Impact of Trade in Services on Gender Employment in India

Presentation by

Rashmi Banga
UNCTAD-India

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Trade in Services Pivotal for India’s Growth

- The services sector, which constituted around 49% of the GDP in 1990–91, now contributes 64.5% of the GDP (2008–09).

- Within the services sector, software services rose by 32.7%, while non-software miscellaneous services grew by 39.3%.

- India has witnessed a services dominated export growth. Services exports grew by 32.5% in 2006-07 and reached US$ 90 billion IN 2008-09. Of this $40 bn comprises ITes-BPO

- To what extent has growth in trade in services been gender inclusive?
Direct and Indirect Impact Estimated

✓ Firstly, direct and Indirect impact of export of services (of Rs 0.1 million) on gender employment in 46 sectors of the economy, which includes 15 services sectors is estimated.

✓ Secondly, estimate impact of rise in 20% exports of services in six disaggregated services sectors from 2003-04 level on gender employment in these sectors is estimated.
Impact of Trade in ITES

✓ Thirdly, given the importance of communication services, impact of 20% increase in communication services on gender employment in 46 sectors has been estimated,

✓ A primary survey of 65 ITES and BPO companies in Hyderabad and Bangalore is undertaken to capture qualitative impact of trade on gender.
Review of Literature

• UNCTAD (2004)-Chapters by Riddle, Puri, Anh-Nga Tran-Nguyen- provide useful framework to assess benefits and costs of trade in services for women.

• Two modes of trade in services, i.e., Modes 1 and 4 were identified as providing the greatest opportunity to developing countries to foster gender equity, welfare and women’s social and economic empowerment.

• Results on Mode 2 are mixed-William (2002) on Tourism.

• Limited research on Mode 3
Literature highlights-trade may not be a gender-neutral process

• The above literature reflects that Gender inequalities which are visible often persist in terms of:

  ➢ Employment opportunities/job segregation
  ➢ Returns from labour
  ➢ Conditions of work and quality of employment
  ➢ Access to basic services and resources
  ➢ Access to technology and training
  ➢ Distribution of income inside and outside the household
Trade in Services and Gender in India

• Very limited research.
• Paper contributes to the literature by estimating direct and indirect impact of trade in services on gender employment.
• These gender employment multipliers identify sectors where higher exports of services may lead to greater gender equality in terms of generating more equal employment opportunities for women.
• It also identifies sectors where large gender inequality exists and higher exports of services may further increase this inequality.
## Gender Employment Trends in Services in India; 2003-04

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Employment</th>
<th>% of Female Employment</th>
<th>Share of Sector in Total Female Employment in Services (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other transport services</td>
<td>13,134,720</td>
<td>1.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Communication</td>
<td>2,901,797</td>
<td>16.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Banking</td>
<td>1,763,288</td>
<td>12.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Insurance</td>
<td>402,104</td>
<td>20.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Other services</td>
<td>9,442,035</td>
<td>36.7</td>
<td>78.9</td>
</tr>
<tr>
<td>Tourism</td>
<td>46,039</td>
<td>11.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>27,689,983</td>
<td>15.9</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Trends in Gender Wage/Salary

• Across services sectors, the wage/salary trends show that as the literacy levels of females increase the wage disparity declines.

• However, it is interesting to note that even for graduate and above, the salaries earned by females on an average is only 70-75% of that earned by males with similar education level.

• This implies that with higher growth of services, even if employment opportunities for women grow at the same rate, the benefits of the growth goes more to males as compared as females.
Methodology Used: The Social Accounting matrix (SAM)

- A SAM is a comprehensive accounting framework within which the full “circular flow of income” is captured, from production to value added (factor income) to household incomes to household demand and back to production.

- SAM constructed here is for the financial year 2003-04 and consists of 46 sectors.
Table 4

- Gender Multipliers
Direct Impact of Trade in services on Gender Employment

- The direct impact of a rise of 20% in output of a service sector (presumably because of rise in exports) on gender employment is estimated for six disaggregated services.

