of advancing gender equality and the Sustainable Development Goals.

Exhibit 3

There are strong concentrations of gender inequality in ten “impact zones”

Level of gender inequality ■ Extremely high ■ High ■ Medium ■ Low **Impact zones** Global Regional

	China	East and Southeast Asia (excluding China)	India	South Asia (excluding India)	Middle East and North Africa	Sub-Saharan Africa	Latin America	North America and Oceania	Eastern Europe and Central Asia	Western Europe
Female population, 2014 (million)	671	401	612	194	191	412	276	196	181	212
Gender equality in work										
Labour-force participation rate (F/M ratio)	0.817	0.707	0.338	0.508	0.324	0.839	0.672	0.823	0.777	0.792
Professional and technical jobs (F/M ratio)	1.072	1.003	no data	0.346	0.553	0.744	1.064	1.319	1.648	0.964
Perceived wage gap for similar work (F/M ratio)	0.570	0.647	0.483	0.506	0.604	0.629	0.463	0.608	0.586	0.527
Leadership positions (F/M ratio)	0.201	0.384	no data	0.076	0.116	0.339	0.573	0.736	0.582	0.503
Unpaid care work (M/F ratio)	0.389	0.299	0.102	0.176	0.161	0.476	0.350	0.618	0.506	0.482
Gender equality in society										
Essential services and enablers of economic opportunity										
Unmet need for family planning (% of women)	4%	13%	13%	17%	12%	24%	10%	7%	10%	9%
Maternal mortality per 100,000 births	32	103	190	164	57	483	70	25	21	6
Education level (F/M ratio)	0.973	0.962	0.763	0.788	0.883	0.689	0.989	1.000	0.978	0.997
Financial inclusion (F/M ratio)	0.873	0.845	0.659	0.525	0.638	0.740	0.799	0.865	0.881	0.827
Digital inclusion (F/M ratio)	no data	0.868	0.724	0.723	0.767	0.580	0.965	0.996	0.941	0.951
Legal protection and political voice										
Legal protection (index)	0.583	0.483	0.399	0.261	0.226	0.415	0.657	0.742	0.525	0.771
Political representation (F/M ratio)	0.191	0.156	0.114	0.152	0.116	0.310	0.302	0.346	0.169	0.486
Physical security and autonomy										
Sex ratio at birth (M/F ratio)	1.170	1.060	1.108	1.066	1.049	1.038	1.049	1.049	1.061	1.057
Child marriage (% of girls and young women)	2%	8%	27%	26%	12%	19%	3%	2%	3%	1%
Violence against women (% of women)	15%	25%	37%	44%	38%	40%	37%	33%	19%	22%

- | | |
|---|---|
| <p>1 Blocked economic potential</p> <p>2 Time spent in unpaid care work</p> <p>3 Fewer legal rights</p> <p>4 Political underrepresentation</p> <p>5 Violence against women</p> | <p>6 Low labour-force participation in quality jobs
<i>India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa</i></p> <p>7 Low maternal and reproductive health
<i>Sub-Saharan Africa</i></p> <p>8 Unequal education levels
<i>India; South Asia (excluding India); sub-Saharan Africa</i></p> <p>9 Financial and digital exclusion
<i>India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa</i></p> <p>10 Girl-child vulnerability (sex ratio at birth and child marriage)
<i>China; India; South Asia (excluding India)</i></p> |
|---|---|

NOTE: Numbers are rounded. Colour coding is based on actual, not rounded, numbers.

SOURCE: McKinsey Global Institute analysis

INDIA HAS SCOPE TO IMPROVE BOTH GENDER EQUALITY IN SOCIETY AND IN WORK

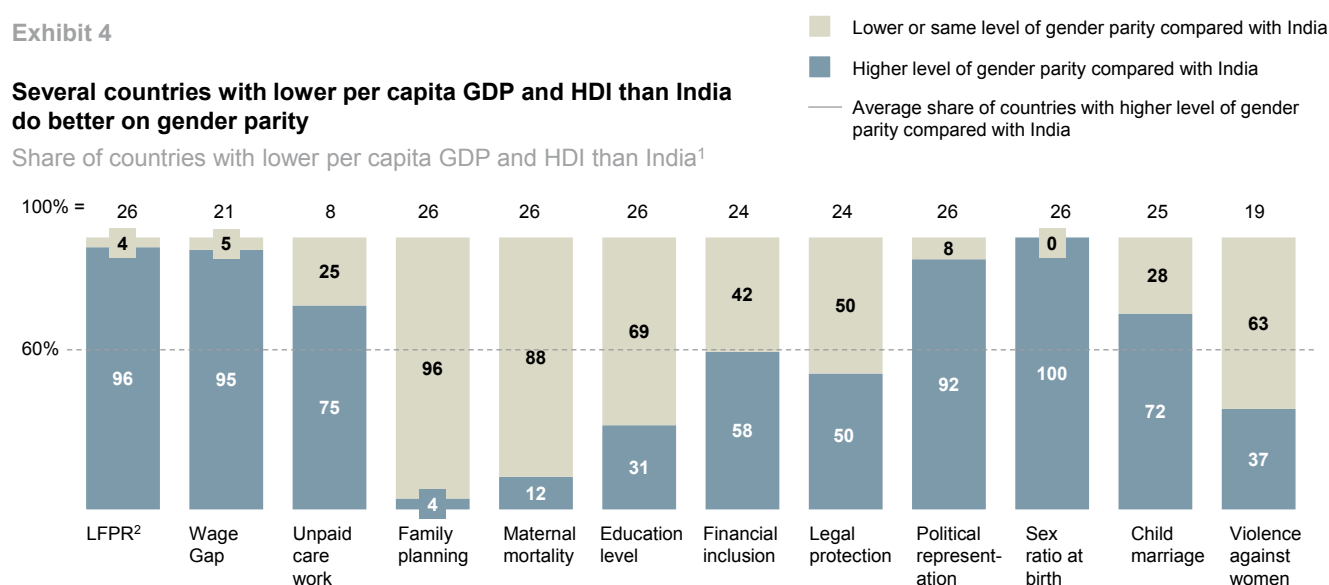
MGI has calculated a GPS for each country and region on a scale of 0.00 to 1.00, where a GPS of 1.00 indicates gender parity. India's aggregate GPS is 0.48, higher than the GPS of the rest of South Asia excluding India (0.44), but about the same as that in MENA (0.48), and lower than the GPS of Sub-Saharan Africa (0.57). The best performing region in the world in terms of overall GPS is North America and Oceania comprising Australia, Canada, New Zealand, and the United States with an aggregate GPS of 0.74.

India's position on gender equality is somewhat lower than its stage of economic development would warrant. Twenty six countries in our dataset of 95 have a lower per capita GDP and Human Development Index (HDI) than India.⁶ However, many of these countries have higher levels of gender parity than India (Exhibit 4). Ten of the 26 countries, including two within the South and Southeast Asia region, have higher gender parity than India on seven or more of the 12 indicators we used for this comparison. This suggests that it is not only the economic stage of development that influences India's position on gender equality but also non-economic factors, such as deep-rooted social attitudes about men and women.

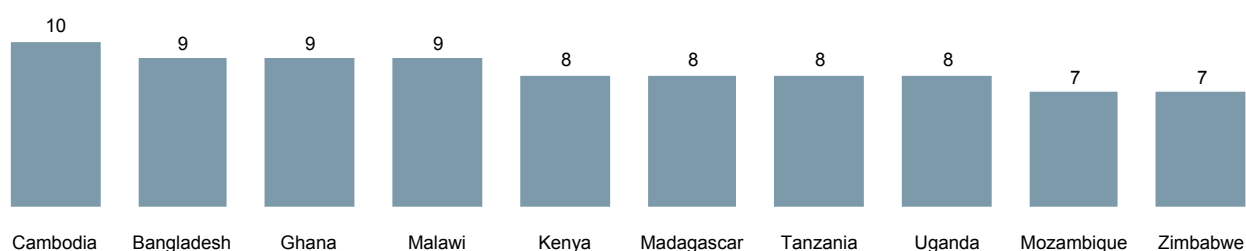
Exhibit 4

Several countries with lower per capita GDP and HDI than India do better on gender parity

Share of countries with lower per capita GDP and HDI than India¹



Number of indicators on which each country has higher gender parity than India



¹ The Human Development Index (HDI) is a summary measure of average achievement on key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living.

² Labour-force participation rate

NOTE: Professional and technical jobs and leadership positions not covered due to lack of globally comparable data for India, and digital inclusion excluded due to very limited data availability in other countries.

SOURCE: McKinsey Global Institute analysis

⁶ The Human Development Index is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and a decent standard of living.

On the four major categories of gender equality, India has high or extremely high levels of inequality on three: gender equality in work, legal protection and political voice, and physical autonomy.⁷ It has medium to high levels of inequality on the various aspects of essential services and enablers of economic opportunity.

Gender equality in work

Indian women face high or extremely high inequality on all five indicators related to work: labour-force participation rate, professional and technical jobs, unpaid care work, wage gap and leadership positions.

