

Care Economy: Valuation of Care Work in Nepal

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Valuing Care in Stimulating Growth and Ensuring Gender and Social Justice

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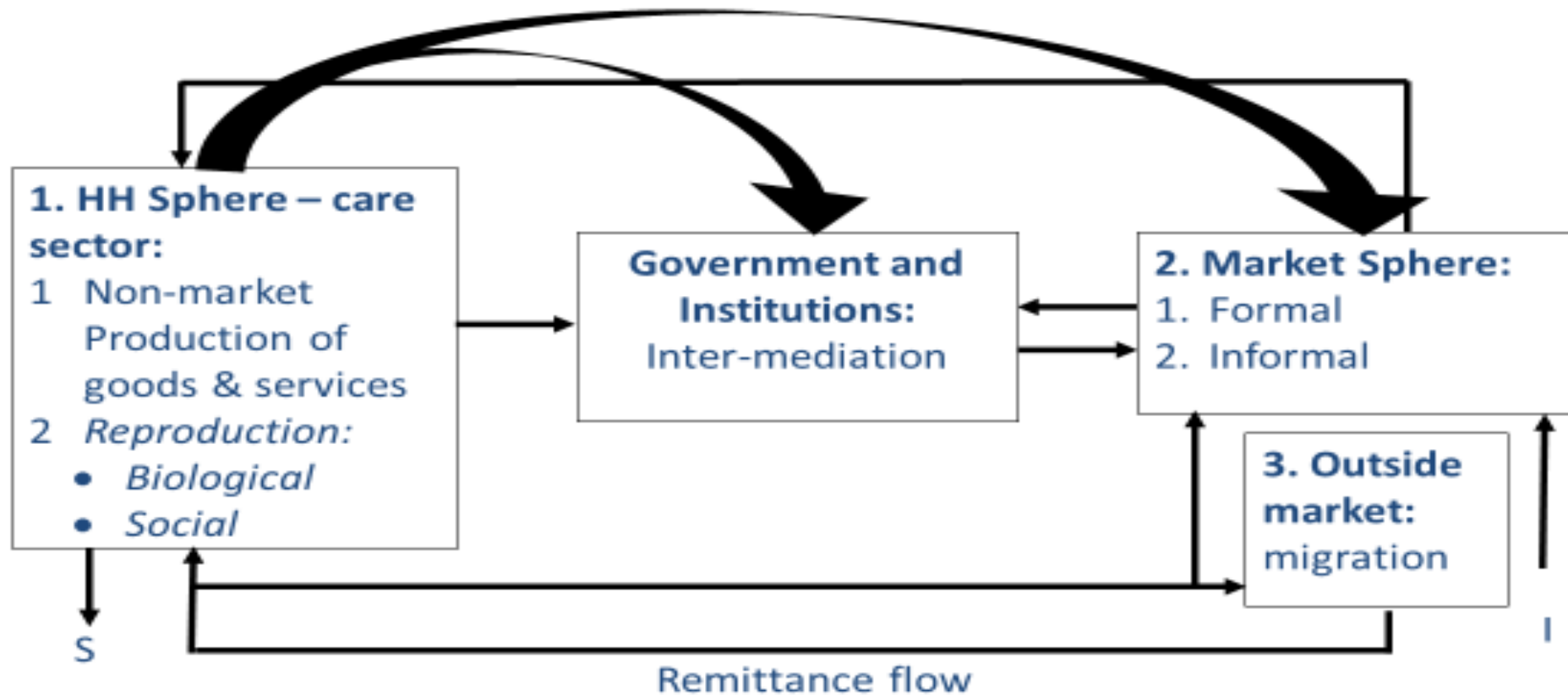
Introduction

- Vast literature on ‘care work’ and ‘care economy’ exists, emphasizing on
 - ❑ a) its importance and indispensability;
 - ❑ b) “unpaid care work” as the main source of gender inequality and the largest impediment to women’s employment; and
 - ❑ c) undervaluation and invisibilization of “care work” and “care economy” components of the economy around the world.
- Most interventions addressing the issue of care work and care economy are **approached from a health and social perspective while “indirect care” of social reproduction and maintenance seldom come into the picture** – undervaluation and invisibility of care work continues.
- To understand care work and what constitutes a care economy, we need to examine **the daily lives and livelihoods of the people** and how they engage themselves in different activities to make a living and sustain/maintain themselves.
- I used **Nepal Labor Force Survey (NLFS)** data to examine different activities people engage themselves for daily living and their livelihoods in a sustainable way



