



# BRIDGING THE GAP: ANALYZING THE IMPACT OF RURAL DEVELOPMENT ON GENDER INEQUALITY

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## ABSTRACT

This paper examines the dynamic relationship between rural development and gender inequality using econometric models. Employing the Augmented Dickey-Fuller unit root test to ensure stationarity, an Autoregressive Distributed Lag (ARDL) model is developed, along with other descriptive tests conducted. Agricultural productivity (AP) and rural national income (RNI) serve as proxies for rural development, while the female gross enrollment ratio (FGER) represents gender inequality. Regression analysis reveals a complex interplay between these variables. Notably, the current value of FGER does not significantly impact RNI, whereas its lagged values exhibit a negative and significant effect. Furthermore, the relationship between AP and RNI contradicts expectations, as current AP shows a negative and significant impact on RNI. These findings suggest that while rural development initiatives are crucial, their influence on gender inequality and economic outcomes may not be straightforward and require nuanced, long-term policy interventions.

**Keywords:** Gender Disparity, Rural Development, Labour Force Participation Rate, Female Enrolment Ratio, Rural Income.

## 1. INTRODUCTION

Rural development plays a pivotal role in the socio-economic transformation of India, where a significant portion of the population resides in rural areas. Despite notable progress in economic growth and urbanisation, rural India continues to grapple with deep-seated inequalities, particularly along gender lines. The significance of rural development lies in its potential to uplift these marginalised populations, enhancing the overall quality of life through improvements in infrastructure, education, healthcare, and access to financial services.

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Gender inequality is one of the most pressing issues in rural India, where women face substantial challenges across various domains, including limited access to education, healthcare, economic opportunities, and decision-making power. Cultural norms, social structures, and traditional gender roles often confine women to unpaid labour within households, restricting their participation in the formal economy. This gender disparity perpetuates poverty and hinders broader rural development efforts. Rural development is essential because it addresses the fundamental structural issues that maintain gender inequality. Investments in education and healthcare can enhance women's agency, allowing them to pursue better economic opportunities and improve their family's welfare. Similarly, infrastructure improvements, such as access to clean water and roads, reduce the burden of unpaid domestic work that typically falls on women, freeing up time for income-generating activities. Moreover, rural development programs that promote women's participation in agriculture, entrepreneurship, and self-help groups empower them economically and socially, challenging the traditional gender norms that limit their agency.

However, the relationship between rural development and gender inequality is complex. While development initiatives can enhance opportunities for women, they often fail to fully account for the unique challenges women face in rural areas, such as mobility restrictions, patriarchal household dynamics, and lack of access to credit and land. Consequently, rural development efforts must be designed with a gender-sensitive lens, ensuring that women's specific needs and constraints are addressed. A focus on gender equality within rural development frameworks can significantly influence gender dynamics by promoting women's empowerment, reducing economic disparities, and fostering more inclusive growth in rural India.

In this context, this research seeks to analyse the nexus between rural development and gender inequality in rural India, focusing on how rural development interventions can be leveraged to reduce gender disparities and enhance women's socio-economic outcomes.

## 1.1 Problem of Gender Inequality in Rural India

Gender inequality in rural India is a pervasive and deeply entrenched issue that affects almost every aspect of women's lives, limiting their economic, social, and personal development. Rooted in traditional patriarchal norms, this inequality manifests in multiple ways, constraining women's access to education, healthcare, economic opportunities, and social mobility. The problem is particularly acute in rural areas, where rigid cultural and social practices, combined with economic disadvantages, exacerbate the challenges faced by women. Women in rural India face substantial barriers to economic participation. Due to discriminatory social norms, women are often relegated to unpaid domestic labour and agricultural work, which is undervalued and lacks formal recognition. Access to paid employment, entrepreneurship opportunities, and financial services is significantly limited for rural women, contributing to income disparities between men and women. The gender pay gap persists, with women earning less than men for similar work, and women's participation in decision-making regarding household finances and resource allocation remains minimal. Consequently, this economic marginalisation restricts women's ability to achieve financial independence and upward mobility.