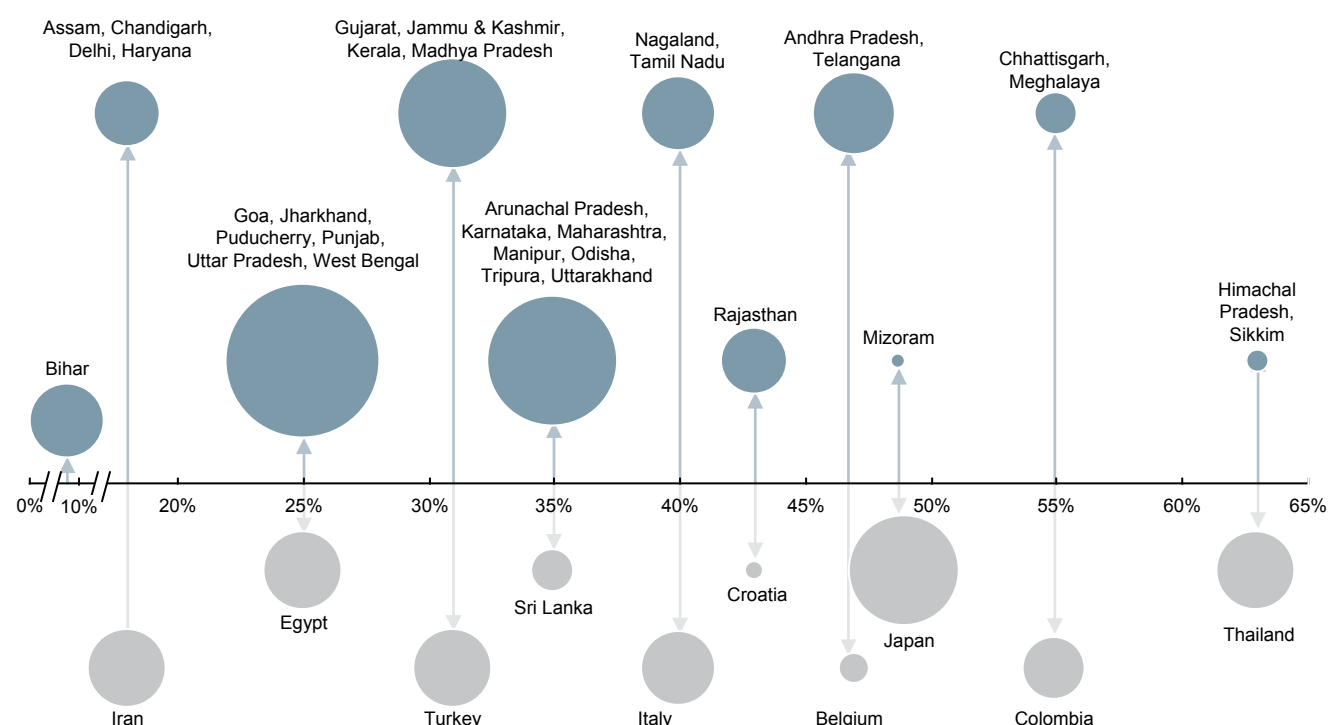
Data from India's National Sample Survey Office's (NSSO) surveys indicates that women's labour-force participation is significantly lower than that of men in both urban and rural areas. Based on data for the population aged 15 and over, India's female labour-force participation rate is just 21 percent in urban areas and 36 percent in rural areas compared with 76 percent and 81 percent, respectively, in the case of men. State-level female labour-force participation rates range from 63 percent in Himachal Pradesh to as low as 9 percent in Bihar (Exhibit 5).

Exhibit 5

There are significant variations in female labour-force participation across India's states

Labour-force participation rate, female¹
Percent

Size of the bubble is proportionate to the 15+ female population of states and countries



1 State data on labour-force participation rate and working-age population are for 2012, country data for these variables are for 2014; countries selected for comparison are those with the closest labour-force participation rates to the relevant state or group of states.

SOURCE: ILO, National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

⁷ For most indicators, low inequality is defined as being within 5 percent of parity, medium between 5 percent and 25 percent, high inequality between 25 percent and 50 percent, and extremely high inequality as greater than or equal to 50 percent from parity. For physical security and autonomy indicators, we defined extremely high inequality as greater than or equal to 33 percent distance from no incidence (of child marriage or violence against women). For sex ratio at birth and maternal mortality, given the different range of values for these two indicators, slightly different thresholds were used.

More women in India tend to work in low-productivity jobs than men. Seventy-five percent of female employment in rural areas is in agriculture compared with 59 percent for men. Drawing on NSSO data, MGI also identified a gender gap in leadership among Indian women. Only 7 percent of tertiary-educated women have jobs as senior officials compared with 14 percent of men. Similarly, women account for only 38 percent of all professional technical jobs. Survey data from the World Economic Forum in 2014 reveals a widespread perception that women are paid lower wages compared with men for the same work. Analysing NSSO's wage data by occupation for India appears to support this trend; irrespective of the professional level, women on average get paid 30 percent less than their male counterparts.⁸

India's women engage much more in unpaid work than men. As we have noted, women in India do almost ten times the amount of unpaid care work that men do. Three-quarters of unpaid work is routine household chores exacerbated by poor access to basic services such as sanitation, clean water, and clean sources of cooking fuel.⁹ In China and Bangladesh—to consider two other Asian countries for comparative purposes—women do about three and four times, respectively, the amount of unpaid care work as men.¹⁰

Underlying social attitudes about the role of women are, arguably, some of the biggest barriers India's women face. MGI has analysed the World Values Survey and OECD data and found a strong link between attitudes that limit women's potential and actual gender equality outcomes in a given region. For instance, the survey asked respondents, both men and women, whether they agreed with the following statements: "When jobs are scarce, men should have more right to a job than women" and "When a mother works for pay, the children suffer." We examined the responses against outcomes related to work equality and found strong correlations with both. Half or more of the respondents in India agreed with both statements—and India has some of the world's lowest rates of women's labour-force participation (Exhibit 6).

Essential services and enablers of economic opportunity

India has medium gender inequality on two indicators of essential services and enablers of economic opportunity (unmet need for family planning and education level) and high inequality on the other three (maternal mortality, financial inclusion, digital inclusion).

Using data from the United Nations, MGI estimates that India is home to 44 million women without access to family planning, or 22 percent of the global total. Data from the World Health Organization suggests that some 48,000 women die each year in India due to complications associated with childbirth, roughly 20 percent of the global total. Women in India today attain 76 percent of the education levels of men, according to MGI's composite education indicator using UNESCO data. Based on data from the World Bank's Global Findex database and Intel, we estimate that Indian women have lower than 75 percent the level of financial and digital inclusion of men, and that, in 2014, roughly 90 million fewer women than men in India had access to formal financial institutions and approximately 15 million fewer Indian women than men were Internet users.

⁸ This measure of wage gap may reflect differences between working men and women in education, work experience, hours worked, and other attributes that drive differences in income, rather than being the wage gap for strictly equivalent work, which is hard to establish empirically.

⁹ For a detailed discussion on the inadequacy of these services to India's households, particularly affecting women, see *From poverty to empowerment: India's imperative for jobs, growth and effective basic services*, McKinsey Global Institute, February 2014.

¹⁰ Based on data from the OECD Gender, Institutions and Development database, 2014.

Exhibit 6

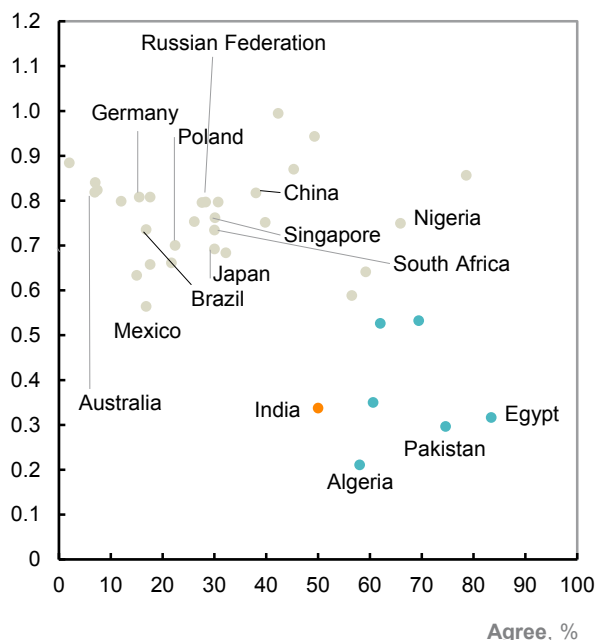
Attitudes influence gender equality outcomes

“When jobs are scarce, men should have more right to a job than women”¹

n = 37

Labour-force participation rate

Female-to-male ratio



● South Asia and Middle East & North Africa

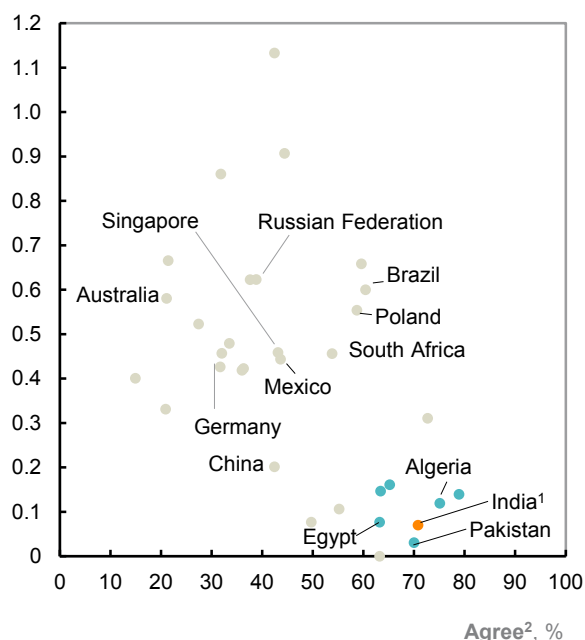
● Other regions

“When a mother works for pay, the children suffer”²

n = 32

Leadership positions

Female-to-male ratio



1 Leadership position for India based on NSSO data.

2 Possible answers to this question included “Strongly agree,” “Agree,” “Disagree,” “Strongly disagree,” and “Don’t know.” Percentage on the X axis includes responses for “Strongly agree” and “Agree”.

