

Breaking Barriers: From Ambition to Action

A clear path to doubling the female labour force participation rate by 2047

India has set an ambitious target for itself of achieving a \$30 trillion GDP by 2047, to mark the centennial celebration of its independence. Women, who constitute 48% of the population account for only 18% of the GDP. In the words of Christine Lagarde, the former chief of IMF “No country can truly develop if it leaves half of its population behind.” Women’s contribution to GDP must increase significantly to 45% (\$14 trillion) if we are to achieve this economic milestone. This will require a strategic shift in female labour force participation rate (FLFPR) which will need to double for working age women (15 to 59 years) from the current approximately 42% (approximately 268 million) to at least 70%, to create a strong female workforce by 2047, a goal the Government of India aims to achieve as part of Viksit Bharat.

The Challenge of Increasing Female Workforce Participation

A rise in FLFPR will not only enhance per capita GDP, but will also improve household earnings, increase focus on education, and reduce domestic violence due to the socio-economic empowerment of women. Despite a favourable demographic dividend, supportive policies, and changing societal perceptions, current projections indicate that India’s workforce will fall short of the 70% target. However, this projection highlights a significant challenge: a staggering gap of 145 million ‘missing women’ who must be integrated into the workforce. Addressing this gap is crucial not only for achieving gender equity but also for fulfilling the country’s broader economic aspirations and ensuring sustainable growth. Addressing this gap requires targeted solutions tailored to the unique challenges faced by urban and rural women.

Rural Women in the Workforce: Barriers and Opportunities

The challenges of women in rural India are distinctly different from those of women residing in the cities and hence need specific solutions. The prevalence of low-income, unstable work in agriculture-related activities or informal family businesses without stable earnings further hinders economic progress for rural women. An estimated 70% or approximately 101.5 million of the projected 145 million women left out of the labour force in 2047 will reside in rural India.

The key factors limiting workforce participation of women in rural India revolve around limited formal job opportunities. In addition, higher dropout rates emanating from limited means and socio-cultural factors compromise the employability of these young girls particularly in skilled sectors.

Around 50% (52 million) of the women in rural India are engaged on family farms. While an estimated 39 million work as nano-entrepreneurs in home-based micro-businesses like tailoring, handicrafts, or food processing. Another 26 million work as casual labour or domestic help and other informal service roles. Among these, the first two categories of women comprising women working on family farms and home-based entrepreneurs hold the highest potential for growth. Targeted interventions—such as financial assistance, skill-building programs, and improved market access—can enable these women to transition into formal economic contributors and thus deliver meaningful change in rural women’s workforce participation.

Reimagining Entrepreneurship for Rural Women

It is imperative to identify sustainable funding sources like CSR funding, family philanthropy, and institutional and retail capital to ensure continuous support for this segment. Catalytic capital bridges the gaps of philanthropic and commercial investments. Anchor players, including non-profits, for-profits, government agencies, and public-private partnerships, are key to successfully implementing and scaling such initiatives. They build partnerships, enhance local women entrepreneurs' capabilities, monitor progress, and secure necessary funding. To make entrepreneurship a sustainable and viable livelihood option for rural women, five key change levers need to be reimagined:

1. Rethink Livelihood Opportunity Design

It is crucial to identify high-growth value chains that align with the skill sets of the target audience. Products with strong market demand—such as handicrafts, organic farming, dairy products, and traditional textiles—should be prioritized. Entrepreneurship opportunities must be tailored to the realities of rural women, focusing on home-based and locally relevant businesses. This process should factor in market demand, the presence of relevant ecosystem partners, and supportive government policies to ensure sustainable growth. Additionally, flexible business models must account for women's household responsibilities, allowing them to balance work and family.

2. Build Capabilities

Scaling training efforts is essential for fostering women leaders. Implementing a train-the-trainer model can create a multiplier effect, benefiting a larger audience. This approach can be strengthened through a mix of online and offline learning methods, including text, video, mobile apps, gamification, and customized expert guidance to help hone their skills to deliver quality products. Many rural women face barriers due to limited business knowledge, lack of technology exposure, and absence of mentorship. Comprehensive skill-building programs should focus on inculcating trade-specific expertise, followed by market insights, financial

literacy, and digital tools. Soft skills such as negotiation, leadership, and networking should also be imparted to boost confidence and enable independent decision-making.

3. Improve Access to Capital

Access to credit remains a major hurdle for rural women entrepreneurs. A blended finance approach, where returnable grants help establish alternative credit scores, can aid women entrepreneurs in transitioning from informal to formal credit markets. This model enhances financial inclusion and long-term economic sustainability. Innovative financial solutions offering microfinance, interest-free loans, and self-help group (SHG)-linked credit schemes need to be expanded further as customized financial products with minimal collateral and digital payment solutions can empower women to scale their businesses. Creditworthiness can also be enhanced through community-based financing models and credit guarantee programs.

