



# Maternity Policies and their Implications in Retaining Women Employees

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## Abstract

The rate of female participation in labourforce (FLFPR) in India has been on a paradoxical trend that has fallen at an accelerated rate amid an already established economic growth, increasing educational level among females, and the expansion of legislative provisions to working mothers. One of the key yet least explored causes of this paradox is the fact that women are not sufficiently supported by the institution at this juncture: the place when career exit is most probable, the most significant and most avoidable with a properly designed policy intervention. This paper looks at the policies regarding maternity and how these policies can be applied in India to retain their female employees in reference to international practices as comparative benchmarking. This paper is framed by the main legislative tool in India namely the Maternity Benefit Act of 1961 and its historic Amendment Act of 2017 that implemented 26 weeks of paid maternity leave, a creche facility by eligible institutions, and work-from-home provisions. Although the Amendment ranks India as one of the three leading countries in the world in the amount of mandated leave, the actual effect of the Amendment is seriously limited by the structural ineligibility of the informal sector which is the largest employer of Indian working women; the organizational concerns of employer burdens on the direct-finance model; by poor implementation of creche and flexibility provisions; and by the poor policy awareness among smaller businesses. This paper critically looks at the role of maternity policy design in influencing women decisions to return to work, career continuity and long-term participation in the labour force within the Indian context based on empirical evidence on the topic in the recent literature, ILO standards, PLFS data and other comparative evidence in OECD and Nordic economies. It asserts that maternity protection should no longer be understood as a conformity cost but as a strategic social investment, and provides some specific suggestions on how to universalize coverage, move towards financing through social insurance, increase public childcare facilities, introduce shared parental leave and increase enforcement, all scaled to the unique structural realities of India.

## 1.0 Introduction

### 1.1 Background

India shows one of the most contrasting contradictions in the modern development economics. The country had supported the growth of its GDP by an average of 6-8 percent per year, almost universal participation of girls in primary schooling, and generated professionals on the world stage in medicine, law, technology, and finance. However, the labour force participation of women has decreased dramatically at exactly this time frame of economic growth. The female labour force participation rate (FLFPR) of India is about 37% (Periodic Labour Force Survey, 2022-23) which is a recovery of an all-time low of 17-19% this is compared to other similar economies: China (61%), Vietnam (73%), and Bangladesh (36%). According to international definitions, the FLFPR in India is ranked at 24-27 percent by the World Bank (2023) which is one of the lowest in the world. Several structural guesses have been made to explain this paradox the income effect of increasing household incomes, structural change not to agriculture, occupational segregation, and social norms associating paid work by women with a low household status (Klasen and Pieters, 2015; Chatterjee et al., 2018). Among them, the institutional support systemic failure at the motherhood stage is unique: this is a narrow, traceable, and policy-able point of inflection at which form of exit of women into the labour force is disproportionately concentrated. The longitudinal data provided by PLFS has consistently demonstrated that the participation rates of women reduce drastically within the years right after child birth and that a high percentage of women who drop out at this point do not resume taking up formal jobs. This issue is added to the gendered labour market of India. The formal sector in India has a work force of only 10-15% of the total population, and the working women are even less. The rest 85-90 work informally in the agricultural sector, household services, construction, street sellers, home based industries and in the fast growing gig economy where their statutory protection against maternity does not exist at all. The benefits of the Maternity Benefit Act such as 26 weeks of paid leave, job security and access to creche facilities is, in reality, only afforded by a comparatively privileged group of Indian working women. To most people, the shift to motherhood takes place with no institutional support at all, and thus labour force exit is structurally defined, as opposed to a voluntary choice.

### 1.2 The Motherhood Penalty in the Indian Context

The systematic labour market disadvantage accruing to women as a result of actual or supposed motherhood, the motherhood penalty, works in a number of ways in India: the direct employment interruption during and after pregnancy; the diversion of the time women spend directly to domestic caregiving when there is no institutional childcare; discrimination of women of childbearing age in small enterprises, the one where direct responsibility to pay the maternity costs takes place; and enforcement of social norms that hold women as the primary caregivers (Budig and England, 2001; Correll et al More importantly, the Indian system of motherhood penalty is not a case of temporary pay cut but a career change forever.

