

## **Economic development: Key to women empowerment**

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### **Abstract**

Every woman counts, be it at home, in civil society or at the government level. Unleashing the potential of a woman and existence in gender gaps inequality have left a large scope for improvement in empowering women across the globe”, said Ms. Michele Weldon, Strategic Partnerships Coordinator, UN Women Office for India, Bhutan, Maldives and Sri Lanka at the panel discussion on ‘The Emergence of Women Entrepreneurship in Asia’ held on Day 3 of the 3<sup>rd</sup> Edition of the Global Economic Summit 2014, organized jointly by MVIRDC World Trade Centre and the All India Association of Industries. The session was addressed by women from different walks of life, from various regions.

While providing a statistical overview on women, Ms. Weldon said two-thirds women were subject to negligence on socio-economic parameters. Twenty-six percent of Indian women were unemployed while 65 per cent were illiterate. The newest of the UN Agencies UN Women (constituted in 2010) was mandated to looking at women-related issues with the help of the governments across the world, civil society partners while shaping global standards on gender equality and the empowerment of women.

**Keywords:** economic development, women empowerment, women education etc

### **Introduction**

The deprivation of women on one hand and their relative improvement in the last twenty years on the other is the most curious phenomenon of the present century. Development alone can play a major role in removing inequality between men and women which in turn will benefit development itself. There is a bidirectional relationship between economic development and women’s empowerment defined as improving the ability of women to access the constituents of development - in particular health, education, earning opportunities, rights, and political participation. In one direction, development alone can play a major role in driving down inequality between men and women; in the other direction, continuing discrimination against women can hinder development.

Economic development is not enough to bring about complete equality between men and women and policy action is necessary to achieve equality between genders. Such policy action would be justified if empowerment of women also stimulates further development. Empowering women does indeed change society’s choices in important ways.

There is a significant cultural barrier to recognizing women as competent policy makers and since perceptions are biased, in the absence of affirmative action of some sort, it would be very difficult for women to break into politics. Economic development alone will not be enough to bring about equality between women and men in the foreseeable future and policies will be required to accelerate this process. Moreover the gains from policies that target women come at the expense of men and is evident in politics too. Any position that a woman gets through a quota is a position that a man does not get. The trade-offs are not always as explicit, but can be very austere indeed. Thus, policies that explicitly favor women need to be justified, not just in terms of being necessary to bring about

gender equality, but in terms of gender equality itself being desirable and worth the cost it implies.

Now the question arises: Can women’s empowerment cause economic development? There are two reasons for supporting active policies to promote women. The first is that equity is valuable in and of itself: women are currently worse-off than men, and this inequality between genders is repulsive in its own right. The second, a central argument in the discourse of policymakers, is that women play a fundamental role in development. The gender gap in education, political participation, and employment opportunities should therefore be reduced not only because it is equitable to do so, but also because it will have beneficial consequences on many other society-wide outcomes and it should be done to increase efficiency.

Studies in general suffer from the problem that families where women earn a larger share of the income are different from those where women do not. There is the unearned income to circumvent the issue that earned income is endogenous [and corresponds to the labor supply decisions of men and women]. But this only partially addresses the problem, because unearned income is often the product of assets [so women with more unearned income may have come to the marriage with more wealth, and therefore are different]. Moreover, marriage decisions further complicate the interpretation, as men who marry richer women are more likely to have tastes similar to theirs.

There are two important lessons from the economic conditions of women. First, even if they do not bring about radical changes in women’s status or in the way women are perceived in society, policies targeted toward women can have immediate consequences. Even smaller changes that just give women control over a small stream of resources affect at least the way as to how this money is spent. Increasing women’s

control over resources, even in the short run, will improve their say within the household, which will not only increase their welfare but it will also improve child nutrition and health as well. The second lesson is that families do not function very well, since they are not able to provide each other even basic necessities. This means that we cannot rely on the family to correct imbalances in society in, for example, women's property rights. If the family is functioning well, the fact that women have weak property rights could be solved by transferring property from women to men within the household, with the men able to compensate the women for this. If a woman cannot rely on her husband to continue to compensate her over time, however, she will be reluctant to do so, and will prefer to retain ownership of the property, even if it is with weak ownership. In turn, this may have consequences for the efficiency of households' production, may slow down investment and growth, and may contribute to keeping households in poverty.

Women's empowerment and economic development are closely interrelated. While development itself will bring about women's empowerment, empowering women will bring about changes in decision making, which will have a direct impact on development. Contrary to what is claimed by some of the more optimistic policymakers, it is, however, not clear that a one-time impulsion of women's rights will spark a virtuous circle, with women's empowerment and development mutually reinforcing each other and women eventually being equal partners in richer societies. On the one hand, economic development alone is insufficient to ensure significant progress in important dimensions of women's empowerment, in particular, significant progress in decision-making ability in the face of pervasive stereotypes against women's ability. On the other hand, women's empowerment leads to improvement in some aspects of children's welfare (health and nutrition, in particular), but at the expense of some others (education). This suggests that neither economic development nor women's empowerment is the magic bullet it is sometimes made out to be. In order to bring about equity between men and women, in my view a very desirable goal in and of itself, it will be necessary to continue to take policy actions that favor women at the expense of men, and it may be necessary to continue doing so for a very long time. While this may result in some collateral benefits, those benefits may or may not be sufficient to compensate for the cost of the distortions associated with such redistribution. This measure of realism needs to temper the positions of policymakers on both sides of the development/empowerment debate.

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