4. Strengthen Market Linkages

Poor market access and weak infrastructure hinder rural women from reaching wider consumer bases. Strengthening connections between SHGs, cooperatives, corporate buyers, and government procurement programs is essential. Digital platforms and e-commerce can also provide rural women with access to larger markets, reducing dependency on intermediaries and ensuring better profit margins. Collaborating with online and offline platforms tailored to specific value chains is critical for non-profits and impact-driven organizations. These partnerships enable rural women entrepreneurs to access broader markets and grow their enterprises effectively.

5. Address Mobility Challenges

Limited transportation and safety concerns often prevent rural women from actively participating in entrepreneurial activities. Investments in safe and affordable transport options, improved rural road networks, and women-friendly mobility solutions are crucial. Additionally, establishing local business hubs and decentralized workspaces within villages can minimize the need for long-distance travel, making entrepreneurship more accessible.

Urban Women in the Workforce: Barriers and Opportunities

In contrast, approximately 30% of the projected 145 million missing women will belong to urban areas. These women can be categorized into two broad categories comprising aspirational homemakers and high potential youth who seek to actively participate in employment opportunities. The key challenges faced by these urban women include a job-skill mismatch, where many women possess higher educational qualifications but struggle to find suitable employment. Despite women comprising over 42% of India's

STEM graduates, they make up only 14% of STEM-related jobs (World Bank, 2023). This indicates a significant underutilization of qualified talent.

Additionally, wage disparity remains a major barrier. Women in urban India earn 19% less than men on average for the same job roles (Monster Salary Index Report, 2023). This discourages many women from pursuing formal employment, as the opportunity cost of managing household responsibilities outweighs potential earnings. Access to employment opportunities in the vicinity and suitable support systems are some of the other challenges that disparage women professionals from participating in skill-appropriate economic activities. Addressing these gaps through targeted skilling programs, remote work opportunities, and gender pay parity policies is crucial for boosting urban FLFPR."

Reimagining Job Creation for Urban Women

Reimagining job creation for urban women isn't just about access—it's about ensuring equal opportunities, safety, and long-term career growth. For urban women to fully participate in the workforce, job creation must be reimagined across four key pillars:

1. Inclusive Job Design

Urban workplaces must eliminate barriers like gender biases in hiring, pay gaps, and workplace discrimination. Companies should focus on creating accessible, flexible, and sustainable job opportunities including hybrid work models and gender-neutral career growth paths.

2. Enhancing Employability for Urban Women

To thrive in a rapidly evolving job market, urban women need upskilling in STEM, digital literacy, and entrepreneurship. Industry collaborations and skill-development programs must align with market demands, helping women secure high-growth roles in technology, finance, and emerging sectors. This approach also focuses on future-ready capabilities, preparing them for emerging job sectors. The training must combine offline and online learning modes, while utilizing networks like alumni, grassroots, and volunteer groups to deliver training effectively.

3. Building Resilience in the Urban Workforce for Women

Urban women face the added pressure of balancing career with caregiving responsibilities. Addressing this includes providing safe, accessible transportation options, like women-friendly transit or employer-sponsored rides. Flexible work schedules and remote work policies support a healthy work-life balance, while comprehensive childcare solutions—whether through community centers or employer partnerships—help women succeed without sacrificing family commitments. These

measures will go a long way in enhancing workforce participation of women in urban areas.

4. Strengthening Workplace Safety

With rising concerns about workplace harassment, organizations must adopt strong anti-harassment policies, set up confidential reporting mechanisms, and conduct regular sensitization programs. A culture of zero tolerance for misconduct will encourage more women to enter and stay in the workforce.

The Foundation for Change

To effectively increase FLFPR and meet India's economic goals, a differentiated approach must be adopted. For rural women, expanding financial support for micro-entrepreneurs, enhancing vocational training, and improving rural employment schemes can provide necessary support. For urban women, creating gender-inclusive workplaces, addressing wage disparities, and promoting flexible work opportunities are crucial strategies. By prioritizing interventions for Aspirational Homemakers, Home-Based and Nano Entrepreneurs, High-Potential Youth, and Casual Labourers, India can unlock the untapped potential of millions of women and move closer to its economic aspirations by 2047. Demonstrated success in these segments could pave the way for broader workforce inclusion, ensuring a more gender-balanced and economically empowered future. In the words of Kristalina Georgieva, Managing Director, International Monetary Fund, "Gender equality is more than a moral obligation—it is an economic necessity. Empowering women boosts productivity, increases economic diversification, and enhances income equality."