Twelfth Plan: Patriarchy as Macroeconomic Construct

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Crucial in relation to the ongoing debate on engendering the Twelfth Plan is the incorporation of the myriad manifestations of the patriarchal-macroeconomic construct. The foundations of financial and monetary structures and policies are closely integrated with women's multiple economic roles. This article focuses on the gendered ideological underpinnings of the prevailing macroeconomic architecture.

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This is being written in the context of the ongoing debate on engendering the Twelfth Five-Year Plan Approach Paper, with the hope that patriarchy be perceived as a macroeconomic construct. The nature and strategies of financial and monetary systems, and structures are closely intertwined with women's multiple and all-pervasive roles in an economy. Unless this fundamental connection is recognised, macroeconomic policies will remain not merely insensitive and isolated from gender concerns, but will also not be harbingers of change in women's lives and in society at large. This article consequently attempts to highlight specific manifestations of the patriarchal-macroeconomic construct.

Financial Exclusion

Exclusion from the financial sphere is generally defined at involving two levels – first, keeping out the more vulnerable sections of the population from payment systems, second, exclusion from the formal credit market itself, compelling these groups to access non-institutional sources. An important feature of the somewhat occlusive monetary policy is that large numbers of the rural population have been left out of the ambit of coverage. It is estimated that almost three-fourths of farm households in India have no access whatsoever to formal sources of credit, with over half having access to neither formal nor informal credit (RBI 2007).

Financial exclusion has in fact been actually increasing since the advent of globalisation. Non-institutional sources of credit, especially the share of moneylenders, which had declined sharply, particularly in the post-nationalisation decade, with the advent of social and development banking, have now begun to rise quite steeply in the post-liberalisation period. For instance, the share of informal credit in all credit for cultivator households fell from 93% in 1951 to about 37% in 1991, rising quite dramatically to almost two-fifths in the last few years. Similarly, the share of moneylenders in non-institutional credit which had declined from 70% in 1951 to barely 17% prior to liberalisation, has increased to almost 27% (RBI 2006).

It is precisely at this point that gender assumes special significance. Agriculture in India has been witnessing an increasingly feminised face especially in the wake of the current agrarian distress that has led to male migration at higher levels. Only about half of all male workers are dependent upon agriculture, as compared to 75% of all women workers and 85% of all rural women workers. Women are major producers in animal husbandry, forestry, fisheries, and, of course, crop production. Withdrawal of social and development banking and the resultant rise in financial exclusion has obviously had an impact on women more, thus leading to further reduction in their ownership and control over both productive and non-productive assets. Add to this the fact that one-fifth of rural households are female-headed, and the justification for gendered financial inclusion becomes all the more urgent.

That women are discriminated against in the formal financial structure is generally accepted. What is, however, more shocking, is the extent to which this discrimination occurs. Surveys on small borrowal accounts (SBA) conducted by the Reserve Bank of India (RBI) reveal a quite amazing scenario of gendered exclusions – dalit women today receive an average of only Rs 8 of bank credit per SBA for every Rs 100 received by non-dalit and adivasi women, down from Rs 23 in 1997. Further, as compared to men, their share is a pathetic Re 1 (Chavan 2007). Financial exclusion on the basis of patriarchy is thus further complicated by women's location in the societal structure.

Microfinance

While not in any way suggesting that microfinance should be stopped altogether and while recognising its historical and pioneering role, the present approach and sole dependence on this "best practice" has four fundamental problems. One, non-recognition that lending for self-employment is actually only one of several tools and

not the strategy to empower women. Two, microfinance targets women for alleviating household poverty, assuming that families are poor because their women are not working. Three, negation of the fact that the majority of economic activities are performed by women and girl-children, with the very survival of households depending upon their labour both paid and unpaid. Four, by focusing almost exclusively on microfinance, the State transfers its responsibility of incorporating employment in its current development strategy to women by insisting that they undertake their own economic empowerment through "assisted" self-employment.

What is quite unpalatable is the equation of microfinance with a "charitable" activity, when it is in reality fundamentally an economic and gender empowering process, particularly in the context of the fact that women should not be viewed as "beneficiaries" but as active agents and participants of change.

Monetary Interconnects

India has had a relatively high and stable savings rate over the last two decades, the majority of savings originating from the household sector. Financial reforms, however, have tended to systematically lower interest rates for small savers, thus often compelling them to enter the unfamiliar finance and capital markets. Investing in capital markets involves knowledge of stocks, of which they are generally ignorant, the prevailing instability and volatility not necessarily ensuring guaranteed returns to the few who are both financially capable and can also afford risks.

Gendered aspects emerge quite sharply in several ways. One, it is a proven fact that women are "better" savers than men especially in the household sphere. Although they may not invest this amount directly in their own names in the organised credit sector, they tend to bank it in the formal sector in their husbands' names. Any change in interest rates for small savers therefore tends to work through a gendered lens. Two, when returns on savings are low in the organised credit market, women do not invest in the capital market of which they are generally ignorant due to lack of risk-taking capacity and financial literacy, but do so in the informal market through chit funds, etc. Three, as managers of household consumption patterns, poor women especially are more severely affected by inflation, by declining real wage rates and by higher unemployment levels of both themselves and the men in their households. Additionally, it needs to be noted that recent economic processes have had a gendered effect in some instances where feminisation of indebtedness has emerged especially in urban areas (Dewan 2005).

Yet another crucial policy change required to enhance gendered financial inclusion is the balance between financial and physical targets. Although several banks do have women-specific schemes, there is no balance between physical and financial targets. The introduction of an equilibrium between the two is important in the context of the fact that women generally take small loans. Thus, while physical targets may be filled, the financial disbursements constitute an insignificant amount.