SOURCE: World Values Survey; OECD Gender, Institutions and Development Database 2014; National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

Legal protection and political voice

As in many other regions of the world, legal protection is an extremely high inequality area for India. We focus on 11 illustrative indicators of legal protection for women, drawing on data from the World Bank’s Women, Business and the Law database, which allow us to make cross-country comparisons. These include whether the country has legislation that addresses domestic violence and sexual harassment, whether women have the right to inherit property, obtain national identity, give evidence in court and be protected against discrimination by the constitution. The composite indicator also covers legal protection against gender discrimination in hiring and remuneration, the right of women to do the same kind of work as men, and legal provisions for parental and paternity leave.

India’s performance is better than that of the rest of South Asia and the MENA region, but Indian women do face some legal restrictions in finding employment and in the equitable sharing of unpaid work. For example, non-pregnant and non-nursing women cannot perform the same jobs as men, and the law in India does not mandate parental leave—either paid or unpaid. It must also be noted that even where laws exist, customary laws, prevailing social norms, and poor enforcement may place severe hurdles on the ability of women to access legal protection.

Political participation by women, too, remains an extremely high inequality area for India, as it is in most of the rest of the world. The number of women in ministerial and parliamentary roles in India is only 11 percent that of men, compared to 22 percent globally, based on data from the Inter-Parliamentary Union. This low share is despite the potential benefits from increased participation

of women. One cross-country study found that greater representation of women in parliaments led to higher expenditure on education as a share of GDP.¹¹ Another study suggested that in India, women's leadership in local politics has been found to reduce corruption.¹²

Physical security and autonomy

Indian women face extremely high inequality on two of three dimensions associated with physical security and autonomy (sex ratio at birth and intimate partner violence) and high inequality on the third (child marriage).

Some forms of threat to physical security and autonomy are widely prevalent in the case of young girls and female infants in India. United Nations data suggest that 27 percent of girls and young women between the ages of 15 to 19 are married in India, and some 0.6 million girls are unborn each year in India due to sex-selective abortions due to parents' preference for having sons. We estimate that some 163 million women in India have faced violence from their intimate partners, a proxy measure for several types of gender-based violence against women.¹³ This translates into a prevalence rate of 37 percent (although we note that this prevalence rate is likely to under-state the issue because of the many cases of violence that go unreported; moreover the prevalence rate does not include other forms of violence such as dowry killing, honour killing, acid attacks, rape, or sexual harassment).

THERE ARE SIGNIFICANT VARIATIONS IN GENDER EQUALITY AMONG INDIAN STATES

In this paper, MGI computes a new measure of gender parity for each of India's states, using data collected at the national and state-level on 10 of the 15 gender equality indicators that were used in the GPS. The measure is called the India Female Empowerment Index or Femdex (see the appendix for details of the metrics used to arrive at this score).

To compute the Femdex for each state, we adopted a methodology that was identical to that of MGI's GPS with some important exceptions. We did not include the category of legal protection and political voice because of a lack of complete data for these indicators at the state level. In the category of essential services and enablers of economic opportunity, we did not include financial inclusion and digital inclusion, again because no state-level gender-disaggregated data are available for these indicators. In the category of gender equality in work, we found no state-level data on perceived wage gap for equivalent work and hence excluded this indicator. We also found no state-level data on time spent on unpaid care work, but constructed a new state-level composite indicator using three elements: the share of households using modern cooking fuels, the share of households with a source of drinking water within or near their homes, and the share of households with sanitation facilities inside their homes. We use the absence of these three elements as proxies for the amount of routine household work that is likely to fall on women rather than men in India's states.

Our key findings include (Exhibit 7):

- India's GPS and Femdex scores at the national level are broadly similar. The aggregate Femdex for India across all categories of gender equality (using state-level data weighted by the female working-age population of each state) is 0.54 compared with India's aggregate GPS of 0.48; the higher Femdex value is to be expected because it does not take into account legal protection and political voice, a category of gender parity that pulls down India's aggregate GPS. For the three categories that they have in common (gender equality in work, essential services and enablers of economic opportunity and physical security and autonomy), the GPS and Femdex values are broadly similar.

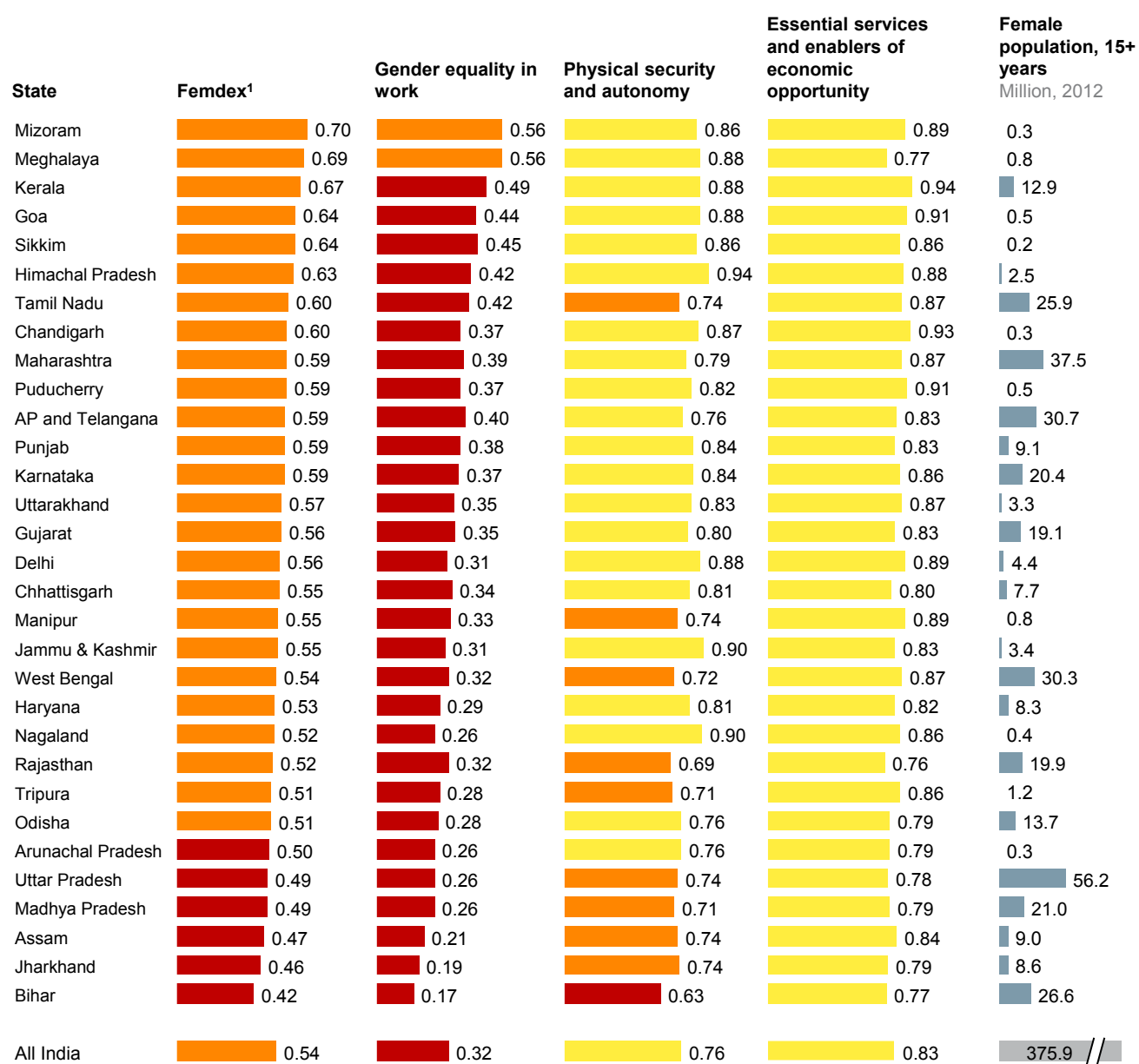
¹¹ Li-Ju Chen, *Female policymakers and educational expenditures: Cross-country evidence*, January 2009.

¹² Esther Duflo and Petia Topalova, *Unappreciated service: Performance, perceptions, and women: Leaders in India*, October 2004.

¹³ Based on data from the OECD Gender, Institutions and Development database, 2014.

Exhibit 7

States have significant variation in Femdex



1 All Femdex calculations are conducted using a sum of squares method with equal weighting across indicators. For all categories, the colour coding is in line with MGI's global Gender Parity Score (GPS). Colour coding for the aggregate Femdex is based on thresholds for the majority of indicators

NOTE: Femdex values are rounded to two decimal places. Colour coding is based on actual, not rounded, values.

SOURCE: McKinsey Global Institute analysis

- State-level Femdex scores range from 0.42 to 0.70. The five states with the highest aggregate Femdex values (in decreasing order) are Mizoram, Meghalaya, Kerala, Goa, and Sikkim with scores ranging between 0.70 and 0.64. This suggests that there are pockets within India where gender gaps are roughly in line with those in Argentina, China, or Indonesia, which have modified GPS values of about 0.66 to 0.70, using the 10 indicators included in the Femdex. However, the top five states account for just 4 percent of India's female working-age population.
- The lowest five state Femdex scores (in increasing order) are in Bihar, Jharkhand, Assam, Madhya Pradesh, and Uttar Pradesh, ranging from 0.42 to 0.49. The Femdex

scores suggest that gender equality levels in these states is as low as those in Chad and Yemen that have a modified GPS of 0.47 and 0.45, respectively for the 10 indicators included in the Femdex. The bottom five states account for some 32 percent of India's female working-age population, representing a large opportunity to improve India's national position on gender equality.

