

Financial inclusion eludes female-headed households

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The socio-economic status of female-headed households is falling; they present a genuine case for affirmative action by state and central governments for improving their well-being.

Inclusive growth has become quite the buzzword among political and economic thought leaders. With good reason too. Financial inclusion of women is considered to be an integral part of a nation's overall economic growth agenda. There is no denying the fact that gender equality can go a long way in the rapid socio-economic development of societies. Studies have shown that education of women makes a significant impact on family size, their own health and that of their children. Countries that have achieved universal education for its women have been able to break the cycle of poverty and high population growth. Not surprisingly, the UN has laid special emphasis on promotion of financial inclusion and women's empowerment in its Millennium Development Goals.

India's ranking in the Gender Development Index (GDI) and Gender Inequality Index (GII) has improved substantially from 155 in 2014 to 130 in 2015. While the gender gap is reducing steadily and female participation in higher education and jobs has been rising since the 1980s, Indian women have yet to find their place in the sun. Consider this: Just 12.2% of seats in Parliament are held by women as far as the last general election (2014) is concerned. Only 27% women have completed secondary level education, and the female labour market participation percentage is just 27%. For every 1 lakh live births, about 200 women die from pregnancy-related causes.

Globally, there are an estimated one-third households that are headed by earning women. Many countries with a high percentage of women-headed households (over 40%) are also high scorers on the Human Development Index (HDI). These include Norway, Australia and Switzerland. On the flip side, there are nations with a high percentage of female-headed households that do not score very well on HDI rankings, such as Botswana, Swaziland and Kenya. According to Census 2011, India has roughly 11.4% Female Earning Households (FEHs). This is in line with PRICE's ICE 360° Survey, 2014, findings that India has 11% households (30 million) where women are the bread winners or chief wage earners.

The findings point to the falling socio-economic status of FEHs; this is a major cause of concern. In a bid to understand how these households differ from Male Earning Households (MEHs) in terms of their income profile and other characteristics, we present a few key highlights from the ICE 360° data. These findings showcase a grim picture of the current economic and social status of FEHs.

Nearly two-thirds of FEHs are headed by widows and 5% by divorcees, while only 24% are headed by married women. This indicates that a large number of women end up as bread winners either after the death of their husbands or due to divorce/separation.

Nearly a fourth (25%) of chief wage earners of FEHs are above the age of 60 years (senior citizens), compared to just 14% for male chief wage earners.

A large percentage (45%) of chief wage earners of FEHs are low literate—up to the primary school level—compared to 16% for households headed by men. In contrast, 44% MEHs have achieved higher secondary education, compared to only 24% for FEHs.

There are more FEHs engaged in agricultural labour jobs (22%), as against 10% for MEHs, and their average annual income is 57% of the earnings of their male counterparts (at R62,249 versus R1,09,462). Similarly, nearly a quarter of FEHs are engaged in non-agricultural labour jobs and the female-to-male income proportion is 72%.

Another significant fact that emanates from the study is that FEHs are uniformly disadvantaged and disempowered, irrespective of their caste and religion affiliations. Most FEHs are to be found in the underdeveloped rural and emerging rural areas (40% and 21%, respectively), which further poses barriers to their social inclusion. The lack of employment opportunities keeps them yoked to a miserable life, with little hope for financial improvement in the future. A surprising fact is that, in the emerging rural areas, the annual income of FEHs is less than half that of MEHs (at 46%), while in the underdeveloped rural areas it is 69%. It is only apt, then, that a small minority (20%) of FEHs are optimistic of meeting their basic needs, compared to 37% MEHs.

Earning levels by literacy status					
Highest level of education in the household	Male-earning households (MEHs, %)	Female-earning households (FEHs, %)	Annual household income (₹)		Ratios (FEHs/MEHs)
			MEHs	FEHs	
Illiterate	7%	32%	88,777	66,617	75%
Below primary	9%	13%	1,20,088	74,861	62%
Primary	23%	20%	1,45,160	1,04,462	72%
Matriculation	16%	11%	1,82,990	1,59,148	87%
Higher secondary	21%	12%	2,32,789	1,75,655	75%
Graduate+	23%	12%	3,39,333	2,71,237	80%
Total	100%	100%	2,07,264	1,22,308	59%

Earning levels by occupation status					
Self-employed in agriculture	22%	12%	1,78,648	1,14,039	64%
Self-employed in non-agriculture	21%	11%	2,57,186	1,91,795	75%
Salaried	21%	13%	3,07,007	2,30,540	75%
Agriculture labour	10%	22%	1,09,462	62,249	57%
Non-agriculture labour	22%	24%	1,34,534	96,766	72%
Others	3%	17%	2,14,878	1,13,321	53%
Total	100%	100%	2,07,264	122,308	59%

Source: ICE 360° Survey (October 2014) from People Research on India's Consumer Economy (PRICE)

Given that gender equality is still far from a reality in India, it should come as no surprise that female chief wage earners earn significantly lower incomes than their male counterparts. While the annual average income of an MEH is R2,07,264, an FEH earns just 59% of that (R1,22,308). At the bottom-of-the-income pyramid, FEHs are significantly more disadvantaged than those with male chief earners. So, while an illiterate FEH's average annual income is R66,617, it is R88,777 for a male-headed household. The double whammy of lower

wages and poor education keeps FEHs locked in an eternal cycle of financial and social disempowerment. Even among the better-educated households, those that are headed by women earners have much lower incomes—households headed by graduate women have an annual income of R2,71,237; compare that to R3,39,333 for those headed by graduate men.

FEHs are also at a disadvantage than their male-earning counterparts in terms of ownership and affordability of basic amenities and minimum necessities for better well-being. For instance, only 37% of FEHs own LPG, against 53% MEHs. Only 38% of FEHs own separate kitchen and cable/dish connection, in comparison to 55% and 60%, respectively, for MEHs. There is also a significant difference in the ownership of durables (goods and services such as bicycles, televisions, refrigerators, mobile phones, pressure cookers, two-wheelers, bank accounts) where FEHs again lack compared to MEHs. When female chief wage earners were asked whether they are easily able to manage the basic needs, only 20% FEHs said 'yes' in comparison to 37% MEHs. This reflects that FEHs struggle to manage their basic needs.

Since there has been a lot of debate on various kinds of caste- or religion-based reservations, but looking at the socio-economic profile of FEHs—particularly of widowed (20 million families across all castes and religions)—it can be visualised that they are the genuine case for affirmative action by state and central governments for improving their well-being and imparting them respectable social status.

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