The women who leave formal work after giving birth to children usually do not resume it at the same levels they leave, as they may come back to occupations that are neither demanding constantly nor can be paid, which is why occupational downgrading is a long-term effect of insufficient support in maternity (PLFS, 2022-23). According to research by the V.V. Giri National Labour Institute (Vvgnli.gov.in, 2018), maternity-related considerations played a major role in the decision to leave or decrease involvement in formal employment by women in the organized sector of India in a direct relationship between policy inadequacy and organizational retention. The problem is magnified by the employer behaviour. The Indian industries survey data suggests that a non-trivial percentage of employers discriminate against women of childbearing age in terms of statistics due to the fear of the expense and inconvenience of maternity leave (Vvgnli.gov.in, 2018). The extension of leave in the 2017

Amendment to 26 weeks allegedly compounded these anxieties among smaller employers that highlight the urgent significance of the complementary financing reforms in combination with the legislative progress on leaves generosity.

### 1.3 Significance of the Study

The maternity policy and retention of women is a question that has implications of various degrees. On an individual basis, women leaving the labour pool on the birth of a child lose not only the present income but also the prospects of income growth, seniority-related advancement, and the losses associated with pension accumulation that gain over a career lifetime and lead to the gender gap in the lifetime incomes and the old age income security. At the organizational level, post-childbirth attrition has high turnover expenses estimated at 50-200 percent of annual wages of departing employee (SHRM, 2022) and empties professional pipelines of highly experienced female employees at a time of life when career-defining assignments and leadership development matter most. The demographic dividend of India at the macroeconomic level relies on the ability to increase the ratio of working age women in to productive formal jobs.

The Economic Survey of India (2018-19) estimated that mobilizing women labour force to the equivalent percentage in similar economies in Asia would bring a number of percentage points to GDP growth with the maternity protection question having macroeconomic implications much higher than personal welfare. In terms of gender equality, the existing system contributes to structural inequality: women in the formal sector who are by comparison educated, urban, and more economically advantaged are entitled to 26 weeks of paid leave, job security, and access to creche. Poor and less educated women of the informal sector, who are more physically weak and economically reliant on their income are awarded nothing. This two-track system contradicts the constitutional right to equality before law and right to just and humane working conditions under the provisions of Article 42 of the Constitution of India.

### 1.4 Research Gap

Although the country has a pioneering legislative change in 2017, there is a vast gap in the literature on the effective aspect of maternity policy design on the retention of women in the Indian labourmarket. The majority of current literature studies are either too specific on organizational HR practices and the perceived organizational support, or otherwise study organizational maternity policy in high-income country contexts that are not applicable to the realities that India is being studied in. Recent studies that interact with the Indian policy regime particularly the study by V.V. Giri National labour Institute (2018) and field-specific ILO research give valuable baseline data but fail to fully incorporate the theoretical literature on work-family policy with the empirical evidence on the particular issues of informal sector exclusion, failure of enforcement, and financing structure in India.

Moreover, the period of the post- 2017 Amendment is still not sufficiently investigated regarding its practical effects on the participation of female labour force, the implementation of creche strategies, and the behaviour of employers. This paper fills in these gaps by offering a theoretically based, empirically sound, and India based analysis of maternity policies as retention vehicles. The research question that the present paper will focus on is the following: To what extent the current maternity policies in India especially the Maternity Benefit Act (1961) as amended in 2017 can help to retain women employees and what structural constraints inhibit the fulfilment of this policy on the labour force participation and career continuation of women in India?

## 1.5 Research Problem and Objectives

The central research problem addressed by this paper is: To what extent do India's existing maternity policies particularly the Maternity Benefit Act (1961) as amended in 2017 support the retention of women employees, and what structural limitations prevent these policies from achieving their intended impact on women's labour force participation and career continuity?

### Objectives of the Study

The specific objectives of this study are:

1. To explore the maternity protection law in India and identify the development of the law since the Maternity Benefit Act (1961) up to the 2017 Amendment.
2. To survey the international policy context of maternity and find some comparative standards that could be applied to the Indian reform agenda.
3. To critically examine the empirical data on the impact of maternity policy design on the return-to-work intention of women, career continuity and retention.
4. To determine the structural constraints and policy gaps such as exclusion of informal sector, issues related to employer burdens, enforcement shortages and inequality in access which limits the efficacy of the maternity protection system in India.
5. To come up with evidence-based policy suggestions to the enhancement of maternity protection as an instrument of sustainable women participation in the workforce in India.

## **2.0 Review of Literature**

### 2.1 Maternity Leave and Women's labour Force Participation

Maternity leave employment effects empirical research on the topic has increased substantially in the last two decades, which are fueled by impressive datasets of administrative data and natural experiments that have been generated by legislative changes. The weight of evidence confirms that paid and job-protected adequate length of maternity leave is positively linked to labour market attachment of women, but the impacts are highly differentiated according to the policy designs and institutional settings. Based on 30-year Danish administrative registry data, Kleven et al. (2019) record the phenomena of child penalty the causal effect of childbirth on the outcome of labour market performance of women with an unsurpassed accuracy. They discover that the entry of a first child leads to the permanent and substantive decline in the earnings of women compared to men of about 20 percent over the long run by participating, working hours, and fees rate influences. More importantly, the punishment is virtually nonexistent among men and has a high level of association with conventional gender practices on the national scale. In the case of India, where gender roles of care giving are far more conservative than in Denmark, the penalty to be given on child is likely to be much higher a fact that adds weight to the urgency of policy action.

