



# GENDER AND INFLATION: Understanding the effect of price rise on women

An overview of the factors causing a disproportionate impact of inflation on women

**RESEARCH BRIEF #4**

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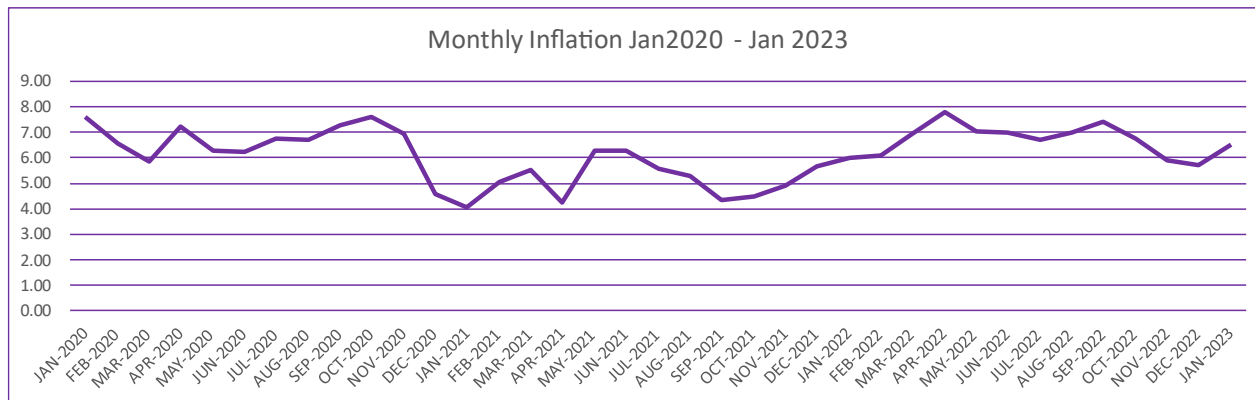
## INTRODUCTION

Inflation affects everyone, but women may feel the negative impacts disproportionately higher. This paper presents an overview of the effects of inflation on women and analyses how it differs from the impact on men. The differential impact of inflation between genders is assessed using a combination of secondary literature review as well as insights from a primary survey. The paper also provides a list of measures that can be undertaken to minimize the negative impact of inflation on women.

## RECENT TRENDS IN INFLATION IN INDIA

Inflation essentially means a general rise in an economy's price level over time. When the general price level rises, each unit of currency buys fewer goods and services i.e., the purchasing power of money falls which means it depreciates in value; consequently, inflation reflects a reduction in the purchasing power per unit of money – a loss of real value in the medium of exchange and a unit of account within the economy.

Inflation and price rise have been [a significant feature](#) of economic growth in the last few years, caused by the aftermath of the Covid-19 pandemic followed by the global impact of the Ukraine-Russia war (the exacerbated geopolitical developments led to a sharp rise in global commodity prices and weakening global growth outlook). In recent times, the Reserve Bank of India (RBI) has set an inflation target of 4% with a +/- 2% tolerance band. Figure 1 shows the [monthly Consumer Price Inflation \(CPI\) trends](#) in India from 2020 to January 2023 with 2012 as the CPI base year.



Source: [Reserve Bank of India Database on Indian Economy](#)

Inflation can affect individuals and groups differently depending on their income, expenses, and purchasing power. The impact of inflation is, therefore, different for women compared to men. We tried to assess the specific impact of price on women using a primary survey as well as a secondary literature review.

## INSIGHTS FROM SURVEY ON WOMEN'S PERCEPTION OF INFLATION

To understand women's perspectives of the recent inflationary trends in India, the authors undertook a brief survey of 100 female respondents from urban India, to analyse the perception of price rise on women and how it impacts their consumption decisions. The survey essentially asked for perceptions of respondents about the change in prices of certain essential goods and services that are purchase and used by women. It was also assessed whether the price changes have impacted the consumption decisions of these women and their families.