Education is one of the primary pathways for enhancing women's empowerment, yet gender inequality severely limits access to education for girls and women in rural areas. Cultural preferences for male education, early marriages, and the expectation that girls will focus on household duties contribute to high dropout rates among female students. Girls are less likely to complete secondary or higher education, reducing their chances of gaining meaningful employment and further perpetuating the cycle of poverty and dependence. This lack of educational attainment also hampers women's ability to advocate for themselves and participate in civic and political life.

The gender inequality problem extends to healthcare, where rural women face significant obstacles to receiving adequate and timely medical care. Limited access to maternal healthcare, reproductive health services, and general healthcare disproportionately affects women's health outcomes. Rural health infrastructure is often inadequate, and women are frequently deprived of the autonomy to seek medical attention without male approval. High rates of maternal mortality, malnutrition, and limited awareness of family planning further complicate women's efforts to live healthy and empowered lives. The lack of healthcare access not only impacts women's physical well-being but also affects their economic productivity and family welfare.

Gender inequality severely restricts women's social mobility in rural India. Traditional gender roles confine women to the private sphere of household management, limiting their participation in public and community affairs. Women have fewer opportunities to take on leadership roles, participate in local governance, or engage in social movements. This lack of mobility reinforces their exclusion from decision-making processes, both within households and in the wider community. The intersection of gender with caste and class further deepens these barriers, especially for women from marginalised communities, making it nearly impossible for them to break free from the cycle of poverty and discrimination.

In summary, gender inequality in rural India has far-reaching consequences that stifle women's potential and undermine the overall development of rural areas. It restricts access to economic opportunities, education, and healthcare and limits women's social mobility, leaving them vulnerable to poverty and disenfranchisement. Addressing this inequality requires targeted interventions that challenge existing social norms, promote gender-sensitive development policies, and actively involve women in rural development processes. Without addressing gender inequality, rural development efforts will fail to reach their full potential and will leave a significant portion of the population behind in the quest for equitable growth and prosperity.

## 1.2 Objectives:

- Analyse the relationship between rural development and gender inequality.
- To know how reduction in gender inequality helps in rural development.
- To know the other side of the relationship.

### 1.3 Hypotheses of the Study:

- H1: Reduction in Gender Inequality helps in Rural Development in India.
- H2: Agriculture productivity Reduce Gender Disparities in rural area.
- H3: Access to Education Empowers Women Economically.

## 2. LITERATURE REVIEW

Research on the impact of gender inequality on rural development often highlights the multifaceted nature of the issue. Kabeer (2005) discusses how microfinance and economic programs can empower women by providing them with financial independence, which in turn can reduce gender disparities. However, the impact of these initiatives is often influenced by cultural norms and societal structures, as highlighted by Desai and Jain (1994), who argue that changes in family dynamics and societal attitudes are crucial for the success of such programs. Hannum, Kong, and Zhang (2009) focus on the role of education in bridging gender gaps, especially in rural areas. They find that educational attainment for women leads to greater economic opportunities and shifts in traditional gender roles. Despite these positive trends, challenges persist due to entrenched gender biases in rural communities, which limit the effectiveness of rural development initiatives. In the context of agricultural productivity, Agarwal (2018) emphasizes the importance of gender-sensitive approaches in rural development. Her work suggests that increasing women's access to resources such as land, technology, and training can enhance agricultural productivity and contribute to narrowing gender inequalities. However, this requires a holistic approach that addresses legal, institutional, and cultural barriers. The integration of rural national income (RNI) into this discourse is also significant. Studies show that higher RNI, driven by rural development initiatives, can improve overall living standards, which may indirectly contribute to reducing gender inequalities (Ranis, Stewart, & Ramirez, 2000). However, this relationship is complex and influenced by factors such as policy design, implementation, and the inclusivity of these programs. Furthermore, Duflo (2012) emphasizes the importance of gender equality for economic development, pointing out that investments in women's education and health can lead to better economic outcomes in rural areas. This is supported by the work of King and Mason (2001), who argue that closing gender gaps in education and employment is essential for sustainable development. The role of agricultural productivity in reducing gender inequality is discussed by FAO (2011), which notes that increasing women's access to agricultural resources can significantly enhance productivity and contribute to rural income. Studies like those by Razavi (2009) and Deere and Doss (2006) highlight that policy interventions must consider the socio-cultural context to address gender disparities effectively. They argue for integrating gender perspectives into rural development policies to ensure they meet the unique needs of women. Furthermore, Rao and Kelleher (2005) emphasize the need for a transformative approach to gender equality, advocating for changes in societal norms and institutions alongside economic initiatives. Mayoux (2001) discusses the potential for microfinance programs to either reinforce or challenge existing gender norms, depending on how they are implemented. Lastly, the World Bank (2012) provides comprehensive evidence that enhancing women's economic participation leads to more inclusive growth,

