

Development Economics – Gender Inequity and its economic cost in developing nation

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Abstract :-

Gender inequality continues to be a lasting obstacle to inclusive growth and sustainable development across several developing countries. Despite noticeable gains in educational levels, access to healthcare, and employment in the labor market, structural as well as cultural limitations still check women's full economic potential. This inequality takes the form of lower female participation in the labor force, pay gaps, limited access to resources, and under-representation in positions of decision-making. The economic cost of these inequalities is significant as gender disparities lower productivity, lower household welfare, and limit national economic development. It is held that empirical evidence puts the cost of closing gender gaps in education, work, and enterprise at increasing GDP growth rates and long-term development. These inequalities need to be addressed through policy responses such as investing in girl's schooling, strengthening labor rights, access to finance, and social protection targeting. Removal of gender barriers is not only a social justice issue but also a necessary approach to promote economic growth and poverty reduction in the Global South.

Keywords :-Gender inequality , Economic cost , Development economics , Wage gap, Women empowerment , Inclusive growth , Poverty reduction , Sustainable development.

Introduction :-

Gender inequity has been most clearly seen as one of the main barriers to sustainable development and economic growth on a broad foundation, especially in developing countries. While globalization, technological advancements, and policy reforms brought some improvement in gender progress, social, cultural, and institutional obstacles continue to limit women from achieving their full economic potential. This inequality can be seen in access to education, health care, employment, incomes, land holding, and political and economic decision-making representation. These disparities not only restrict individual prospects but are also a drain on national economies.

In the developing world, women face institutional bias in the labor market, such as occupation segregation, pay discrimination, and obstacles to entrepreneurship. These constraints lower aggregate productivity and retard the ability of economies to derive optimal returns from human capital. Closing gender gaps can help add considerably to GDP, promote innovation, and increase social resilience, say international development institutions. For instance, women's equal involvement in the labor market has the potential to unlock billions of dollars of economic opportunities, especially where rigid norms and discrimination have taken root.

The financial expense of gender inequality goes beyond decreased growth potential. Such households are also at greater risk for poverty, hunger, and decreased education achievement for children. Further, if women are denied leadership and decision-making, policies are less just and less successful at dealing with the problems of all citizens, again weakening governance and institutional quality.

Consequently, combating gender inequality is not merely a moral and social imperative but also an economic one. Through the promotion of gender parity in education, employment, and ownership of assets, developing nations can release their citizens' potential, encourage innovation, and unleash more inclusive growth. Gender-responsive budgeting, improved protection for labor rights, investment in girls' education, and focused financial inclusion efforts are necessary policy measures to bridge such gaps. Gender inequity is both the cause and consequence of underdevelopment in most countries. Its economic impact can be evidenced by lower growth, loss of productivity, and pervasive poverty.

Research problem :-

The research problem is that gender inequity in developing countries access to healthcare, education and career development for women, thus lessening their economic contribution to development. Inclusive development is hindered by long-standing gaps in pay, labor market segregation, and limited access to decision-making. The disparity translates into enormous economic losses in the form of foregone productivity and wasted human capital. Poverty reduction and sustainable development are also being suppressed. The gaps need to be bridged to release the potential of developing countries.

Objectives :-

- **To analyze the level of gender inequality in education, work, employment, and access to resources in developing countries.**
- **To analyze the economic effects of gender disparities in labor force contribution and productivity.**
- **To identify how gender inequality affects household welfare and long-term poverty reduction.**
- **To analyze policy responses to reducing gender inequality and fostering inclusive development.**
- **To investigate the role of institutional and cultural determinants in gender inequality.**
- **To examine the possible economic benefits of reducing gender gaps in developing countries.**

Scope and Importance of study

Scope of the study :-

- **Education Access – Examining disparities in enrollment, literacy, and completion rates between boys and girls.**
- **Employment and Wages –Studying labor force participation, wage gaps, and job quality between men and women.**
- **Entrepreneurship and Resources –Analyzing women’s access to credit, land ownership, and business opportunities.**

- **Health and Well-being –Measurement of gender disparities in health, nutrition and maternal health status.**
- **Political and Leadership Participation –Measurement of women's participation in government and decision-making.**
- **Social Norms and Legal Barriers –Exploration of institutionalized cultural attitudes, discriminatory laws, and obstacles to women's participation.**