Framework of Different Activities

Figure 1: Framework of Components of Nepalese Economy



Valuation of Unpaid Care Work

- Estimation of the national income (GDP) **considers only the production boundary** of the system of national accounts (SNA) that cover the production of all goods and services produced and consumed outside the household.
- The services **produced and consumed within the same households are outside the production boundary**; hence, the value of services produced mostly by female household members is excluded in the estimation of the GDP of any country
- The disaggregation of Gross Value Added (GVA) by male/ female is not currently available, which is highly unrealistic for the estimation of the value of unpaid care work

Computation of monetary value

- To compute the monetary value of unpaid housework and caregiving services performed by people aged 15 years and older, we used the following formula.

$$V = \sum_{i=1}^N \sum_{j=1}^M P_i T_{ij} W_j$$

- where V = Annual monetary value of unpaid housework and caregiving services
- N = Sample size; M = Number of unpaid housework and caregiving activities
- P_i = Sampling weight to extrapolate to the whole target population; T_{ij} = Number of hours spent on unpaid housework and caregiving activities from the group of activities j per 24-hour period, scaled up to annually for the individual i
- W_j = Hourly wage of the specialized occupations in group j for the valuations, using the generalist wage or specialist wage.

Work Pattern and Relative Share of Male/Female Contributions to Different Sectors of the Economy over the Past Two Decades

Figure 1. Male/female participation in different sectors of the economy (1998/99)

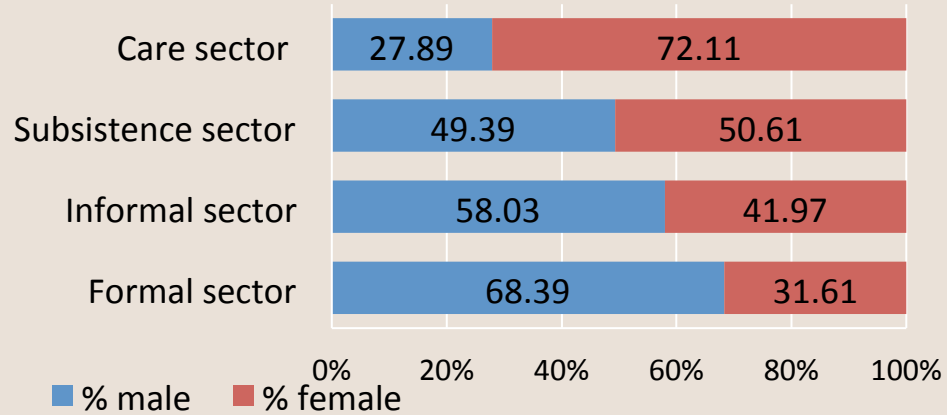


Figure 2. Male/female participation in different sectors of economy (2008)

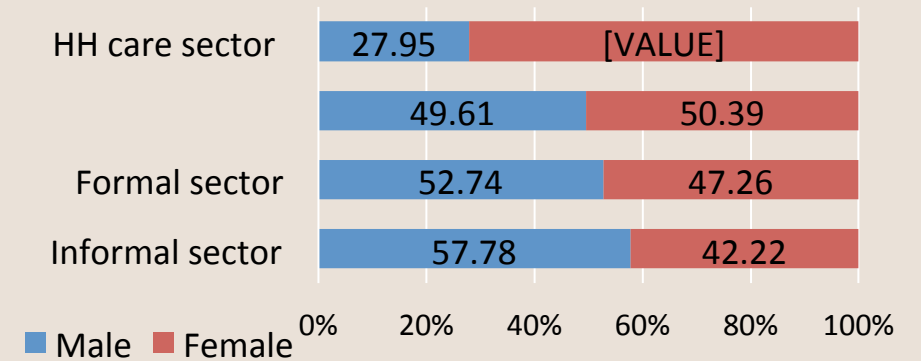
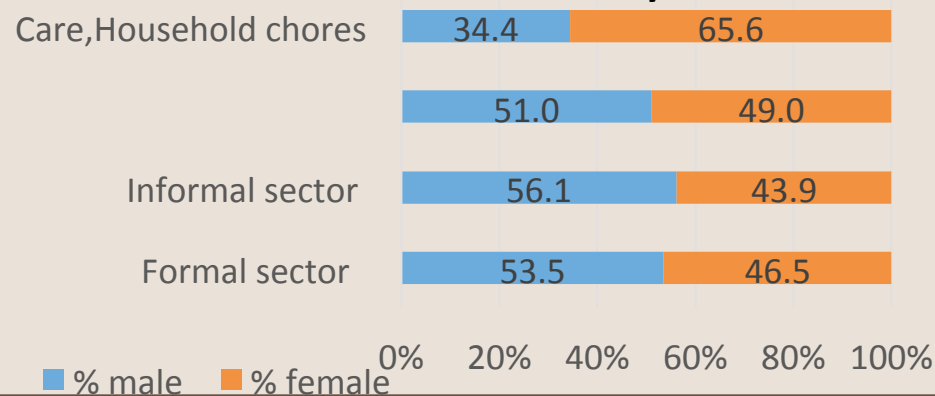