suggesting that rural development strategies should incorporate gender-focused components to be successful. FAO (2011) discusses the role of agricultural productivity in reducing gender inequality, noting that increasing women's access to agricultural resources can significantly enhance productivity and contribute to rural incomes. This is supported by Rao and Kelleher (2005), who call for a transformative approach to achieving gender equality, emphasizing the importance of changing societal norms and institutional structures alongside implementing economic initiatives.

### 3. CONCEPTUAL MODEL

A set of equations to capture the relationships between rural development initiatives and gender inequality reduction is used. The model involves multiple variables and their interactions:

#### 1. Gender Inequality (GI) Function:

$$GI = f(GII, FLFPR, FGER, MR) \quad (1)$$

where:

*GI* = Gender Inequality

*GII* = Gender Inequality Index

*FLFPR* = Female Labour Force Participation Rate

*FGER* = Female Gross Enrolment Rate

*MR* = Mortality Rate

#### 2. Rural Development (RD) Function:

$$RD = f(RNI, AP, ID, PR) \quad (2)$$

where:

*RD* = Rural Development

*RNI* = Rural National Income or Income of Rural Areas

*AP* = Agricultural Productivity

*ID* = Infrastructure Development

*PR* = Poverty Reduction

#### 3. Impact of Gender Inequality on Rural Development:

$$RD = GI + u \quad (3)$$

where:

*u* = Error Term

## Empirical Model Specification

Since, the model is a theoretical bivariate function, it was not possible to solve this function accurately. So, to measure the impact of Gender inequality on Rural Development, we have taken GII and FGER as the proxy for GI. RNI and AP as the proxy for RD. By incorporating these variables, the final models formulated are:

### Gender Inequality Impact on Rural National Income:

$$RNI = \beta_0 + \beta_1 GII + \beta_2 FGER + \beta_3 AP + u \quad (4)$$

where:

$\beta_0$  = Constant term

$\beta_1, \beta_2 \& \beta_3$  = Coefficients representing the impact of each factor on gender inequality reduction

$u$  = Error Term

These models illustrate how various gender inequality impact rural development, suggesting that how gender inequality is related to India's rural development.

## 4. METHODOLOGY

### 4.1. Data Sources

The data for analysis was collected from the World Development Indicators – World Bank, National Sample Survey Office, and Database for Indian Economy – Reserve Bank of India. The data for case study and research were collected from Census, Government Reports, etc. The data of variables are collected from the period 1999 to 2021.

Specific rural areas within India have been identified based on varying levels of rural development, socio-economic conditions, and gender disparities.

### 4.2. Data Methodology

The study used regression analysis on the data collected from various sources. The Rural national income was calculated

## 5. RESULTS AND DISCUSSION

The study as mentioned above has used regression estimation to estimate the given models. The result of the OLS estimation will be provided in table 1.

Variables	Model (1) (RNI)
<i>GII</i>	-2.6480*** [0.5512]
<i>FGER</i>	0.8311*** [0.2094]
<i>AP</i>	0.2880 [0.2415]
<i>RNI</i>	-
Constant	8.8445*** [2.0928]
<b>R-Squared</b>	0.9795
<b>Adj. R-Squared</b>	0.9762

Source: Authors' own Calculation

In the results of model 1, it is evident that an increase in the Gender Inequality Index (GII) leads to a significant decline in rural income, suggesting that gender disparities have a profound effect on the economic well-being of rural areas. This finding underscores the importance of addressing gender inequality to enhance the economic prospects of rural communities. The analysis of the female gross enrollment ratio reveals that when women receive higher education, it positively impacts rural income. Educated women are more likely to participate in the labor force, contributing to the overall productivity and economic growth of rural areas. This underscores the crucial role of female education in empowering women and improving economic outcomes in rural regions. Conversely, while agricultural productivity is traditionally expected to increase the income of farmers and, in turn, raise rural income, this study finds that its effect is not statistically significant in the context of India. This may indicate the presence of other underlying factors, such as market inefficiencies, access to resources, or policy limitations that might be mitigating the potential impact of agricultural productivity on rural income.