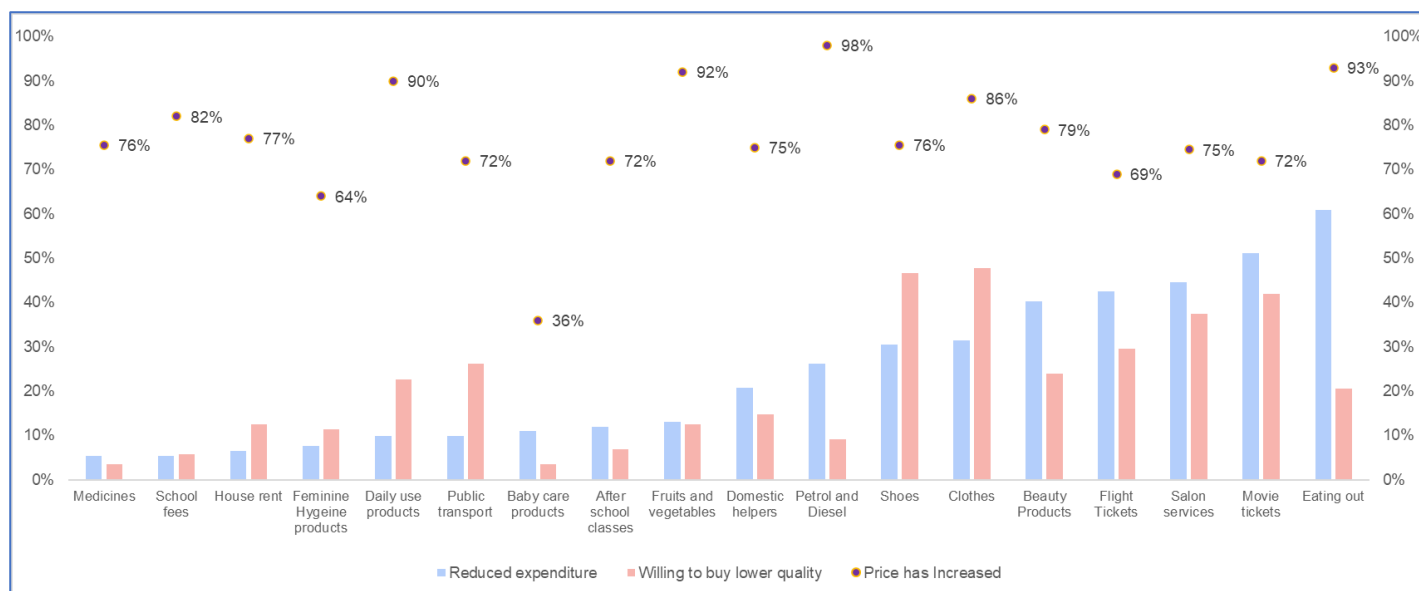
Specifically, for a list of 18 goods and service categories that are largely purchased by women, the respondents were asked to evaluate whether –

1. Prices have decreased
2. Prices are the same
3. Prices have increased a little
4. Prices have increased a lot

Further, respondents were asked to mark the items that, as a result of price increase, they had reduced consumption of or were willing to substitute for lower quality. Open-ended questions were also asked about respondents' opinions on how prices impact women and how the impact of inflation differs between men and women.

Figure 2 summarises the percentage of women who responded that the category of a product had witnessed a price rise, the percentage who reduced consumption, and those who would buy an inferior quality product. It is evident that women perceive prices to have risen significantly for most products and that has impacted their consumption decisions.

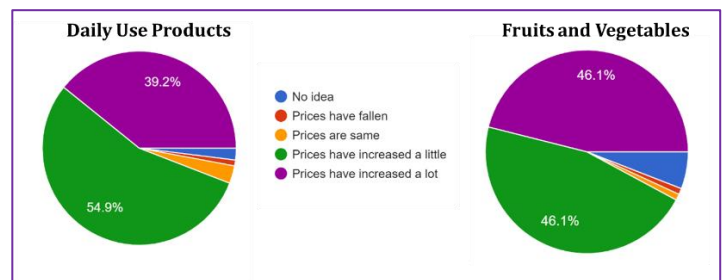
**Figure 2: Perception of price rise and impact of consumption patterns  
(% of survey respondents)**



Following are some product and category wise insights from the survey –

## 1. Groceries

For daily use groceries, 73% of the people feel that the product prices have increased, while 92% women felt that prices of vegetables and fruits have been rising. However, less than 20% women report changing their consumption of groceries despite the price rise.

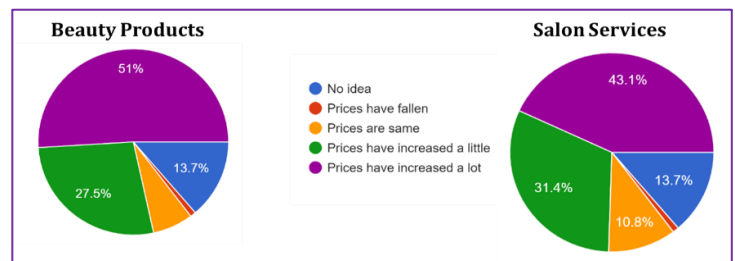


## 2. Beauty Products and Services

Beauty products have experienced a huge rise in prices as perceived by 51% of the respondents. 37% of respondents said that have cut down on these expenses and 24% of respondents said that they are willing to accept a lower quality of these products.