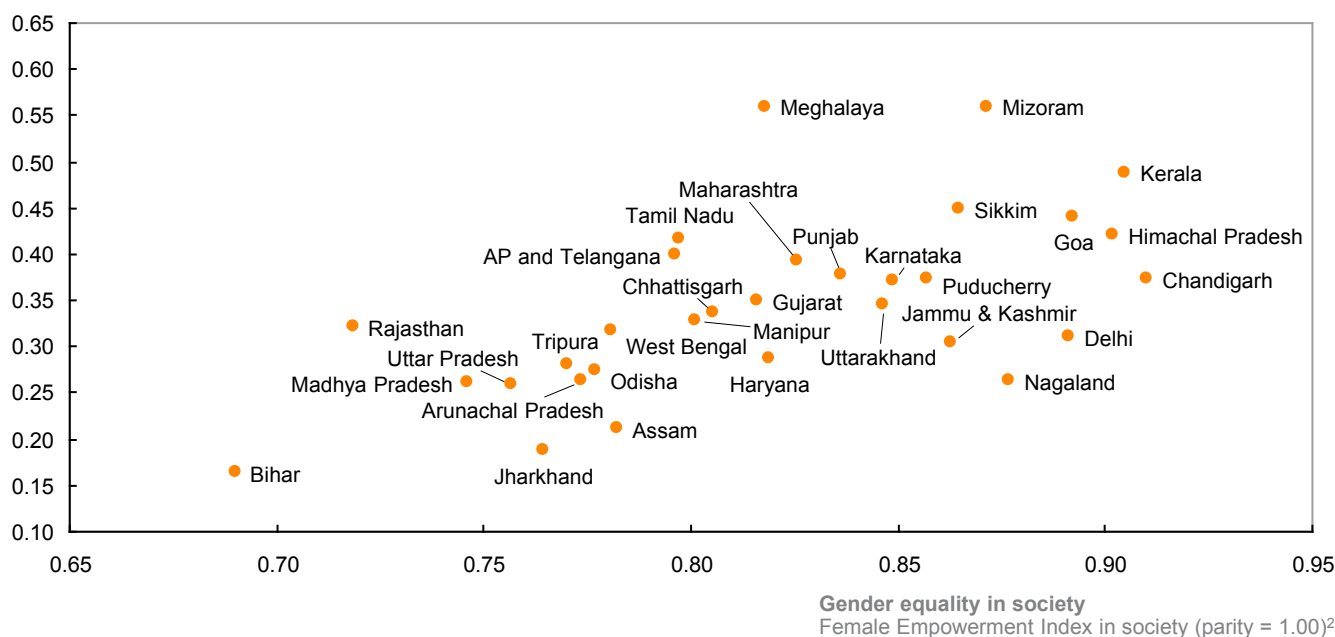
- Aggregate Femdex scores are highly correlated with per capita GDP ($r=0.68$, based on a correlation with log of per capita GDP) although there are outliers. For example, Kerala has slightly lower per capita GDP than Maharashtra's, but a significantly higher aggregate Femdex of 0.67 compared with 0.59 in Maharashtra.
- The strong linkage between gender equality in work and in society that MGI identified in its global research holds true for India's states ($r=0.65$) (Exhibit 8). As is the case globally, Femdex scores for physical security and essential services are significantly higher than those for gender equality in work.
- Femdex scores for gender equality in work are much more dispersed than those for the other two categories. They range from a high of 0.56 in Meghalaya and Mizoram to lows of 0.17 and 0.19 in Bihar and Jharkhand, respectively.

Exhibit 8

There is a strong linkage between gender equality in work and in society across India's states

Gender equality in work

Female Empowerment Index in work (parity = 1.00)¹



1 Labour-force participation rate, professional and technical jobs, leadership positions, unpaid care work (composite indicator of households not using modern cooking fuels, without a source of drinking water within or near their homes, and without sanitation facilities inside their homes).

2 Unmet need for family planning, maternal mortality rate, education level, sex ratio at birth, child marriage, violence against women.

SOURCE: McKinsey Global Institute analysis

The India Femdex is a tool that enables us to understand where each state stands on gender parity, and also to identify which gender gaps are the largest in each state. It would be useful to create a more refined version (for example, with gender-disaggregated data on financial and digital inclusion and time-use studies to calculate relative time spent by men and women on unpaid care work) and use it track progress made by states to close gender gaps over time.

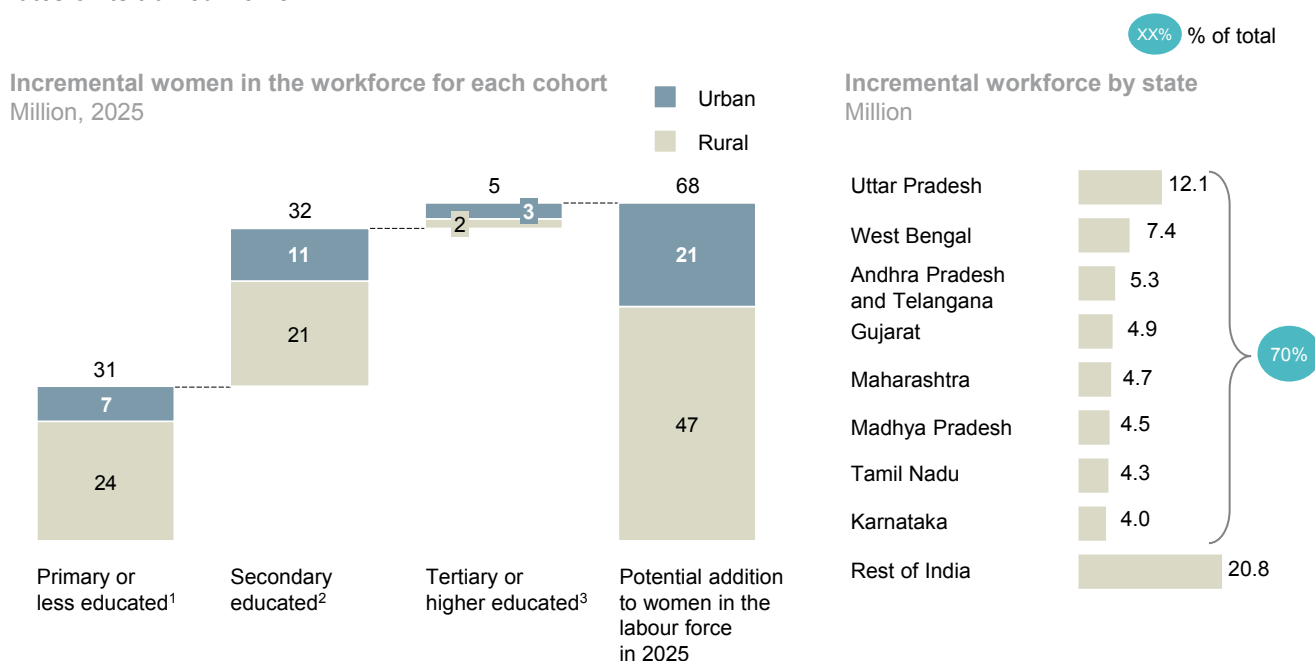
INDIA COULD CONSIDER CONCERTED ACTION FOCUSED ON EIGHT AREAS TO HELP WOMEN ACHIEVE THEIR ECONOMIC POTENTIAL

An agenda for women's economic empowerment in India over the next decade needs to start with mapping where the opportunities lie. We found that about 70 percent of the potential economic impact of advancing gender equality in India in the best-in-region scenario comes from raising the rate of female labour-force participation. We examined the potential to raise women's participation across India's states by focusing on those in the age group 15 to 35 years who are not currently in the labour force and not trained, because younger women are more likely to respond to higher education, skills, and financial and digital training than their older peers in the coming decade. For each state, we examined such women in six cohorts—combinations of three levels of educational attainment (primary or less, secondary, and tertiary or higher), and two types of location (rural, and urban). Using NSSO data, we estimated the size of potential future additions to India's female labour force by assuming that women in each of these cohorts achieve the historically observed participation rate already achieved by similar women who have received skills training in that state.

Using this approach, we find that 68 million more women could be brought into India's workforce by 2025—21 million more in urban India and 47 million in rural India (Exhibit 9). Some 37 million of these new female entrants into the labour force would be secondary and tertiary or higher educated, while the rest would have a primary education or less. Seventy percent of the potential incremental workers could come from the nine states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal.¹⁴ These states could be at the vanguard of policy efforts to boost jobs and the enablers of economic participation for women.

Exhibit 9

India could add 68 million women to the workforce in 2025, assuming each cohort achieves the current participation rates of its trained women



- 1 Those who have completed at least Class V but not Class XII
 2 Those who have completed at least Class XII but not a college degree
 3 Those who have completed at least a college degree

SOURCE: National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

¹⁴ Andhra Pradesh and Telangana are considered together for estimation purposes for data reasons, although they are two separate states.

No single intervention is likely to raise gender equality by this magnitude. Rather, a comprehensive and sustained portfolio of initiatives will be required. Spending by all countries including India on women-oriented programmes will be a small share of its overall development and social budgets, and it is therefore important that overall budgets and resources are channelled in a gender-neutral way.