Figure 4. Average Share of Male/female Contributions to HH Economy 2017/18

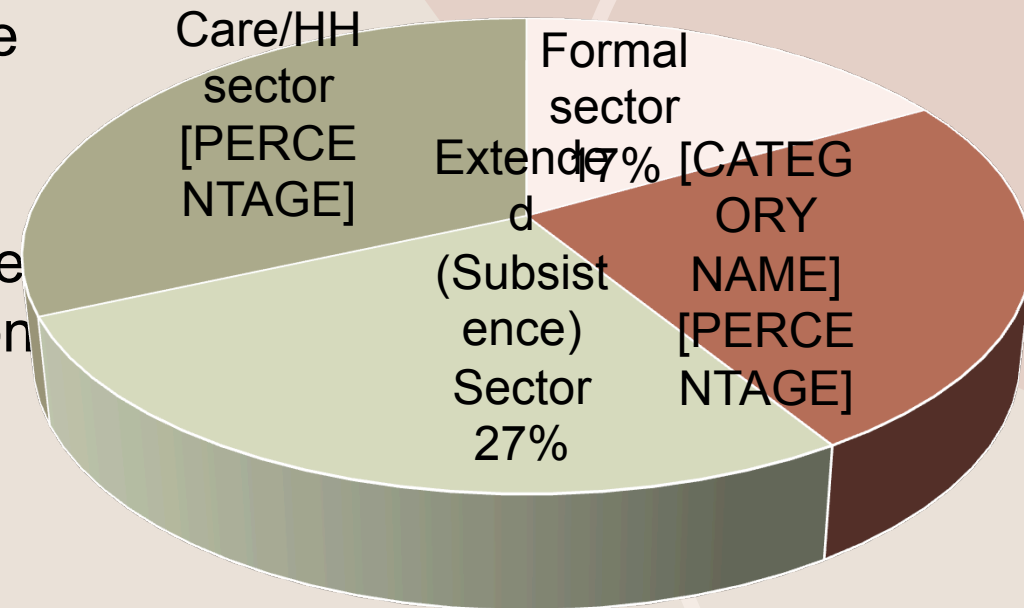


➤ Women, on average, spend at least **7.5 hours per day on unpaid care work at home, which is 2.5 times higher than men.**

Distribution of different sectors in Nepalese Economy

- Taking sum-total of the time spent by Nepalese people in different activities, gives a picture of the distribution of all activities grouped into three main sectors: market sector consisting of the formal and informal sectors, extended economic or subsistence sector, and unpaid care sector (figure 5)
- Distribution of all the activities into these three sectors are also the locus where people concentrate and interact for their day-to-day living. Time spent on the activities denotes movement or delivery of its products to end-users, either by direct supply or by means of one or more intermediaries
- When we transpose this structural distribution of different sectors according to its proportionate share, we get composition of the Nepalese economy in a pyramid form