Importance of the study :-

- **Maximizing Economic Growth – Gender empowerment expands productivity and GDP.**
- **Reduction of Poverty –Empowering women leads to higher household welfare and income.**
- **Efficient Use of Human capital – Avoids wastage of women's talent, skill, and innovative abilities.**
- **Better Governance – Women's participation ensures transparency and accountability in leadership.**
- **Social Justice and Human Rights – Encourages equality and realizes world commitments (e.g., SDG 5).**
- **Resilience and Stability –Gender equality reduces the risks of conflict and fosters social cohesion**

Limitations of the study :-

- **Data Availability – Quality and current gender - disaggregated data (on pay, education, health, etc.) can be scarce or sporadic in developing countries.**
- **Measurement Problems – Unpaid and non-contractual work (e.g., women's domestic work) remains hidden in economic statistics, hence underestimating women's contribution.**
- **Cultural and Regional Context Differentials –Gender values are so diverse between countries and regions that aggregation of outcomes proves difficult.**

- **Policy and Institutional Stereotypes – Differing legislation, government, and implementation reduce comparability of outcomes across countries.**
- **Economic Cost Estimation – It is not feasible to estimate the cost of gender inequality in economic terms without assumptions, which can potentially fail to account for all indirect or long-term impacts.**
- **Scope Restriction – Research could be focused on specific domains (e.g., labor and education), excluding others like environmental sustainability or climate change action on women.**
- **Time Constraints – Gender inequality is inherent and grows over time; short-term research might not be able to reflect long-term impacts.**
- **Access to Respondents – Women could be restricted by social norms and cultural boundaries from openly responding in interviews or surveys.**

Literature review :-

1. Title: "The Economic Cost of Gender Inequality in Developing Countries"

Author(s): Sarah Bandara

Published Date: 2015

Research Gap: Limited micro-level analysis linking gender labor gaps to macroeconomic output losses in diverse developing countries.

Summary: This study estimates that a 1% increase in gender gaps in labor participation and education reduces productivity by around 0.45%, costing Sub-Saharan Africa billions annually. It highlights the significant economic losses from underutilizing female labor in developing economies.

2. Title: "Unrealized Potential: The High Cost of Gender Inequality in Earnings"

Author(s): World Bank Group

Published Date: 2018

Research Gap: Insufficient integration of unpaid care work and social norms in economic cost models.

Summary: The World Bank finds that women hold only 38% of global human capital wealth, despite representing half the population. Closing gender wage gaps could increase global wealth by 14%. The report calls for policies addressing both earnings inequality and care responsibilities.

3. Title: "Trade and Gender Equality: Unlocking Women' s Economic Potential" Author(s): Rocha & Piermartini (IMF)

Published Date: 2023

Research Gap: Need for more evidence on trade' s impact on informal and rural female labor markets in low-income countries.

Summary: This paper shows that trade openness positively affects women' s employment and wages, especially in export sectors, reducing informality. However, benefits are unevenly distributed, requiring targeted policies.

4. Title: "Gender Inequality and Economic Growth in India" Author(s): Aqeel Khan et al.

Published Date: 2023

Research Gap: Lack of granular, state-level analysis on how gender inequalities in health, autonomy, and labor participation interact with growth outcomes.

Summary: The study highlights how persistent health disparities and limited female autonomy in India hinder economic growth. It suggests policy interventions to improve female labor market integration and health outcomes

5. Title: "The Impact of Gender Norms on Women' s Labor Supply in Developing Countries"

Author(s): Heath & Tan

Published Date: 2020

Research Gap: Limited understanding of how female autonomy within households influences labor supply beyond income effects.

Summary: The study finds that increasing women's control over household resources significantly raises their labor supply, even without additional household income. It emphasizes the role of autonomy in overcoming labor market barriers.

6. Title: "Valuing Unpaid Work: Implications for Gender Equality and GDP in Developing Economies"

Author(s): Janiso et al. Published

Date: 2021

Research Gap: Insufficient data on the economic value of unpaid domestic labor and its impact on gender economic disparities.

Summary: Using time-use surveys, this research demonstrates that unpaid household work disproportionately performed by women, if accounted for in GDP, would increase economic output by up to 26%, highlighting a large hidden cost of gender inequality.

7. Title: "Gender Inequality and Entrepreneurship in Developing Countries"

Author(s): Bosma & Kelley (Global Entrepreneurship Monitor)

Published Date: 2017

Research Gap: Lack of focus on barriers female entrepreneurs face in early-stage businesses across diverse developing contexts.