Upon conducting a thorough review of the international evidence, Rossin-Slater (2017) concludes that paid maternity leave is quite strongly linked to the positive employment outcomes of less-educated and lower-income women, exactly those who do not have access to employer-provided benefits that are not mandated by law. Using OECD panel data, Thevenon and Solaz (2013) determine a non-linear relationship; short leave is related to lower participation due to insufficient leave; moderate leave (between 6-12 months) greatest participation; and very long leaves may lower participation through weakening the tie to the labour market. The provision of 26 weeks

in India is within the optimal range, although it needs to be coupled with sufficient childcare provision on the on-return condition which is not presently the case.

In a longitudinal cohort study of 507 Spanish working women followed during early pregnancy and one year after childbirth, Vargas-Prada et al. determined that mothers that received paid maternity leave were about three times more likely to be employed at one year of childbirth compared to those that did not, after adjustment of extensive covariates of socioeconomic status and occupation (Vargas-Prada et al., 2020). Factors that were closely linked with non-return were vulnerability factors, as young age, temporary, part-time, and lower socioeconomic classes. This can be applied directly in the case of India: the women who are the most vulnerable to leaving the labour force after giving birth are also the ones who are the least likely to obtain efficient maternity protection. In India, Vvgnli.gov.in (2018) discovered that paid maternity leave was positively related with the intention to resume employment in the organized sector by women after childbirth, and that creche access was the identified most significant feasibility enabler by most respondents.

## 2.2 Return-to-Work Decisions and the Quality of Reintegration

Return-to-work decision is a decisive point where the results of retention are established. An expanding literature on the personal, organizational and policy-level determinants of this decision has shown similar results with a recurring theme of the focal influence of leave time, income replacement as well as the nature of post-return employment terms. In their research of 249 employees of the American national universities, Falletta et al. (2020) discovered that women with 17 or more weeks of leave were 14 times more likely to report good health at the first month of returning to work than those who returned sooner. Over half of the respondents said that they experienced anxiety symptoms daily during the initial month of their return and one out of every four said their overall health was poor or fair. These results illustrate that sufficient leave time is not a benefit but a condition of proper reintegration a lack of which increases the risk of future turnover directly. In a longitudinal study of 271 mothers followed over six time points in the six months after they returned to work, Okorn et al. (2025) found that work-related stress was greatest at the time of return, but that it decreased over time, but that work-life balance problems continued to exist during the observation period. The three strongest predictors of reduced work resumption stress were maternal physical health, duration of leaves and supervisory support. The results that managerial support can be regarded as a predictor of similar strength as can be the leave duration emphasizes the idea that the organizational culture can be considered as a significant complement rather than a substitute to the sufficient statutory policy. In a study of a structured self-efficacy training program among returning mothers in 16 Japanese organizations, Kokubo et al. (2023) discovered that the program had a significant effect on work-family balance self-efficacy, as well as was positively related to the supervisor-rated post-return job performance. The structural features of Japan long working hours, high expectations of gender roles, lack of workplace flexibility are also of interest in the corporate environment in India, which is why the results are especially applicable in the context of the Indian HR practitioners. In a qualitative study of first-time American mothers, Morrow (2024) discovered that the insufficient leave time added to the severe professional identity disturbance on re-entry a state of disorientation that increased the risk of turnover in the immediate months after re-entry.

## 2.3 Maternal Mental Health and Employment Continuity

The overlap of employment continuity and maternal mental health has not been studied extensively but is essential. Postpartum depression (PPD) can occur in 10-20% of new mothers around the world; in India, 11-23% of new mothers report having postpartum depression, and the rates were higher among urban women, first-time

mothers, women with low social support, and other populations (Abuqdairi et al., 2023). PPD is closely linked to dysfunctional work functioning, high absenteeism and low job satisfaction and intention to quit job. The policy-mental health pathway is straightforward: sufficient paid leave minimizes financial and logistical stress in the postpartum period; job security minimizes the job insecurity, which is also a separate risk factor of PPD; and access to creche facilities and flexibility in working minimizes the level of work-family conflict on returning to work.