The results of the unit root tests reveal that the variables in the dataset exhibit different orders of integration. Specifically, the Gender Inequality Index (GII) is stationary at level-  $I(0)$ , indicating that it does not exhibit a unit root and is thus already integrated of order zero. In contrast, other variables in the model are found to be stationary at  $I(1)$ , reflecting a mix of integration orders. Given this mixed order of integration, the Autoregressive Distributed Lag (ARDL) model is the appropriate econometric approach for analyzing the relationships among these variables.

The ARDL model is suitable because it can handle variables integrated of different orders, provided that none of the variables are integrated of order two or higher.

In the subsequent sections, the paper will first assess the presence of long-run cointegration among the variables by interpreting the cointegration test results. This step will determine whether a stable long-run equilibrium relationship exists between the variables. Following this, the paper will present the results from the Error Correction Model (ECM), which will provide insights into short-run dynamics and adjustment processes towards the long-run equilibrium. Finally, the long-run coefficients will be discussed, and the paper will conclude with a series of diagnostic tests to evaluate the robustness and reliability of the model's findings.

**Table 2: Bound test for cointegration**

Bound test	Test statistics		
	F	279.665	
Critical value I(0)	10%	5%	1%
	3.008	3.71	5.333
Critical value I(1)	10%	5%	1%
	4.15	5.018	7.063

Source: author's own computation

Table 2 presents the results of the bounds cointegration test, which evaluates the existence of a long-run equilibrium relationship among the variables in the specified model. The results indicate that the model exhibits significant long-run cointegration at the 1% level, confirming the presence of a stable long-term relationship among the variables. This finding suggests that, despite short-run fluctuations, the variables converge to a long-term equilibrium.

**Table 3: ARDL-ECM Result**

Variables	Dependent Variable: $RNI_t$
$Ect(-1)$	-0.654*** [0.134]
$dGII_t$	0.136 [0.939]
$dGII_{t-1}$	4.155*** [0.849]
$dGII_{t-2}$	2.717** [1.163]
$dFGER_t$	0.172

	[0.297]
$dFGER_{t-1}$	-1.201*** [0.359]
$dFGER_{t-2}$	-0.748* [0.393]
$dAP_t$	-0.415** [0.159]
$dAP_{t-1}$	0.288 [0.192]
$dRNI_{t-1}$	-0.327 [0.199]
Constant	18.422*** [3.782]
Observation	23
R-Squared	0.828
Adj. R-Squared	0.638

Source: author's own computation

Table 3 displays the results of the Error Correction Model (ECM). The estimated error correction term is -0.654, which indicates that the model has a significant short-run cointegration relationship. This value of the error correction term, which lies between 0 and 1, signifies a substantial speed of adjustment towards long-run equilibrium, suggesting that deviations from the equilibrium are corrected at a significant rate over time. In terms of variable impacts, the current value of the Gender Inequality Index (GII) does not significantly affect rural national income (RNI) in the short run. This implies that contemporaneous changes in GII are not expected to have an immediate effect on RNI. However, the lagged values of GII exhibit a significant positive impact on RNI, indicating that increases in GII in previous periods are associated with a significant rise in rural income. This result deviates from the authors' initial expectations, as it suggests that higher gender inequality in past periods correlates with increased rural income in subsequent periods.

The relationship between Female Gross Enrolment Ratio (FGER) and RNI shows that the current value of FGER does not have a significant impact on rural income. However, the lagged values of FGER exhibit a negative and statistically significant effect on RNI. This suggests that past increases in female education negatively influence rural income, which could be indicative of complex interactions or other underlying factors affecting this relationship. Furthermore, the current value of Agricultural Productivity (AP) demonstrates a negative and statistically significant impact on RNI, contrary to expectations. This finding suggests that higher agricultural productivity is associated with a decrease in rural income, potentially attributable to rising food inflation in India.