Our global study identifies 75 interventions to address gender equality. We drew on this list, but prioritised eight areas that have the most potential to drive gender parity in India. Our prioritisation was informed by MGI's global research that suggests, based on correlations between 15 indicators across 95 countries, that progress on four areas could accelerate gender parity: education level, financial and digital inclusion, legal protection, and streamlining of unpaid care work. Our global research also led us to include one more area — changing societal attitudes and beliefs—as a key element of the potential change agenda for India. We drew on earlier MGI research on poverty to add two elements, job creation and skill building, that are critical for the economic empowerment of men and women alike in India.. Finally, McKinsey's Women Matter research underscores the importance of supportive policies and practices in employer organisations, and we included these in the set of eight critical areas for India to consider.

The eight areas could be part of a national roadmap for raising the economic empowerment of India's women, specifically bringing 68 million more women into the workforce by 2025. The government could take the lead in some of these areas, but the private sector can also play a significant role in many of them. Given the multiple initiatives and stakeholders involved, India could consider building coalitions for change that involve government, private- and social-sector stakeholders coming together on a particular gender-based theme and driving solutions to it. The eight focus areas are:

1. Closing gender gaps in secondary and tertiary education in India's larger states

The education gap between boys and girls has been virtually eliminated at the primary and secondary school levels in India and has been narrowing at other educational levels. Girls' enrolment in secondary education increased from 35 percent in 2005 to 62 percent in 2014, and that of boys from 44 percent to 62 percent over the same period, indicating no gender gap but need to raise enrolment levels for both girls and boys.¹⁵ In tertiary education, female enrolment rose from 6.7 percent in 2002 to 19.8 percent in 2012, while that for men rose from 9.3 percent to 22.3 percent. Today, 52 percent of the girls not enrolled in secondary education are found in the five states of Bihar, Madhya Pradesh, Maharashtra, Uttar Pradesh, and West Bengal.¹⁶ Of these, Bihar and Uttar Pradesh have particularly challenging circumstances, namely the lowest urbanisation rates and levels of per capita GDP of all Indian states.

Continuing efforts to raise girls' education levels in these large states could help India improve the national situation not just on the education-level gender equality indicator but on other gender gaps in society and in work because there are correlations between them. For instance, National Family Health Survey data suggest that tertiary or higher educated women in India have a 70 percent lower probability of having experienced spousal violence than secondary or lower educated women. Keeping girls in school for longer helps educate them about their rights and their health, and helps to make headway on child marriage, family planning, maternal health, and sex-selective abortion. In India, there is also evidence that education is a key factor behind women's preference for having male children (Exhibit 10). On average, women with no educational attainment express a 30 percent stronger preference for a boy child over a girl, compared with a 3 percent stronger preference expressed by women with tertiary or higher education. In the case of women with a tertiary or higher education, their preference does not vary much from state to state, suggesting cultural and regional patterns are less important than levels of education in explaining such attitudes.

¹⁵ Based on data from India's Ministry of Human Resources Development, 2012.

¹⁶ Ibid.

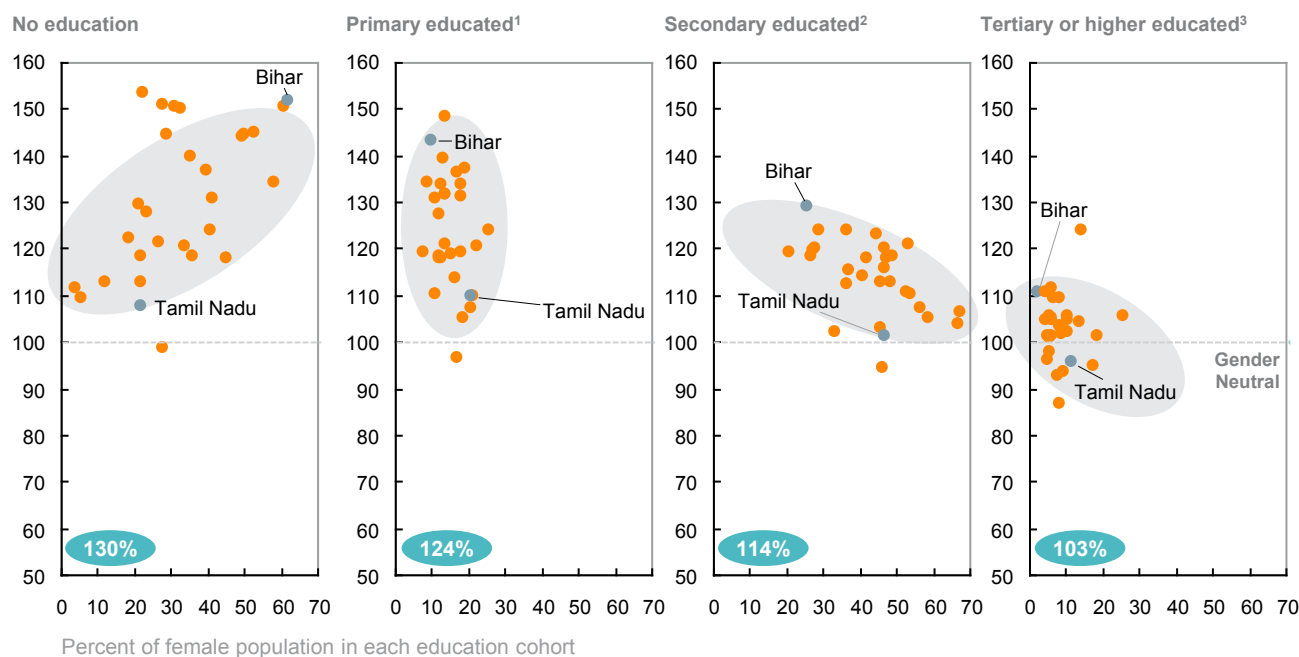
Exhibit 10

The preference among women for a son rather than a daughter reduces with rising education levels

Preference of son relative to daughter among women
at each educational attainment level

Number of sons considered ideal for every 100 daughters

x Relative son preference of
each cohort



- 1 Those who have completed at least Class V but not Class XII
 2 Those who have completed at least Class XII but not a college degree
 3 Those who have completed at least a college degree

SOURCE: National Family Health Survey 2005-06; McKinsey Global Institute analysis

Beyond important social benefits, educating girls and women helps to boost their economic participation, and helps improve the quality of the jobs women have, and therefore their wage-earning ability. For example, NSSO data suggests that, in 2011 to 2012, tertiary-educated women in India were 1.5 times more likely to participate in the labour force than secondary-educated women. Women with a secondary education were more likely to be in professional jobs than women with only a primary education (Exhibit 11). For example, 23 percent of secondary educated women were in jobs as professionals or associate professionals, compared with only 1 percent of primary educated women. Average wages also increase significantly with education. Primary-educated women earn about 120 rupees a day on average, while tertiary educated women earn 584 rupees per day.

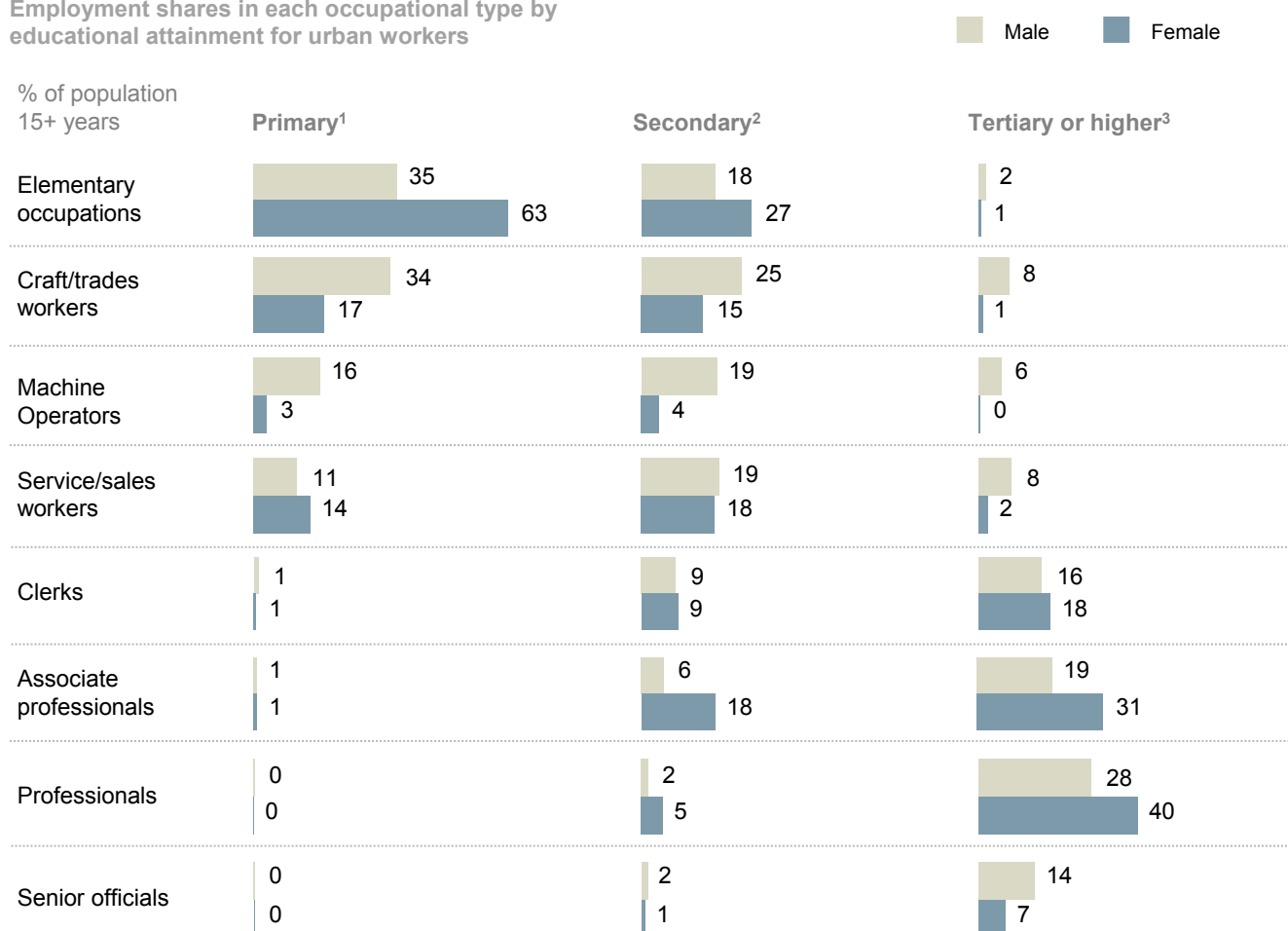
2. Lowering barriers to job creation to facilitate 68 million more non-farm jobs for women over the next decade