In a systematic literature review, Franzoi et al. (2024) are able to demonstrate that poor length of leave, weak job security, and rigid working conditions are directly linked with increased rates of postpartum psychological distress, which provides a causal channel between improper policy and mental decline and, consequently, voluntary exit of employment. In their multi-method research concerning the subject of fifth trimester allyship, Chawla et al. (2024) established that active coworker and managerial advocacy at the reentry point positively affected the work-motherhood self-efficacy of the returning mothers, decreased the levels of guilt, turnover intentions, and enhanced mental health outcomes among the mothers. The findings confirm that the quality of the reentry experience that is jointly determined by the adequacy of policy and the organizational culture is an independent and meaningful predictor of retention outcomes that are not limited to the binary decision of returning to work.

#### 2.4 Global Empirical Evidence on Policy Design

Cross-national comparative studies provide powerful evidence on the relationship between maternity policy design and women's labour market outcomes. Angelov et al. (2016), using Swedish administrative data, find that despite Sweden's comprehensive parental leave and childcare system, the birth of a first child is still associated with a persistent gender earnings gap of approximately 10% driven primarily by women's greater uptake of parental leave and tendency to shift to part-time work. This finding from the world's most supportive policy environment underscores that even comprehensive frameworks cannot fully offset deeply ingrained gender norms, and that structural policy interventions require accompanying cultural change to achieve full potential.

Cools et al. (2015) evaluate the causal impact of Norway's daddy quota extension, finding that increased paternal leave uptake was associated with more equitable domestic labour distribution in the longer term providing strong evidence for the value of shared parental leave design in challenging the normative concentration of caregiving on mothers. Bauernschuster and Schlotter (2015), exploiting variation in German childcare expansion, find that increased public childcare availability raised female labour force participation by 3-4 percentage points confirming that childcare investment is a direct and measurable lever for maternal employment.

#### 2.5 Research Gap Identification from Literature

The literature review reveals three principal gaps that this paper addresses. First, most high-quality causal evidence on maternity policy effects comes from high-income OECD countries with fundamentally different institutional contexts from India in particular, the near-universal formal sector coverage and robust enforcement that characterizes European and Nordic labour markets. Second, Indian-specific empirical research on the post-2017 Amendment period is limited, and the actual employment impact of the extended leave provision and creche requirement has not been rigorously evaluated. Third, the literature has not adequately integrated the coverage exclusion of informal sector workers which is the defining structural feature of India's maternity policy landscape into a comprehensive framework for assessing policy effectiveness. This paper addresses all three gaps through

its integrated analysis of India's legislative framework, the international comparative evidence, and the structural realities of the Indian labour market..

### **3.0 Conceptual Framework**

#### 3.1 Theoretical Underpinnings

The paper is based on three theoretical frameworks which are complementary. Work-family border theory (Clark, 2000) is an assumption that says that people constantly cross the lines between work and family spheres, and the accessibility of such crossings is determined by the permeability and malleability of these borders. Maternity policies are institutional mechanisms that regulate such permeability: paid leave introduces a legitimate temporary out-of-work condition; job security ensures the existence of the reentrance; creche facilities and flexible arrangements alleviate tension in the continued crossing between work and family as the leave is over. These boundaries are especially hard in India, where gender expectations have women doing all the domestic care and cultures in the workplace have not adjusted to the realities of two earner families and thus institutional assistance is essential. Work-family conflict is also understood through the conservation of resources theory (Hobfoll, 1989): the lack of financial, time, energy, and institutional resources to address the needs of both spheres at the same time leads to people being incentivized to decrease demands by decreasing work investment. To most Indian women who are not able to rely on institutional childcare, who experience a high level of social pressures to begin with infant caregiving, and who work in environments with unbending conditions, the resource calculus usually points towards less or unproductive working.

Maternity policies change this calculus by giving financial resources (paid leave), time resources (sufficient length of leave) and care resources (creche facilities) each of which directly affects the cost-benefit analysis of remaining employed. The normatively most powerful frame is the capability approach (Sen, 1999; Nussbaum, 2000). In this view, the main issue under consideration is not whether women opt out of the labour force upon becoming mothers but whether they possess the actual substantive choice of option to stay. The present institutional context in India, especially among the women in the informal sector, a lot of labour force exit situation post-childbirth by women is not free choice rather it is a limited response to a constrained environment in which the choice of staying on with work is no longer a possibility. The reform of maternity policy has its basis on increasing the actual freedom the ability of women to make authentic decisions regarding their labour activities.