This result highlights the need to consider inflationary pressures and their impact on real income when interpreting the relationship between agricultural productivity and rural income.

**Table 4: ARDL long run Result**

Variables	Dependent Variable: $RNI_t$
$GII_t$	-4.010* [1.919]
$FGER_t$	1.033** [0.343]
$AP_t$	-1.350* [0.573]
Constant	-0.654 [0.417]

Source: author's own computation

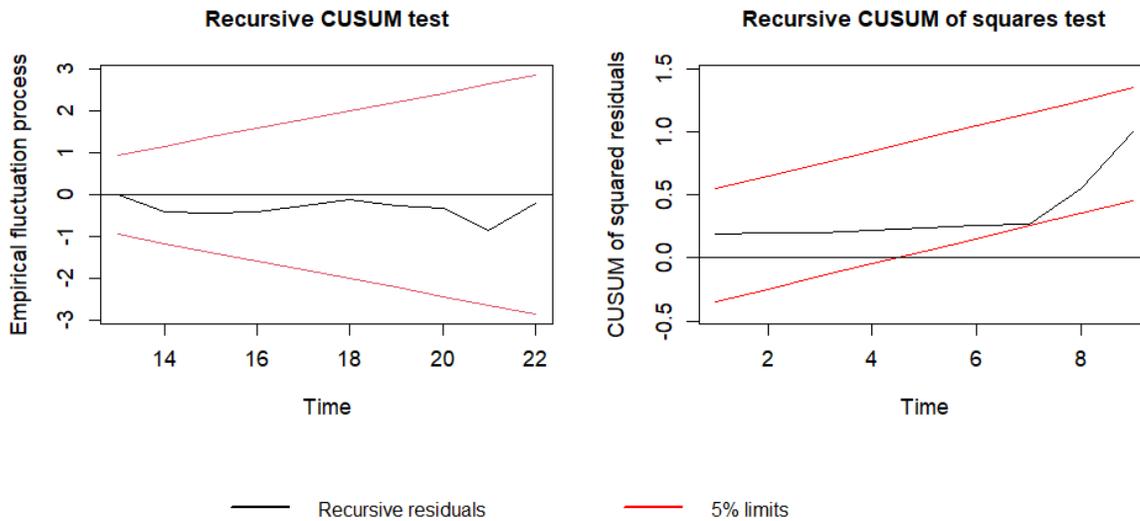
The long-run results align with the anticipated relationships. Specifically, the Gender Inequality Index (GII) exhibits a statistically significant negative relationship with Rural National Income (RNI). This negative association is consistent with the hypothesis that higher GII, reflecting greater gender disparities, correlates with reduced female labor force participation. This reduction in female employment contributes to a decrease in overall rural income, as the productive capacity of the labor force is diminished. Conversely, the Female Gross Enrollment Ratio (FGER) demonstrates a positive and statistically significant effect on RNI in the long run. This outcome suggests that higher female educational attainment enhances rural income. With increased educational opportunities, women acquire the skills necessary to enter and contribute more effectively to the labor market, thereby positively impacting rural economic development.

The relationship between Agricultural Productivity (AP) and RNI remains consistent with the short-run findings. The negative impact of AP on RNI in the long run mirrors the short-run results, indicating that increases in agricultural productivity are associated with a decline in rural income. This phenomenon could be attributed to inflationary pressures or other market distortions affecting the income derived from agricultural activities. These persistent effects underscore the importance of considering both short-run and long-run dynamics when evaluating the impact of agricultural productivity on rural income."