Efforts to economically empower India's women will require the lowering or dismantling of barriers to job creation as a whole. MGI's global study and this paper assume that male participation does not dip in response to higher female entry into the workforce, as this has been the experience globally over the past two decades. In the best-in-region scenario, some 240 million incremental jobs would need to be created around the world in the next decade to absorb the women entering the workforce, with 68 million of these in India in 2025. Achieving this scenario would require job-creating investment in the industrial and services sectors that would need to absorb additional labour. MGI estimates that incremental investment required in India in 2025 could be about 17 percent higher than in a business-as-usual scenario.

Exhibit 11

Women with higher educational attainment tend to occupy professional roles more than men do

Employment shares in each occupational type by educational attainment for urban workers



1 Those who have completed at least Class V but not Class XII

2 Those who have completed at least Class XII but not a college degree

3 Those who have completed at least a college degree

SOURCE: National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

Many reforms to increase the rate of investment and job creation are gender-neutral including, for example, accelerating the delivery of infrastructure, cutting red tape that constrains businesses, removing tax and product-market distortions, and making land markets more functional.¹⁷

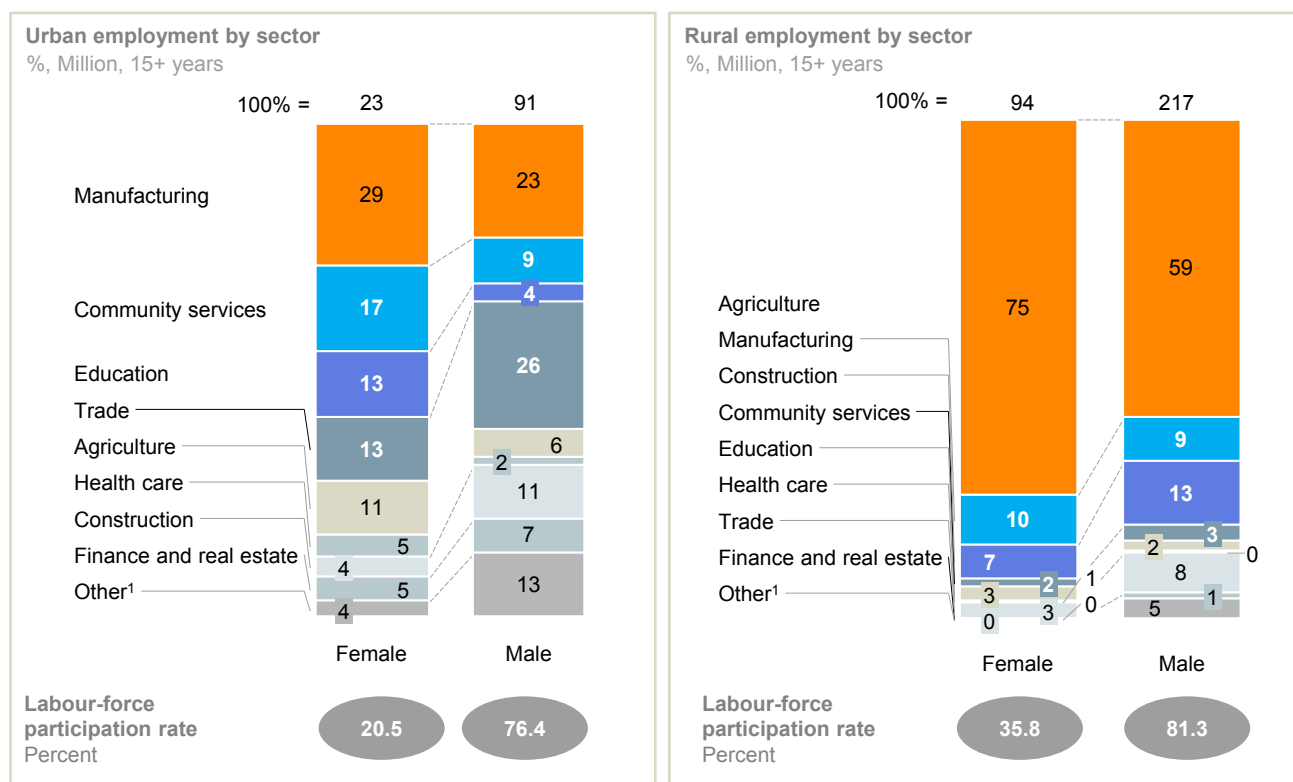
However, some reforms could be tailored to industries that have a higher propensity to hire women such as manufacturing, community services, education, and health care (Exhibit 12). Existing government efforts such as Make in India could focus on sectors conducive to female employment where India could build competitive advantage. These could include ready-made garment manufacturing, electronics assembly, business process outsourcing, health-care and wellness services, and tourism—labour-intensive tradable sectors in which India could compete globally. Similarly, labour law reform in India's states could focus on addressing barriers to women's employment. To promote the creation of jobs for women in the formal economy, India could consider tax incentives. An example

¹⁷ *From poverty to empowerment: India's imperative for jobs, growth and effective basic services*, McKinsey Global Institute, February 2014.

of such an approach being a success was Canada, which reduced the tax contribution of secondary earners and increased female labour-force participation as a result.¹⁸

Exhibit 12

Female workers are concentrated in manufacturing, community services, education, and trade in urban India, and agriculture in rural areas



1 Other includes transport and communications, mining and utilities.

SOURCE: National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

3. Expanding skills training for women to boost their employability in target sectors

There are strong links in India between workforce participation and vocational training. Women with skills training in urban areas are more than twice as likely to be in the labour force as those without, and about twice as likely in rural areas (Exhibit 13).

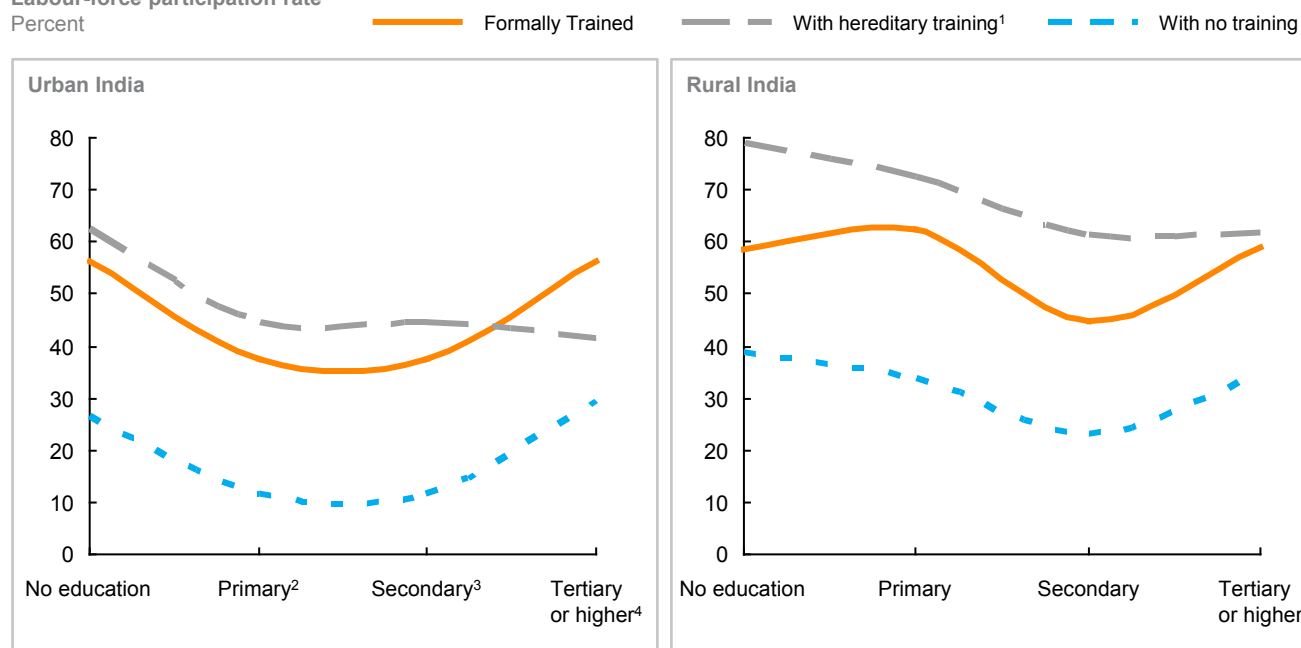
The government's Skill India programme could be coordinated with initiatives to create jobs that are focused on sectors conducive to jobs that have a natural affinity for women. Almost three-quarters of the vocational courses chosen by women in India relate to textiles and garments, computers, and health-care and beauty services (Exhibit 14). Leisure and hospitality (tourism services) and manufacturing (other than garments) do not yet figure among the top five areas where women acquire vocational training, indicating the need for more women-oriented skills programmes in these sectors in future.