#### 3.2 Conceptual Model

The following conceptual relationships are proposed in this paper, based on the reviewed theoretical frameworks and literature: Maternity policy design (duration of leave, rate at which income is replaced, and the strength of job protection, access to childcare, provision of flexibility) - mediates through - resource availability among women, continued employment, and permeability of labour force boundary - results in - turnover intention, continuity of career, probability of returning to work, and long-term participation in the labour force. Structural factors are moderating this model with Indian context peculiarities namely formal vs. informal employment status, sector, establishment size, enforcement effectiveness and the overall gender norm environment.

## 4.0 Overview of Maternity Policy Frameworks

### 4.1 ILO Standards: The International Baseline

The normative baseline of the authoritative international standard is set by the ILO Convention of Maternity Protection No. 183 (2000) a minimum of 14 weeks of paid maternity leave at a minimum level that allows one to preserve an adequate standard of living interpreted as at least two-thirds of previous covered earnings with health protection in the workplace, dismissal and discrimination due to maternity, and nursing breaks. The Recommendation No. 191 that has been presented along with it recommends the extension of the leave to at least 18 weeks at 100 per cent of earnings. The World Social Protection Report (2020-22) by the ILO recognizes three areas of gap in maternity protection (coverage (a large number of women are not covered by statutory systems), adequacy (statutory provisions are better than ILO minimums), and enforcement (statutory provisions are better than ILO minimums, but not enforced in practice). India is severely wanting in all three dimensions. The ILO explicitly suggests that social insurance must fund the maternity benefits pooled contributions by employers, by employees, and the state instead of being the individual obligation of the employers, namely to avoid the expenses of maternity becoming a source of discrimination in the hiring process. It is a recommendation that has a direct relation to the reform agenda in India in that the existing employer-financing model poses exactly the risk of discrimination that the ILO framework was created to avoid.

### 4.2 Global Comparative Frameworks

Nordic countries are the world example of work-family policy. Sweden offers parental leave of 480 days per child at about 80 percent income replacement which is funded by social insurance, of which 90 of the days are irrevocable to any one parent. This is paid off by universal, publicly subsidized childcare since the age of one year, which has generated female labour force participation rates above 75. The lesson the critical one to India is not the sheer generosity of leave provision India already has a 26-week leave entitlement that is above the ILO level on leave entitlement but the three related factors: financing of social insurance, universal or common childcare, and the design of parental leave. The European Union sets minimum standards on 27 member states by the Pregnant Workers Directive and Work-Life Balance Directive that offers a regional harmonization example. A case in point that is explicitly related to the claim that the maternity protection in the United States should be limited due to employer burden considerations is that the United States offers one of the lowest rates of employment continuity after childbirth with four weeks of unpaid job-protected leave under the Family and Medical Leave Act (1993) (Rossin-Slater, 2017).

## 5.0 Maternity Policies in India: Legislative Framework

### 5.1 The Maternity Benefit Act, 1961

The maternity Benefit Act of 1961 was the one that laid the groundwork of the maternity protection in the organized sector in India, namely 12 weeks of paid leave, ban on termination on leave, and protection against the strenuous work during pregnancy at the cost of the employer directly. The Act was innovative at the time as it was based on Article 42 of the direction of the Constitution that required the provision of just and humane terms of work and maternity relief. Yet, it was clearly restricted to formal establishments that had reached a certain size restrictions beyond which it would be covered, and thus informal economy at that time and present is the prevalent type of female employment that is completely unprotected by any law. This is the structural inadequacy inherent in the initial act, which is the characteristic limitation of the actual effects of Indian maternity policy.

## 5.2 The Maternity Benefit (Amendment) Act, 2017: Provisions and Significance

The 2017 Amendment has been regarded as the most major reform of the Indian maternity law since its first enactment. The most important provisions it makes include: increasing paid leave to 26 weeks as opposed to 12 weeks among women with less than two surviving children (12 weeks amid the pregnant mother with two or more children); 12 weeks paid leave among adoptive and commissioning mothers; the provision of creche facilities at or after the establishment has at least 50 employees; and optional work-from-home arrangements where the nature of the work is permissible. The 26 weeks extension is both clinically and economically important. It falls in accord with pediatric guidelines regarding exclusive breastfeeding (six months) as well as recovery periods (physically and psychologically) documented by research studies. Falletta et al. (2020) discovered that women whose leave 17 or over were 14 times more likely to report good health once they returned to the work environment with the direct correlation of the length of leave to the quality of reintegration and the retention sustainability. The creche facility will counter the childcare obstacle which is one of the most glaring practical limitations to the return of women to work, and which can have a beneficial impact on lowering the economic challenge and the logistical strain of the post-maternity workforce. The work-from-home facility takes into account the increased rate of work at home in the IT, ITES, and professional services industries in India. Nevertheless, all these provisions have heavy limitations of implementation. The enforcement of creche requirements has been extraordinarily weak: the facilities have reclassified employees to come to less than 50 women; the INR 5,000 fine in case of non-observation is completely insufficient as a warning; and the labour inspectorate does not have resources to conduct systematic monitoring (Vvgnli.gov.in, 2018). The discretionary nature of the work-from-home provision the employer may, not shall allow it implies that it will appeals to those organizations that are already predisposed to flexibility. The model of the whole framework that is funded by the employer directly provides incentives to increase statistical discrimination when hiring. What has come about is the creation of a framework in which formal generosity conceals profound and systematic inefficiency in practice.