- The employment multiplier generated by the SAM model are specified in person-years of additional employment created for an increased output of Rs. 1 lakh (0.01 million Rs.) of the concerned sector.
Table 3: Gender wise Increased Employment generation due to 20% increase in Exports over 2003-04

<table>
<thead>
<tr>
<th>Sector</th>
<th>Increased Exports due to 20 % increase in export value over 2003-04 (Rs billion)</th>
<th>Increased Employment of Males due to 20 % increase. (in person-years)</th>
<th>Increased Employment of Females due to 20 % increase. (in person-years)</th>
<th>Male-Employment multiplier</th>
<th>Female-Employment multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>9.07</td>
<td>154,190</td>
<td>84,351</td>
<td>1.7</td>
<td>0.93</td>
</tr>
<tr>
<td>Banking</td>
<td>2.74</td>
<td>38,634</td>
<td>25,208</td>
<td>1.41</td>
<td>0.92</td>
</tr>
<tr>
<td>Insurance</td>
<td>3.84</td>
<td>49,920</td>
<td>31,872</td>
<td>1.3</td>
<td>0.83</td>
</tr>
<tr>
<td>Other transport services</td>
<td>29.43</td>
<td>470,880</td>
<td>226,611</td>
<td>1.6</td>
<td>0.77</td>
</tr>
<tr>
<td>Tourism</td>
<td>46.11</td>
<td>751,593</td>
<td>428,823</td>
<td>1.63</td>
<td>0.93</td>
</tr>
<tr>
<td>Other services</td>
<td>150.96</td>
<td>2,279,496</td>
<td>1,434,120</td>
<td>1.51</td>
<td>0.95</td>
</tr>
</tbody>
</table>
Results: 20% increase in Exports of Services on Gender Employment in services

- The employment multiplier is found to be highest for males in communication services followed by tourism and other transport services.
- With respect to females, the employment multiplier is highest for other services (which is the residual sector) followed by communication services and tourism.
- However, it is interesting to note that the gender differential in employment multipliers is high in communication services.
- This is indicative of lower access to better resources in terms of education, training, technology and knowledge to females as compared to males.
Impact of Exports of ITES on Gender Employment

• ITES and BPO are contributing in a big way to India’s economic transformation

• The Indian ITES-BPO segment has grown by avg annual gr of 30% per cent in the period 2005-06 to 2008-09,
Impact of Exports of ITES on Gender Employment: Methodology

• To estimate and assess the impact of exports in ITES on gender employment both primary and secondary analyses have been undertaken.
• Using SAM model, total impact on gender employment is estimated due to an increase in 20% exports.
• A small primary survey of 65 ITES and Business Process Outsourcing (BPO) firms has been carried out in Hyderabad and Bangalore, which are the two hubs of these services.
Impact of ITES on Women Employment using SAM: Table 5

- Differential impact - extent of use of ITES and derived demand created.
- Female employment as a percentage of total employment increases more than 50% in animal husbandry, beverages, forestry and plantation crops, as these sectors have higher female multipliers.
- However, the female employment increases by less than 10% of total employment in sectors like electrical, metal products, railway transport services, industrial machinery and crude petroleum.
Impact of Trade in ITES on Gender Employment: Primary Survey Methodology

- 65 ITES and BPO firms for the period 2003-04 to 2005-06 through a structured questionnaire. The following are the major heads on which data was collected:
  - 1. Organization Details
  - 2. Employment Details
  - 3. Work Environment
  - Answering base small for 2003-04
Impact of Trade in ITES on Gender Employment: Primary Survey Results

- there appears to be a gender bias in favour of men with most companies employing 70% men in their workforce.
- Percentage of females is highest in the unskilled category, i.e., undergraduate and class IV employees (44%)
- Skilled female workers are 32% of total skilled workers while in the semi-skilled category females are 24%.
Impact of Trade in ITES on Gender Employment: Primary Survey Results

• Employment mainly for educated women-The percentage of uneducated women in this sector is only 12%.

• This indicates that to avail the employment opportunities in this sector it will be important to improve the education levels in women.