¹⁸ Evidiki Tsounta, *Why are women working so much more in Canada? An international perspective*, IMF working paper number 06/92, April 2006.

Exhibit 13

Labour-force participation rates are higher for women with skills training, both formal and hereditary

Labour-force participation rate
Percent



1 Hereditary training indicates non-formal training other than self-learning and on-the-job training, based on NSSO's definition

2 Those who have completed at least Class V but not Class XII

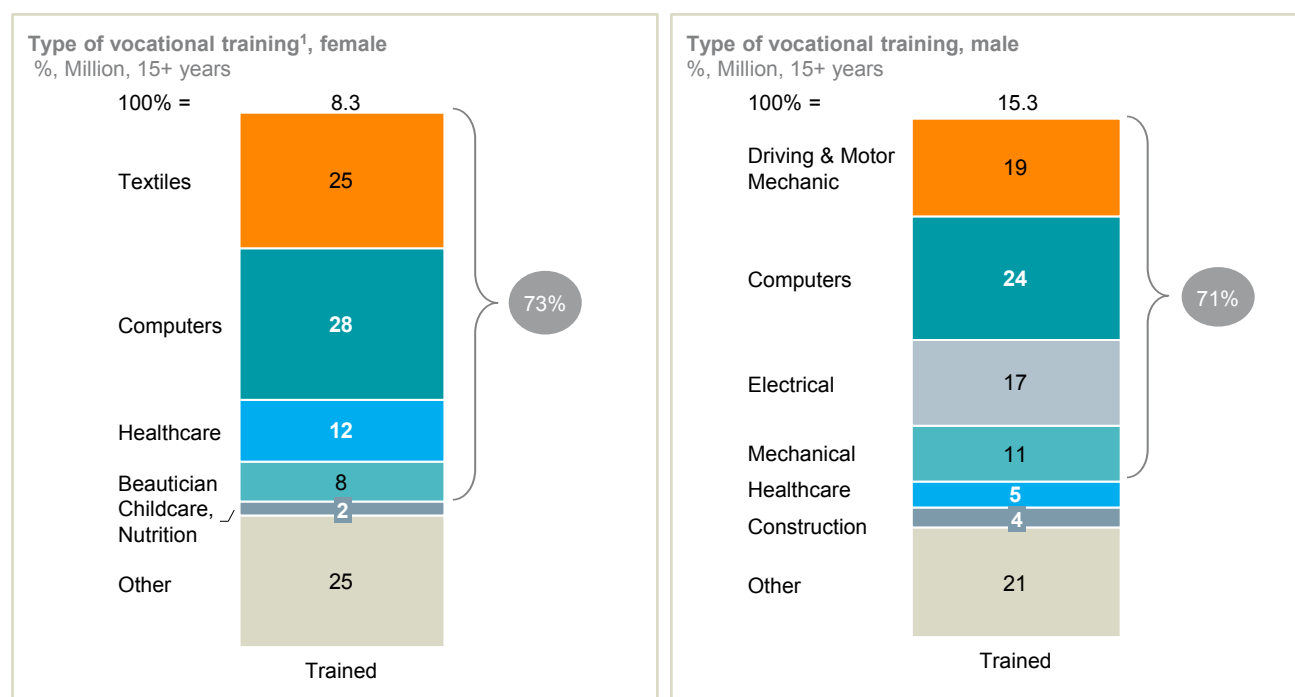
3 Those who have completed at least Class XII but not a college degree

4 Those who have completed at least a college degree

SOURCE: National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

Exhibit 14

Women tend to train in textiles, computers, health care, and personal services; men do so in motor, computer, electrical, and mechanical trades



1 Excluding hereditary and on the job learning

SOURCE: National Sample Survey Organisation, 68th round of employment and unemployment, 2011-12; McKinsey Global Institute analysis

The private sector could play its part by training women entrepreneurs in supply chains and sales and distribution channels. One example of such an initiative already undertaken in India is Unilever's Shakti program, which has trained more than 70,000 rural women in India as micro-entrepreneurs to sell personal-care products as a way of making its brands available in rural India.¹⁹ Walmart is another example of a company focused on increasing its sourcing from businesses owned by women. It has launched training programmes such as those that train female (and male) farmers to improve production and post-harvest practices, and those that train female factory workers in life skills.²⁰

4. Expanding the reach of financial and digital services to enable women entrepreneurs

Globally, the rate of financial inclusion is especially linked to women's presence in management and leadership roles. Experience from other countries that have active programmes designed to enhance financial inclusion among women—including M-Pesa in Kenya and the Grameen Bank in Bangladesh—have shown that micro-payments and microfinance can potentially be a very effective tool to enable the participation of women as entrepreneurs.

India's financial-inclusion programmes could be given a strong gender thrust. Recent efforts undertaken in India as part of the Pradhan Mantri Jan Dhan Yojana programme aimed to ensure access to financial services has led to an estimated 189 million new bank accounts being opened along with micro-insurance benefits.²¹ The launch of the MUDRA scheme will also enable women entrepreneurs to access unsecured credit.²² However, more could be done by focusing on women as special target groups for programmes expanding access to micro-credit and financial literacy, and broadening the range of services to include entrepreneurship training.

For example, the financial services firm Goldman Sachs sponsors the 10,000 Women initiative, which provides women in developing economies with business education, mentoring, and access to capital in order to equip them for success as entrepreneurs. In 2014, the 10,000 Women initiative and the International Finance Corporation launched a \$600 million effort to enable approximately 100,000 women-owned small and medium-sized enterprises (SMEs) to access capital.²³ Turkey's Garanti Bank developed a three-pronged strategy to target this group: funding, education and entrepreneurship training, and encouragement, to tackle various barriers to increased financial inclusion of female entrepreneurs. In addition to making loans available with minor pricing concessions, the bank created innovative products, such as a gold loan. It held gatherings of female entrepreneurs to discuss topics such as marketing and e-commerce and partnered with a university to create a mini-MBA program for women. By 2013, 10 percent of Garanti's SME customers were women, with \$900 million in outstanding loans.²⁴

Adoption of digital technology could help, both in extending financial services to the unbanked and making work and skills more accessible to them. Digital literacy is increasingly a required skill for many jobs—especially better-paying and more productive ones. It also opens new avenues for flexible and remote work that did not exist before; the new types of work opportunities being created by on-demand talent platforms could boost labour-force participation among women who have been out of the workforce

¹⁹ Unilever website.

²⁰ Walmart website.

²¹ Government of India Pradhan Mantri Jan Dhan Yojana (PMJDY) website.

²² MUDRA, or Micro Units Development & Refinance Agency, has been launched by the Government of India in 2015 to promote finance to small businesses and micro-enterprises.

²³ Goldman Sachs website.

²⁴ *Case study: Garanti Bank SA: Combining SME banking excellence with a proposition for women entrepreneurs in Turkey*, International Finance Corporation, March 2014.

altogether.²⁵ Nearly 60 percent of Indian Internet users report using the Internet to search and apply for jobs.²⁶

Previous MGI research indicates that the number of mobile internet users in India has the potential to reach between 700 million and 900 million people by 2025.²⁷ Mobile and Internet adoption has the ability to double the rate of financial inclusion, and bring an additional 300 million Indians into the formal financial system. Ensuring that increased access to financial services and digital technology in India occurs in a gender-friendly way is crucial.

5. Improving infrastructure and services to address the burden of routine domestic work, childcare and elder care

In the future, women's economic empowerment will go hand-in-hand with changes in their role in unpaid care work. Globally, the amount of time women spend in such work relative to men has a high correlation with female labour-force participation rates and a moderate correlation with their chances of assuming leadership positions and participating in professional and technical jobs. Unpaid care work by women also shows a moderate correlation with education levels, financial and digital inclusion, and legal protection. This suggests that this type of social infrastructure may help to change attitudes about the division of household responsibilities and about women's worth and their right to find fulfilment outside the home.

Some unpaid care work could be substituted by better infrastructure and services such as access to safe water and clean fuels in homes, better transport, the marketisation of unpaid work through the creation of reliable and affordable paid services for child care, caring for the elderly, and performing domestic chores, and, finally, more equitable sharing of unpaid work between members of the family.

The government could provide better public infrastructure and market-based services to streamline unpaid care work. For instance, a study in three states of India, as well as Nepal and Bangladesh, found an average time-saving of 30 minutes to one hour ten minutes per day through improved cooking stoves, enabling women's increased involvement in social, economic and family activities.²⁸ Improving infrastructure that eases the performance on domestic work can extend to water for household use and sanitation, accelerating efforts under India's Swachh Bharat mission.

The government could also create policies that encourage and incentivise service providers to deliver affordable child care and services for caring for the elderly. For instance, the Swedish government runs subsidised child-care centres for children below the age of six. State-run child care need not be the only answer, as it could involve a significant increase in the net economic cost of child care while providing limited incentives for innovation and service quality. The appropriate solution may be a combination of public subsidies with decentralised, market-driven models of child care.

6. Stepping up gender diversity policies and practices in private-sector organisations

India's larger companies, like their counterparts in Asia and other parts of the world, have started focusing on human resources policies and practices to promote gender diversity. Yet, these practices have not spread to small and medium-sized enterprises, and more needs to be done even within large companies. According to a forthcoming McKinsey

²⁵ *A labor market that works: Connecting talent with opportunity in the digital age*, McKinsey Global Institute, June 2015.

²⁶ *Women and the Web: Bridging the Internet gap and creating new global opportunities in low and middle income countries*, Intel Corporation and Dalberg Global Development Advisors, January 2013.