## 5.3 Complementary Instruments: ESI Scheme and PMMVY

The Employees State Insurance (ESI) Act of 1948 is the partial compensatory insurance provided to women workers in particular establishments whose wages are below INR 21,000 month which will be covered by this act. Women who are covered by the ESI get 26 weeks of maternity benefits of 100% of average daily wages and this is funded through the contributions of employers and employees a scheme more aligned with the proposed ILO scheme that discourages incentives to discriminate based on the firm. ESI coverage is however narrow and the administrative challenges facing the claim of benefits pose more challenges to many eligible women. In 2017, the Pradhan Mantri Matru Vandana Yojana (PMMVY) was introduced as INR 5,000 to firstborn children during the prenatal and lactation period of women, depending on healthcare achievements. Although symbolically relevant as the sole maternity support available to the informal sector, the PMMVY is far too little to qualify as meaningful income replacement a flat-rate payment of only a fraction of actual income loss, limited to the first child, and with documentation requirements that decrease uptake by the most at-risk women. The directions of the Supreme Court on the interpretation of maternity benefits as the attribute of the right to life under Article 21 have solid constitutional basis on the requirement of universalization and sufficiency reform of the PMMVY.

#### 5.4 State-Level and Sectoral Variation

The federal set up of India creates wide disparity in its implementation. In a number of states, the state government workers are given better provisions than the central minimum. The state of Kerala which has a better trade union tradition has a comparatively high compliance in the organized segment. Large IT and ITES organisations based in Bengaluru, Hyderabad and Mumbai have usually adopted the 2017 Amendment and commonly augmented it with a staged return-to-work scheme, and other longer-term leave schemes, and childcare assistance showing to be operationally viable. In comparison, the garment and textile sectors, which are also among the most important formal sector employers of women in Karnataka, Tamil Nadu, and Gujarat, show low compliance, and the use of fixed-term contracts, a system of which introduces a premeditated ambiguity around what is entitled and allowing systematic evasion, is widespread (ILO, 2018). This sectoral difference highlights the point further that compliance is not only a cultural practice of an organization but also a matter of enforcement pressure in addition to the statutory provision.

### **6.0 Implications of Maternity Policies for Retaining Women Employees**

#### 6.1 Workforce Participation and Return-to-Work Outcomes

The most immediate impact of the policy of comprehensive maternity in retention is the impact on women in their choice to stay in the labour force by transitioning to motherhood. Paid maternity leaves of sufficient length, with guaranteed and enforcing job security, can serve as a transition keeping the women attached to the employment relationship during the postnatal period and not breaking it. Data on PLFS regularly indicates that the post-childbirth employment continuity rate of women who are formally employed and thus who are entitled to Maternity Benefit Act is far greater than that of informally employed women.

The reviewed evidence, especially that by Vargas-Prada et al. (2020) and Rossin-Slater (2017), proves that this difference can be causally explained, at least partly, by the protective role of paid maternity leave and job security benefits. At the aggregate level, the improvement and universalisation of maternity protection has a direct linkage with the increase in female labour force participation rates. According to McKinsey Global Institute (2015), the growth of equality of women in the labour market may give a contribution to the world GDP of USD 12 trillion, which in the case of India is largely not possible due to the insufficiency of maternity and caregiving policy.

#### 6.2 Career Continuity and Prevention of Occupational Downgrading

Maternity policies do not only influence the binary employment choice; they also have an impact on the career continuation pathway and quality. The most direct way of averting the occupational downgrading that is a major cause of the long-term earnings penalty to motherhood in India is job protection benefits that guarantee one returns to similar jobs. Flexible return provisions, working at home arrangements aid in reintegration without shock, keeping the professional engaged in the period of adjusting to the caregiving. The availability of creche facilities eliminates one of the most prominent practical barriers to long-term employment whereby women are able to invest in their careers as they continue to care.