Insurance is not regulated by a uniform policy, different companies and even different branches of the same company impose their own rules such as not permitting single women – with single households paying the same rates as those applicable to entire families. Policies relating to pensions are also currently severely biased against single-headed households, whether male or female. These benefits cannot be willed or transferred upon death to a non-spouse, not even to dependent parents.

Fiscal and Taxation Structures

Taxation systems have an impact on disposable incomes, and on prices of production inputs and consumer goods. The consequences hence affect major economic and also extra-economic decisions. This interconnection operates more significantly in underdeveloped countries where poverty levels are higher and where women are less empowered. Equality thus cannot be perceived in "formal" terms, but rather in more substantive ones, particularly in relation to the dominance of the fact that women produce tradeables as well as non-tradeables not only as informal sector workers but also unpaid family workers.

The tax structure becomes crucial in relation to the impact it has on women's labour supply, especially through the personal income tax which contains the most explicit form of gender bias. Under joint taxation, the greater the difference between the spouses' incomes, the higher will the rate at which woman's earned income is taxed, and the less beneficial it will be for her to participate in "gainful" employment in the labour market. This factor is compounded by the prevalence of the backward-bending supply curve after a certain threshold of income is attained, this threshold being determined by the

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location of the specific household in the system of production and reproduction. Additionally, the foundation of the chosen tax regime at the macro level and also the "ideal" threshold income level determined at the meso and micro levels are closely intertwined in the specific context of the predominant notion that the woman is "normally" a secondary earner. Furthermore, it is obvious that such gender-blind structures and policies do not recognise the existence of a fairly substantial number of female-headed households.

Gendered Impact of Tax

Individual taxation is preferred because the economic benefit of working depends on how much a woman earns and not the fact of her location in the patriarchal marital structure. Tax structures and policies may thus increase her incentive to take up employment and shift her labour supply curve. An independent status as a taxpayer also strengthens her negotiating position and participation in decision-making in the household as well as the economy. Divergent tax rates paid by men and women are further compounded by the existence of gender-based differentials which characterise all economies, particularly those that are underdeveloped, through primarily unequal pay, unequal work, unequal opportunities, and unequal access to opportunities including ownership of productive resources.

Women in India have the choice of filing returns either individually or jointly. The joint option is applicable primarily under the Hindu Undivided Family (HUF), a category that covers four communities – Hindus, Jains, Sikhs, and Buddhists. Under the HUF, the eldest male has the power to file returns for the entire extended family which consists of all other men, their wives, and also unmarried women. HUFs are given several exemptions that are not available to other religious communities. Additionally, the perception of the HUF as a social unit not only ignores but also negates issues of societal relationships and dependency in a patriarchal society. Also, the application of the family as a taxpaying unit presumes that information on households is readily available, and that levels of household well-being are clearly defined.

Another illustration of patriarchy as a macroeconomic construct is the gender-differentiated property tax, where the transfer of property to women in order to avail of these tax concessions could create a new basis of economic empowerment, especially in case separation is sought wherein the problem of alternate accommodation would not prove to be a major issue.

Analysis of the gendered impact of corporate tax is closely connected to the "propertylessness" of women. Few are either owners or even shareholders in large companies; those in medium and small companies would be affected only to the extent to which they are employers.

Indirect taxes are more regressive, primarily as the poor typically spend a higher proportion of their income on food than the rich. Commodity taxes alter the relative prices of taxed and untaxed goods, and hence transform individual and household decisions about consumption, as well as production and investment decisions. Value added tax (VAT) in particular has a greater anti-women and anti-poor impact, given the fact that these sections typically spend a larger proportion of their income on basic consumption goods than richer households do; low earners therefore pay a higher average tax rate.

VAT places a heavy burden on labour-intensive firms as compared to capital-intensive ones. This is basically because the ratio of value-added to the sale price is lower for the latter. Also, small producers and traders tend to face high compliance costs, as they lack not only capital, but also human resources and skills. This is true particularly of women who have less control over productive resources, technology, literacy, etc.

Gender biases in all consumption taxes manifest themselves in several ways, including through the choice of commodities and services covered, as well as the different consumption and maintenance patterns of men and women. For example, imposition of VAT on processed wheat directly affects women, the bias thus not being "implicit". Women, as "carers", are now compelled to purchase grains, and increase their time spent on "unproductive" activity. Similarly, a rise in taxes on kerosene combined with reduced subsidies directly affects the time use pattern of women. This increases the "reproductive" tax that the woman has to pay to the economy as a direct result of change in macroeconomic policies.

Evaluation of tax policies is generally based on simplicity, vertical and horizontal equity, and neutrality. Normative values also come into play by the inclusion of other functions of a tax system such as economic stabilisation, income redistribution, regulation, and reduction of inequalities. Consequently, a gendered as well as an economically ethical evaluation must of necessity be based additionally on normative values including the fundamental concept of "ability to pay" (versus benefit principle), particularly in relation to the fact that the debate today is increasingly centred around the appropriate degree of tax progressivity (vertical equity) and the "benefit principle" (user fees).

Further, the efficiency of a tax system is founded on the social welfare function which states that the desired revenue and social objectives should be achieved through minimal distortions to individual and business decisions. This method which focuses purely on the market economy denies the fact that utilities cannot be individually calculated, standardised and then socially collated, more so in a society that is inherently unequal and patriarchal. The "greater common good" thus does not imply a collection of "individual" goods. Also, non-market time is not leisure for a man and especially not for a woman. And, ultimately and most fundamentally, current tax structures and policies omit even the possibility that fiscal policies can enhance societal and gender equity.

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