• Women are taking advantage of employment opportunities offered by this sector in terms of working from home, part-time employment and flexi-timing. However, these opportunities remain largely untapped.
Table 7: Nature of Employment 2005-06 (No. of People)

<table>
<thead>
<tr>
<th>Nature of Employment</th>
<th>Ans. base</th>
<th>Total in ITES</th>
<th>% Total</th>
<th>Male</th>
<th>% of Male</th>
<th>Female</th>
<th>% of Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>65</td>
<td>12089</td>
<td>68.4</td>
<td>4189</td>
<td>34.6</td>
<td>7900</td>
<td>65.3</td>
</tr>
<tr>
<td>Casual</td>
<td>13</td>
<td>1366</td>
<td>7.7</td>
<td></td>
<td></td>
<td>173</td>
<td>12.7</td>
</tr>
<tr>
<td>Contract</td>
<td>41</td>
<td>4215</td>
<td>23.9</td>
<td>1920</td>
<td>45.6</td>
<td>2295</td>
<td>54.4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>17670</td>
<td></td>
<td>6105</td>
<td>34.6</td>
<td>10368</td>
<td>58.7</td>
</tr>
</tbody>
</table>
Table 8: Rate of Turnover of Employees in the ITES sector 2005-06 (Percent)

<table>
<thead>
<tr>
<th>Rate of turnover</th>
<th>Ans. Base</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior Level Management</td>
<td>15</td>
<td>28.67</td>
<td>12.80</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>13</td>
<td>22.31</td>
<td>8.85</td>
</tr>
<tr>
<td>Senior Level Management</td>
<td>11</td>
<td>14.27</td>
<td>11.13</td>
</tr>
</tbody>
</table>
### Table 9: Work Environment 2005-06

<table>
<thead>
<tr>
<th></th>
<th>Working from Home</th>
<th>Flexi. Time</th>
<th>Part Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ans. Base</strong></td>
<td>26</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td><strong>Males (%)</strong></td>
<td>18</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td><strong>Females (%)</strong></td>
<td>20</td>
<td>14</td>
<td>20</td>
</tr>
</tbody>
</table>
Impact on Wages

- ITES being comparatively skill intensive service, the probability of gender disparity in wages/salaries is expected to be lower.

- Since legally the firms cannot bring gender bias in terms of wages/salaries offered the response to differences in salaries offered to men-women was not forthcoming.

- However, the total expenditure by the companies on men and women was recorded.

- The cost borne by the company for males and females reflects gender bias but it cannot be attributed mainly to wage disparity since the companies that report gender wise cost to company are not the same as those which report gender wise employment.
Trade Policy Interventions: ITES

• In services sectors, especially communication services a large untapped potential exists to improve gender imbalances.
• This is a sector which offers unique opportunities to women like work from home, flexi timing and part time employment.
• It is important to ensure higher gender sensitive employment, which can be done by providing IT training to women even with lower skills as those that exist currently in the sector (i.e., undergraduate level).
• The urban in providing female employment should also be corrected by encouraging higher access to IT in rural areas.
Trade Policy Interventions: ITES

• Exports of low tech ITES needs to be encouraged as these are the services which are relatively gender sensitive.

• It is also important to have pay equity legislation in place, and applicable to national and foreign service suppliers that includes benefits for part time as well as full time workers, including healthy working conditions.

• Safety and childcare provisions are some of the schemes which can be introduced in this export-oriented sector.
Trade Policy Interventions

- Apart from sector-specific policies, trade policy and trade negotiations also need to be sensitive to products produced in sectors which have greater gender equality.

- Further, higher access to labour markets via Mode 4, especially for women, can be carved into bilateral negotiations.
Future Research Areas

• More studies and research is required for formulating in-depth sector specific trade-oriented gender policies in the identified sectors with gender-bias.

• Empirical research supported by primary surveys are required for in-depth analysis of women employment in informal sector.

• Casualisation of women labour may increase vulnerabilities of the women- research needed to quantify the extent of women participation and income disparities in different sectors.

• Trade-growth-Gender nexus needs in-depth research.
Thank You