Surveys have repeatedly shown that companies that invest in formal reentry programs phased return, mentoring, performance management as modified to suit the reentry period record significantly superior retention and career continuity results. Such programs have been developed by big Indian IT firms such as Infosys and Wipro and have shown both the functionality and scale of their implementation. The difficulty lies in expansion of these practices across the frontier of the Indian corporate sector to the rest of the formal economy.

### 6.3 Reduced Organizational Turnover and Cost Implications

The cost of replacing the experienced workers is projected to be 50-200 percent of the annual salary based on seniority and specialty (SHRM, 2022). When applied to the formal sector in India, the overall cost of post partum female attrition is accrued as direct recruitment and training expenditures, loss of institutional knowledge, broken team dynamics, and loss of leadership pipelines, comes to the tune of hefty sums every year. Companies that have more holistic maternity policies will always record fewer voluntary turnover rates among women and increased retention of seasoned talent during the reproductive years. The financial sense of business case makes sense to any organization that incurs great expenditures due to the loss of experienced female employees and operates in the labour market where the supply of experienced female talent is certainly limited.

The aspect of gender difference is also important. The continuing low ratio of women in top positions in the Indian organization below 15 per cent in most of the corporate sectors is significantly contributed by the post child bearing attrition that knocks women out of the pipelines at the time when career defining assignments and leadership training is most effective. Gender diversity performance is now a regulatory and investor responsibility issue as part of ESG reporting requirements of listed companies under the regulatory prerequisites of female independent directors in the board of directors of a listed company, and as a result of increasing gender diversity issues in the corporate world has turned maternity policy adequacy into a corporate governance issue.

### 6.4 Economic Empowerment and Long-Term Consequences

Women who leave the labour force after giving birth lose not only the present income but also the future income growth, promotion based advancement, and loss in pension accumulation that accumulates throughout the career history and adds to the lifetime incomes and the security of old-age incomes disparity. The long-term economic effects of inadequate maternity protection are severe in India, where it is estimated that the gender wage gap is 19-28 percent (ILO, 2018) and women are likely to be downgraded to informal jobs after giving birth to a child. The maternity policies that allow continuation of employment during reproductive years are not only retention policies in the reduced organizational meaning of the term but policies that lead to better economic empowerment of women in the long-term perspective with serious consequences on the levels of household poverty risk, intra-household bargaining power of women, and intergenerational transfer of economic disadvantage.

## **7.0 Challenges and Policy Gaps**

### 7.1 Informal Sector Exclusion

The omission of informal sector employees is the most fundamental lack in Indian maternity protection system. The generous provisions contained in the Act are limited to a minor and economically privileged segment of the Indian working population of 85-90 percent of whom are in the informal sector. The conditions of childbirth Women in agriculture, domestic service, construction and street vending are faced with the lack of guaranteed income replacement, employment protection, and the lack of creche facilities conditions under which the labour force exit at the point of motherhood is structurally determined. The individuals who leave seldom find themselves in similar jobs again and hence the coverage gap is a direct cause of marginalization in the long term economically to most of the Indian women. To deal with this it is necessary to reform the PMMVY into a universal maternity income support program universal in coverage, sufficient in the level of benefit, and administerable using the JAM (Jan Dhan-Aadhaar-Mobile) infrastructure.

### 7.2 Employer Burden and the Financing Problem

The employer-financing model creates a direct incentive for statistical discrimination against women of reproductive age: individual firms bear the full actuarial cost of each maternity leave, making female hiring actuarially risky for small employers. The 2017 Amendment's extension to 26 weeks intensified these concerns, particularly for labour-intensive manufacturing and services SMEs. The solution is established in international practice: social insurance financing, pooling costs across employers through a dedicated fund into which all employers contribute and from which all can claim reimbursement. This eliminates the per-firm discrimination incentive while reducing individual employers' exposure to large, unpredictable maternity costs. The ESI scheme provides a partial model; its extension to the full scope of the Maternity Benefit Act framework phased over three to five years should be a priority reform.

### 7.3 Enforcement Failure

Non-compliance with the Maternity Benefit Act is widespread, particularly for the crèche requirement and for contract workers' qualifying period provisions. Non-compliance takes multiple forms: failure to pay benefits, constructive dismissal following leave, deliberate reclassification of workers to avoid coverage thresholds, and outright refusal of crèche provision. The enforcement response is inadequate: an understaffed labour inspectorate, trivial penalties (INR 5,000 for a first crèche violation), slow and inaccessible adjudication, and no effective whistleblower protection for women who report violations. Meaningful enforcement requires: substantially increasing inspectorate resources and capacity; digitalizing compliance monitoring through the Shram Suvidha portal; raising penalties to genuinely deterrent levels; establishing fast-track adjudication with effective remedies including reinstatement and compensation; and providing accessible legal aid for women pursuing maternity rights claims.