Summary: This paper shows that gender equality positively correlates with higher female entrepreneurial activity. It notes that in countries with fewer gender disparities, the entrepreneurship gender gap narrows significantly, boosting economic dynamism.

Research Methodology:-

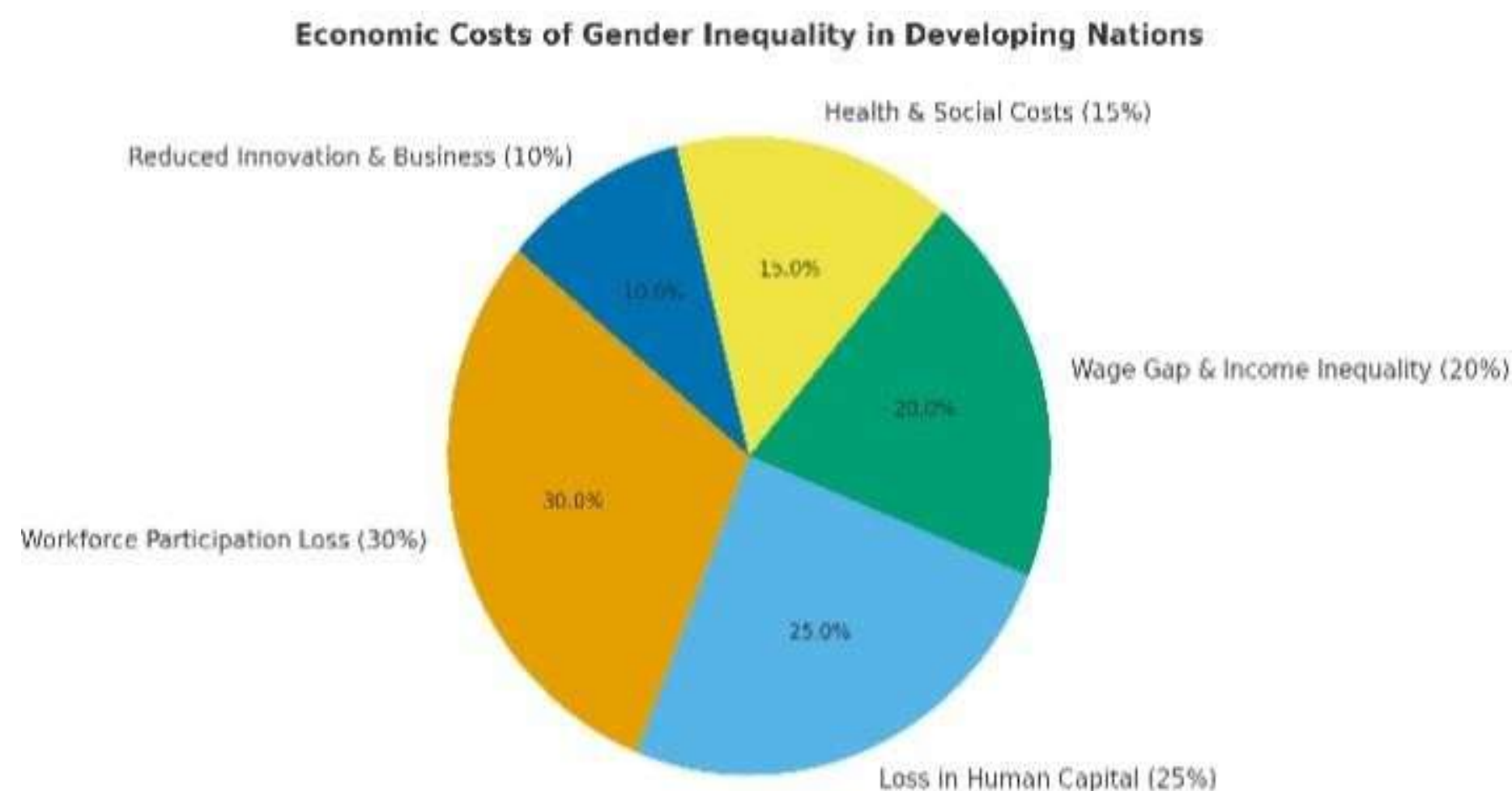
I have collected secondary data on the development economics, specifically focusing on gender inequality and the economic cost of gender inequality in developing countries. Secondary data were selected because they offer access to a broad variety of already available and reliable sources like academic research papers, reports of international organizations like World Bank, UNDP, and IMF, government statistics, and policy briefs. They both contain quantitative facts— like female labor force participation rates, earnings differentials, and educational levels— as well as qualitative information regarding structural and cultural obstacles perpetuating inequality.