**Table 5: Diagnostic Test**

Test	Test Statistics (p value)
Breusch (1978) and Godfrey (1978) Test	2.272 (0.192)
Ljung and Box (1978) Test	2.013 (0.156)
Breusch and Pagan (1979) Test	10.091 (0.686)
Shapiro and Wilk (1965) test	0.958 (0.511)

Source: author's own computation



The diagnostic test results affirm that the model is both robust and reliable. Specifically, the application of several diagnostic tests has confirmed the validity of the model's assumptions. The Breusch-Godfrey (1978) test for serial correlation shows that there is no significant autocorrelation in the residuals, indicating that the error terms are independent across different observations. This finding is supported by the Ljung-Box (1978) test, which also confirms the absence of autocorrelation, ensuring that the residuals do not exhibit patterns that could invalidate the model's specifications. Furthermore, the Breusch-Pagan (1979) test for heteroscedasticity reveals that the residuals have constant variance across the range of fitted values, demonstrating that there is no issue with heteroscedasticity. This is crucial for maintaining the reliability of the standard errors and test statistics. Additionally, the Shapiro-Wilk (1965) test for normality indicates that the residuals follow a normal distribution, which is essential for the validity of the inferential procedures used in the analysis.

Collectively, these diagnostic tests confirm that the model adheres to the necessary econometric assumptions, ensuring that the results are robust and that the model provides a sound basis for the empirical conclusions drawn in the study.

## 6. CONCLUSION

The empirical analysis conducted using the Autoregressive Distributed Lag (ARDL) model and subsequent diagnostic testing provides comprehensive insights into the relationships among Gender Inequality Index (GII), Female Gross Enrollment Ratio (FGER), Agricultural Productivity (AP), and Rural National Income (RNI). The findings from the analysis and the reasons behind them are summarized below:

## 1. Long-Run Relationships:

**GII and RNI:** The significant negative relationship between GII and RNI in the long run suggests that higher gender inequality correlates with decreased rural income. This can be attributed to the fact that increased gender inequality often results in reduced female labor force participation and lower economic contributions from women. When women are marginalized or face barriers to employment, their economic output is diminished, thereby negatively affecting rural income.

**FGER and RNI:** The positive and significant impact of FGER on RNI indicates that improvements in female educational attainment contribute positively to rural income. This positive effect is due to the fact that higher levels of education among women enhance their skills and employability, leading to increased participation in the labor force and greater economic productivity. Educated women are better equipped to contribute to various sectors of the economy, thus boosting rural income.

**AP and RNI:** The negative and significant impact of AP on RNI aligns with the short-run findings, where an increase in agricultural productivity is associated with a decrease in rural income. This counterintuitive result may be due to rising food prices or inflationary pressures. As agricultural productivity increases, it might lead to higher food prices, which can reduce the real income of rural households if their earnings do not keep pace with the cost of living.

## 2. Short-Run Dynamics:

**GII and RNI:** In the short run, while the current value of GII does not significantly affect RNI, the lagged values of GII have a positive impact on RNI. This suggests that past increases in gender inequality, although not immediately impactful, may have a delayed effect on rural income. This delayed effect could be due to the time it takes for changes in gender dynamics to influence labor market outcomes and economic productivity.

**FGER and RNI:** The short-run analysis reveals that the current value of FGER does not significantly affect RNI, but lagged values show a negative impact. This could be due to a lag in the economic benefits of educational improvements, where the initial increase in female education might not immediately translate into higher rural income but rather affect it negatively in the short term due to transitional adjustments in the labor market.

**AP and RNI:** The current value of AP negatively affects RNI, which could be linked to inflationary trends or market inefficiencies. As agricultural productivity rises, it might increase the supply of agricultural products, potentially leading to higher prices and reduced purchasing power for rural households, thereby negatively impacting real rural income.

## 3. Model Robustness:

The diagnostic tests, including the Breusch-Godfrey test for serial correlation, the Ljung-Box test for autocorrelation, the Breusch-Pagan test for heteroscedasticity, and the Shapiro-Wilk test for normality, confirm the robustness of the model. The absence of significant serial correlation and heteroscedasticity, along with the normal

distribution of residuals, validates the model's adherence to key econometric assumptions. These results ensure that the model's estimates are reliable and that the conclusions drawn are based on sound statistical analysis.

In summary, the study provides valuable insights into the factors influencing rural income, highlighting the critical roles of gender inequality and female education while also noting the complex relationship between agricultural productivity and income. The robustness of the model, as confirmed by comprehensive diagnostic testing, reinforces the validity of the study's findings and their implications for rural economic policy and development.

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