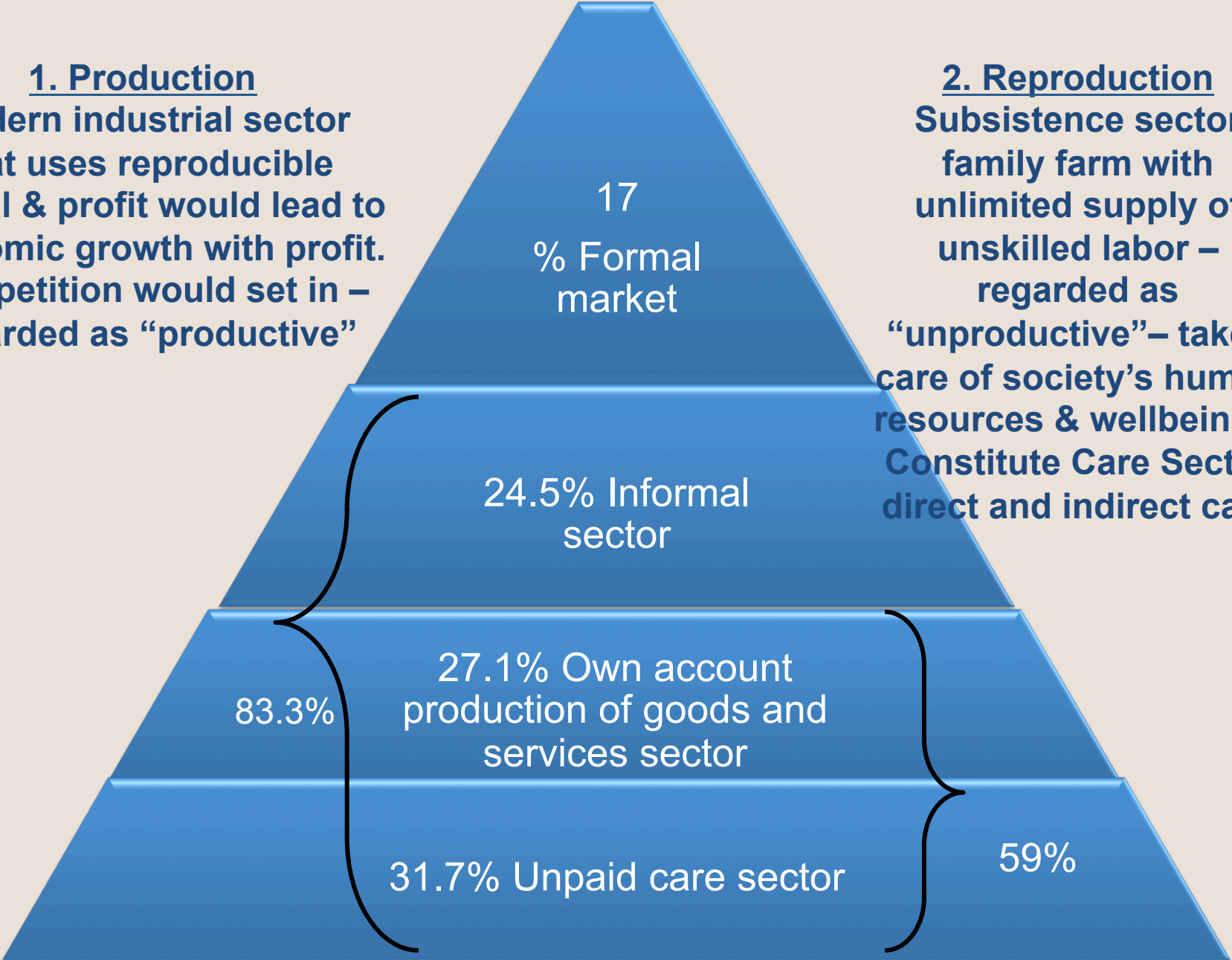
Figure 5: Structural distribution of Nepalese Economy (2017/18)



Composition of Nepalese Economy in Pyramid Form

1. Production
Modern industrial sector that uses reproducible capital & profit would lead to economic growth with profit. Competition would set in – regarded as “productive”

2. Reproduction
Subsistence sector family farm with unlimited supply of unskilled labor – regarded as “unproductive” – takes care of society’s human resources & wellbeing –
Constitute Care Sector direct and indirect care



Estimates of Gross Value Added (GVA) by Gender and Sectors of Nepalese Economy, 2017-18 (In Rs. Millions)

Broad Economic Sectors	Male	Female	Total	% Male	% Female
Formal	141470	44314	185784	76.1	23.9
Informal	174260	58435	232696	74.9	25.1
Own account production of goods and services	911018	<u>1402387</u>	2313405	39.4	60.6
GVA	1226748	1505136	2731885	44.9	55.1
GDP	1361081	1669953	3031034	44.9	55.1
Own account production/use of services	32305	<u>129952</u>	162257	19.9	80.1
GVA including own account household services	1393386	1799905	3193290	43.5	56.5
GDP = 3031034					

Conclusions and Measures

- In the Nepalese economy, the care sector constitutes 59% of the economy and has the capacity to support 84% of its population in sustaining their lives and livelihoods – **Care Sector is integral to the Nepalese economy.**
- Care sector contribution would equal around **17% of Nepal's GDP**, which stands above the manufacturing and almost equal to the agricultural sector in the gross product ranking.
- The findings of this study has important implications for most of South Asian countries that share similar socioeconomic conditions. Further research is required for validation and generalization
- Towards this, the following measures are proposed:
 - ❑ Need to address the existing structural factors built in the macroeconomic framework that systematically excludes women, certain groups of people, and sectors that constitute the majority and larger part of the economy in the development process
 - ❑ Formalize the care economy (constituting both direct and indirect care activities) to become a paid sector where the to economy can create jobs from currently unpaid activities.;
 - ❑ Treat households as family farm enterprises by bringing them under the state planning process and resource allocation, enabling them to fill emerging demand for green economy jobs and green growth;
 - ❑ Capacity development of women in entrepreneurship development, financial and digital skills/knowledge.

summary

Care work and care sector constitute 59% of the Nepalese economy and has the capacity to support 84% of its population in sustaining their lives and livelihoods which accounts for NRs. 1.5 trillion converting it into monetary value. Care Sector is integral to Nepalese economy and has real protentional for creating jobs from currently unpaid activities and fulfilling emerging demand for green economy and green growth given appropriate measures.



To be a woman entrepreneur means earning a living to support my family, while helping to rebuild my community.





thank you

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