²⁷ *India's technology opportunity: Transforming work, empowering people*, McKinsey Global Institute, December 2014.

²⁸ *Gender and Livelihoods Impacts of Clean Cookstoves in South Asia*, Global Alliance for Clean Cookstoves, May, 2015.

report on Women Matter in Asia, a survey of women executives in India's private-sector companies found that respondents believe that “the lack of specific company measures to recruit, retain, promote and develop women” is the most important barrier to increasing gender diversity within the top management of their organisations, and the “double burden” for women in balancing work and domestic responsibilities is the next highest hindrance.²⁹

McKinsey's Women Matter survey of 235 companies conducted in Europe in 2012 suggests that setting explicit CEO-driven targets for gender diversity within their organisations is critical to achieving impact.³⁰ To change the value proposition for female workers, India's CEOs could commit to targets and ensure their companies embrace policies that promote diversity. These include fair hiring practices, a commitment to equal wages for equal work, clear rules and criteria for promotions, the elimination of gender biases in performance reviews, and an end to discriminatory practices and sexual harassment in the workplace. Companies could also implement improved parental and family-leave policies, and enhance location flexibility through technology-enabled work models.

Vodafone, for example, has established global minimums of 16 weeks of fully paid maternity leave, followed by six months in a flexible arrangement on return during which time women can work 30 hours per week on full salary.³¹ Rio Tinto in Australia has developed a policy on flexible work arrangements aimed at supporting employees with family duties who cannot work traditional schedules; the company offers flexible working hours and part-time and job-sharing options.³² Some IT companies in India are providing onsite child-care services and safe transport for women employees using vehicles with tracking devices. Addressing unconscious biases amongst both men and women workers is another critical area of focus for employers.

7. Further strengthening legal provisions for women and enforcement of laws

Legal provisions guaranteeing the rights of women as full members of society show correlations with child marriage, violence against women, unmet need for family planning, and education. Other researchers have highlighted the link between legal protections and labour-force participation of women.³³

Women in India today can access institutions such as courts and inherit property on an equal footing. India earmarks selected local government office constituencies for female candidates, and has a national bill under consideration that would reserve 33 percent of all seats in the Lok Sabha, India's Lower House of Parliament, and all state legislative assemblies for women. But states and local governments could enhance focus on laws for women's safety and security, and ease legal and administrative rules that hinder the work opportunities available to women. In addition to strengthening legal provisions, India would also need to improve the actual enforcement of laws intended to protect women and guarantee their rights, to educate women (as well as men) about their legal rights, and train upholders of the law and allied public services, such as members of the police force, the judiciary, government officials and public health professionals, to be sensitive to gender issues.

²⁹ See McKinsey's Women Matter research at www.mckinsey.com/features/women_matter.

³⁰ Ibid.

³¹ Vodafone website.

³² Jane Nelson et al., *A path to empowerment: The role of corporations in supporting women's economic progress*, Harvard Kennedy School and U.S. Chamber of Commerce, April 2015.

³³ Gonzales, Christian, Sonali Jain-Chandra, Kalpana Kochhar, and Monique Newiak, *Fair play: More equal laws boost female labour-force participation*, IMF staff discussion note number 15/02, February 2015.

8. Reshaping deep-rooted attitudes about the role of women in work and in society

Government, NGOs and private sector entities could jointly promote corporate social responsibility-led projects to build education and awareness in communities, not just of women but of men too. The Husband's School in Niger, an initiative instituted by the United Nations Population Fund in 2007, established schools that brought together married men, health authorities, and NGOs twice a month to discuss reproductive health, child spacing, and use of contraception. These forums helped to change how men perceived reproductive health, and male participants, in turn, influenced their wives' behaviour. In some communities it serves, the use of family planning has tripled, as has the rate of prenatal visits.³⁴

Private-sector and government stakeholders could also work together to launch targeted TV, radio and social media campaigns to reshape attitudes that prevent women from working outside the home or undermine the role of women in other ways. For instance, marketing and communications multinational Ogilvy & Mather supported India's Bell Bajao—Ring the Bell—campaign to increase awareness of domestic violence and the legal protection available to tackle it through public-service announcements on radio and television and video vans broadcasting messages throughout the country. The campaign has been viewed by more than 200 million people, and more than 75,000 have interacted directly with community advocates.³⁵

Interventions could be made earlier in the lifecycle of girls through school outreach campaigns to promote girls in leadership roles, raise the economic aspirations of both girls and their family members, and boost educational choices by girls that could lead to professional and technical job opportunities. Based on its on-the-ground experience, the Forum for African Women Educationalists collaborated with teachers in Kenya, Rwanda, and Tanzania to develop a “gender-responsive pedagogy” manual in 2003 as a handbook on best practice for teaching and creating a learning environment where girls can thrive. Schools in these countries served as pilots for the techniques developed in the manual.³⁶

Awareness could also be raised by boosting measurement and monitoring of gender-disaggregated data in India at the level of its states through, for example, the publication of an Annual Women's Report for India's states that focuses on gender gaps at the local level, enhancing demand for progress among citizens. Companies could volunteer to report gender-disaggregated data and share best practices. In Germany for instance, a group of 11 private-sector, government, media, and science and technology organisations came together in July 2015 in an initiative called Chefsache (meaning “CEO priority”) under the sponsorship of the Chancellor with the aim of driving change in social attitudes that influence women taking leadership roles in business.



Enabling women to be equal partners in society and in India's workforce would not only be inclusive, but also give the economy a substantial boost. Without tackling gender equality in society, those large economic benefits will not be realised. This research offers a framework for action and collaboration by governments, NGOs, and the private sector based on the many success stories of initiatives around the world that could help to clarify the road ahead and open the door to creative partnerships.

³⁴ MDG report 2014: Assessing progress in Africa toward the Millennium Development Goals — analysis of the common African position on the post-2015 Development Agenda, United Nations Economic Commission for Africa, African Union, African Development Bank and United Nations Development Programme, 2014.

³⁵ www.bellbajao.org/.

³⁶ Penina Mlama, *Gender and education for rural people*, presented at Ministerial Seminar on Education for Rural People in Africa in Addis Ababa, Ethiopia, September 7–9, 2005



APPENDIX

MGI's global report *The power of parity: How advancing gender equality can add \$12 trillion to global growth* has detailed technical notes about the analysis undertaken, such as building the full-potential and best-in-region GDP scenarios, assessing global gender inequality through 15 indicators, and calculating the Gender Parity Score (GPS).

This appendix explains a new measure of state-level gender equality in India, that we call the India Female Empowerment Index, or Femdex. We followed a methodology identical to that used to compute the GPS, but using a subset of 10 indicators for which data is available at the state-level in India, rather than the 15 indicators used to compute the GPS (see Exhibit A1 for a list of the indicators we selected for the Femdex and the data sources used). The indicators excluded from the Femdex are wage gap, financial inclusion, digital inclusion, legal protection and political representation. As we found no state-level data on time spent on unpaid care work, we constructed a new composite indicator using three elements as a proxy: the share of households using modern cooking fuels, the share of households with a source of drinking water within or near their homes, and the share of households with sanitation facilities inside their homes.

For each of the 10 indicators, we calculated how close women are to gender parity. We then combined the average gender parity levels into one number—the Femdex—using the sum of squares method and assuming equal weight to each indicator. To aggregate state scores into national scores, we weighted our results based on the size of the female population in each state. For maternal mortality, where data was only available for 15 states, values were estimated based on the correlation between maternal mortality rates and infant mortality rates, for which data is available for all 32 states. Similarly, for family planning and spousal violence, where data is only available for 28 states, the average of neighbouring state data was used.

Exhibit A1

Summary of gender equality indicators and data sources used to construct the Femdex

Indicator	Description	Data source	Data year or range	Coverage
Labour-force participation rate	Female-to-male ratio; age 15+ labour-force participation rate	National Sample Survey Organisation	2011-12	All states
Professional and technical jobs	Female-to-male ratio; representation (number) in professional and technical jobs (professionals, technicians, and associate professionals)	National Sample Survey Organisation	2011-12	All states
Leadership positions	Female-to-male ratio; representation (number) in leadership positions (legislators, senior officials, and managers)	National Sample Survey Organisation	2011-12	All states
Unpaid care work – Energy	Share of households using LPG/PNG or kerosene for cooking	Population Census	2011	All States
Unpaid care work – Water	Share of households having a source of drinking water within their premises	Population Census	2011	All States
Unpaid care work – Sanitation	Share of households having a latrine facility within their premises	Population Census	2011	All States
Unmet need for family planning	Female only; percent of married or in-union women aged 15–49 who want to stop or delay childbearing but are not using contraception	National Family Health Survey	2005	28 States
Maternal mortality	Female only; maternal deaths per 100,000 live births in a specified year ¹	Population Census, Sample Registration System	2010-12	15 States
Education level (Composite)	Female-to-male ratio; composite indicator of adult literacy rate, secondary enrollment rate, and tertiary enrollment rate	District Information System for Education	2011-12	All States
Sex ratio at birth	Male-to-female ratio; number of male births to number of female births	Population Census	2011	All States
Child marriage	Female only; percent of girls and young women aged 15–19 who are married	Population Census	2011	All States
Spousal Violence	Female only; percent of women who have experienced physical and/or sexual violence from an intimate partner at some time in their lives	National Family Health Survey	2005	28 States

SOURCE: McKinsey Global Institute analysis



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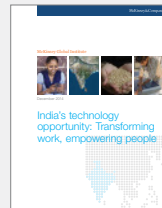
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November 2015
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