### 7.4 Gig Economy Exclusion and Emerging Challenges

Women employed through digital platforms Swiggy, Zomato, Urban Company, and logistics aggregators are typically classified as independent contractors, excluding them from the Maternity Benefit Act's coverage entirely. As the gig economy grows rapidly as a proportion of women's urban employment in India, this exclusion represents a progressively significant and urgent policy gap. Legislative clarification of the employment status of platform workers, and extension of statutory maternity entitlements to those with demonstrable ongoing economic dependence on platform employment, is a necessary adaptation of India's maternity protection framework to the realities of twenty-first century labour markets.

## **8.0 Policy Recommendations**

As an outcome of the analysis formed in this paper, five priority recommendations on how to use the idea of maternity protection as a workforce retention strategy in India are given. To start with, expand coverage. Revise the PMMVY to offer universal maternity income benefit: eliminate the first-child limit; increase the benefit to meaningful income replacement (minimum INR 15,000-18,000 per month over 26 weeks); simplify claims with JAM infrastructure; and gradually extend formal sector coverage to contract workers, gig workers, and establishments that are not currently large enough to exceed existing size limits. Article 42 in the constitution and the Supreme Court guidelines of Article 21 gives solid legal foundation. Second, switch to social insurance funding.

Cover all workers in the formal sector regardless of their level of wages and type of establishment, and create a universal maternity benefit fund which is based on the ESI scheme into which all registered employers make

small percentages of their wage bill, so that the present-day incentive of employer discrimination to the employer financing model is removed. Third, invest in publicly provided childcare. Rewrite the creche provision to contain a much bigger compliance penalty, focused monitoring, and financial incentive to have compliant facilities in place. Medium term In the medium term, establish a fully fledged national policy on public childcare a publicly financed network of community creches and childcare facilities, which cater to children between the age of six months and six years and has minimum standards of quality and spread to rural and semi-urban regions.

The international data is always able to identify that the financial gain of the spending on childcare is 6-13 times the money spent on childcare in the form of enhanced maternal participation, better child development, and long term human capital development (Heckman, 2006). Fourth, initiate statutory shared parental leave. Introduce a statutory paid paternity leave right of two weeks a non-zero minimum of four weeks with a phased schedule to the private sector workers with a shared parental leave scheme to allow a share of all combined leaves to be exchanged between parents.

The most effective mechanism is non-transferable paternity quotas which are based on the Nordic experience with the daddy quota and is more effective in creating a significant uptake of paternal leaves and sharing out the career cost of parenthood in a fairer way. Fifth, essentially enhance enforcement. Increase labour inspectorate resources and capacity; go digital in compliance monitoring; create a fast-track procedure to adjudicate on maternity rights claims with effective sanctions; build a whistleblower protection to allow women to report violations; and enhancing trade union and legal aid infrastructure to facilitate women bringing claims on their labour rights.

## 9.0 Conclusion

The current paper has come up with a theoretically based, empirically supported, and India focused analysis of the maternity policies and the inferences that can be made on retention of women employees. It has been argued that maternity protection is a key institutional requirement of women to continue working in the labour force, rather than a marginal welfare imposition and this has been supported by involvement in the legislative development of India, international comparison, and the empirical evidence of the behavioural, health, and economic aspects of the maternity-retention relationship. The 2017 Amendment of India is a true step towards legislative advancement: increasing paid leave to 26 weeks, creche and work-from-home has been introduced, and the adoption and the commissioning mothers have become entitled to significantly more recognition of the significance of institutional support of working mothers. But the inherent contradiction of the Indian maternity policy remains generous to the few as it is non-existent to the many.

Legislation is not available to most of the women they claim to protect since 85-90 percent of the women in the population of India are not covered by the statutory protections. The reform program suggested in my paper is not an easy task but can be accomplished within the financial and administrative capabilities of India. To become a reality, it will necessitate a re-conceptualization of maternity protection: as not a compliance cost that must be as minimal as possible, but as a social investment, with quantifiable effects on women, organizations, and the economy at large. The constitutional guarantee of the equality of the opportunities of the women working in India stays empty without the institutional framework within which the equality would be achieved the institutional framework in which the conditions of equality is essentially the maternity protection that is comprehensive, enforceable, and universally available is uniquely placed to offer. The next steps in the research would involve more severe assessment of post-2017 Amendment employment implications, analysis of maternity protection obstacles, and creation of models of maternity protection tailored specifically to the informal and gig-based sector employees in India.

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