The approach relies on analytical and descriptive methods. Descriptive methods are employed to record prevailing trends in gender gaps by geography, listing disparities in education, health, employment, and political participation. Analytical methods enable quantification of how these gaps are translated into economic losses that developing countries can measure, e.g., lower GDP growth, loss in productivity, and lower human capital formation. By combining data from different sources using triangulation, the research makes the outcome more valid and dependable.

Comparative strategy is also embraced in the methodology. The data from various developing regions— like Sub-Saharan Africa, South Asia, and Latin America— are being contrasted to determine how the economic cost of gender inequality differs by degrees of development, policy effort, and cultures. It helps to determine not only the international trends but also the country-specific concerns and opportunities.

Lastly, the research utilizes thematic analysis of second-hand literature to link economic theory with empirical evidence. Human capital theory and labor market segmentation theory are, for example, utilized to make sense of the economic effects of excluding women from equal participation. Integrating statistical information and theoretical understanding, the methodology offers a comprehensive account of the way gender discrimination in developing countries is not just a social factor but an obstacle towards long-term economic development.

Data Analysis and Interpretation :-



Explanations:-

The heavy economic costs of gender inequality in developing nations , showing how various sectors are negatively affected and overall growth is slowed . The largest share of loss (30%) comes from unequal access to education ,skills, and workforce participation which reduces human capital development and reduces productivity . The second major cost is the loss in human capital at 25%, which occurs due to limited access to education, skills, and career growth for women, leading to underutilization of talent. Wage gap and income inequality account for 20%, reflecting disparities in earnings between men and women, which lowers household income and weakens economic growth. Health and social costs represent 15%, as inequality often leads to poor healthcare access, malnutrition, and higher social burdens. Lastly, 10% arises from reduced innovation and business opportunities, since gender bias restricts women’ s entrepreneurial potential and creativity. Overall, the analysis highlights that bridging the gender gap in education, employment, and wages and entrepreneurship can significantly enhance economic growth and reduce poverty in developing nations.

Finding and Conclusion:-

Finding:-

- **Loss of Human Capital Development – When girls and women are denied equal access to education and skill development, the economy loses a large share of potential talent. This lowers productivity and innovation in the long term.**

- **Reduced Labor Force Participation – Gender inequality keeps many women out of the workforce. Developing nations face slower growth because a large portion of the population remains economically inactive.**
- **Wage Gap and Productivity Loss – Women often receive lower wages than men for the same work, which reduces household income, discourages participation, and decreases overall national productivity.**
- **Entrepreneurship and Innovation Constraints – Women face barriers to starting businesses due to lack of credit, land ownership rights, and institutional support, resulting in missed opportunities for entrepreneurship-led growth.**
- **Higher Poverty and Inequality – Gender gaps increase household poverty, as women’s limited income opportunities reduce family welfare, education for children, and long-term human development.**
- **Slower Economic Growth – Studies show that reducing gender inequality could significantly raise GDP growth rates in developing nations, as more women enter the labor market and contribute equally to the economy.**
- **Health and Social Costs – Inequality also raises maternal and child health risks, which further reduce economic potential through loss of productivity and higher healthcare costs.**

Conclusion:-

Gender inequality in developing countries continues to manifest strongly in education, work participation, employment opportunities, and access to essential resources. Women face structural barriers such as limited access to quality schooling, wage disparities, and exclusion from leadership roles, which hinder their ability to contribute fully to the economy. These inequalities not only reduce the potential of human capital but also restrict economic growth by underutilizing a significant portion of the workforce.

The economic effects of such disparities are evident in reduced labor force productivity, lower household income, and persistent poverty cycles. When women are denied equal opportunities, household welfare is negatively affected, as families lose the benefits of dual incomes and broader resource access. Policy interventions aimed at bridging gender gaps—such as inclusive education policies, workplace reforms, and equal access to

resources— are crucial to reducing inequality. Cultural and institutional factors also play a vital role, as deeply rooted norms often reinforce gender-based discrimination.

Addressing these challenges can unlock vast economic benefits, including higher GDP growth, improved poverty reduction, and more inclusive development pathways for societies.

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