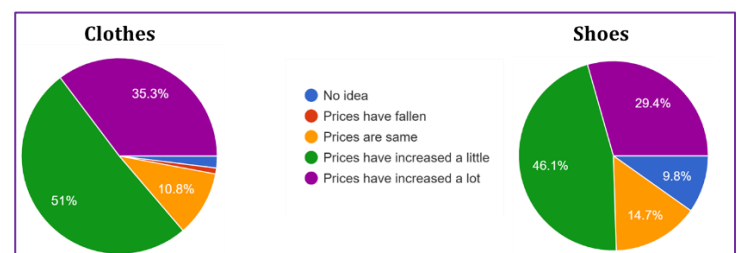
can accommodate a lower quality of these services in their lives.

Salon services prices have also increased a lot, according to 43% respondents. 45% of people say that they cut down on these services while 38% of respondents said they



## 3. Clothes and shoes

A larger majority of people seem to believe that the prices of clothes and shoes have increased a little. But around 30% of women feel they have cut down expenses on these and around 50% are willing to substitute for a lower quality product

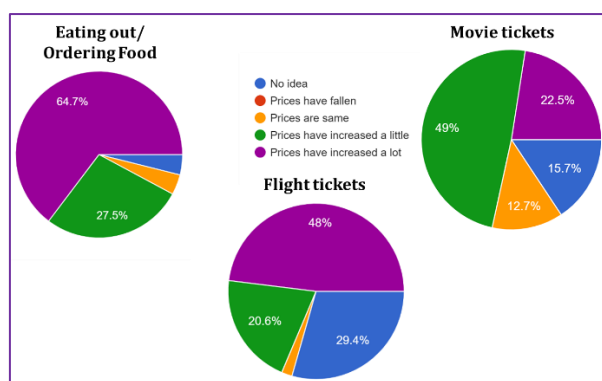


## 4. Entertainment and travel

Eating out and ordering outside food has become very pricey. The survey shows that 61% of the consumers who responded are willing to cut down on these expenses. However, only 20.5% of the respondents are willing to accept a lower quality of the product.

Flight tickets also fall under the category of products whose prices are perceived to have

increased a lot according to a majority of respondents. Post the Covid-19 pandemic and lockdown, there has been a surge in the prices of flight tickets due to the rise of fuel charges as well as recovery of past losses by airlines. Figures from the survey show that 48% of the respondents feel flight prices surged a lot due to which 43% reduced their consumption of flight tickets and 30% of them are willing to accept a lower quality.



## 5. Women's health and hygiene products

About 50% of women feel that the prices of hygiene products (like sanitary napkins, menstrual cups, etc) have increased moderately, and about 20% feel there has been a big price rise. However, only around 10% of women say they have reduced consumption or are willing to purchase a lower quality of these products.



## 6. Expense-impacting parents

Education and schooling are an almost mandatory expense for parents. The female respondents of this survey feel that the prices of school fees and even after-school classes have surged a lot.



## 7. House Rent and Utility Expenses

77% said that these expenses have increased a lot but less than 10% could cut down these on these expenses and not many people (only 12.5% respondents) are ready to accept a lower-quality product leading to such expenses.

## 8. Fuel

Petrol and diesel prices have seen a huge owing to the rising demand from private vehicles but more importantly due to the impact on global crude oil prices in the aftermath of the Russia - Ukraine war. Therefore, not surprisingly, 85% of respondents believe that the prices of these products have risen a lot thereby pinching consumers' household budgets. However, only 25% of women feel they have cut their expenses.

## CAUSES OF DIFFERENCE IN IMPACT OF INFLATION ON WOMEN

Inflation impacts women differently from men due to the differences in their employment and income earning ability, their role in household decision-making, their role as the primary caregiver, their unique consumption needs and the mental burden placed on them.

However, this aspect of gender equality is very much considered in policymaking decisions or in analysis of consumer behaviour.

Following are the reasons and transmission mechanisms for the gendered impact of inflation, as obtained -

### 1. Employment and wage gaps reduce women's purchasing power compared to men

Women feel inflationary pressures more than men because of a lower real purchasing power.

Fewer women are employed ([less than 25%](#) of the working age female population in India), and in the aftermath of the Covid-19 pandemic and the ensuing "Shecession" [more women lost or quit their jobs](#). As a result, most women are dependent upon their husbands or fathers for expendable income. They usually live on an allowance given to them and don't have the independence to make financial decisions. Due to this income gap, the impact of rising prices hurts women more, making them more vulnerable to the negative effects of inflation. This can make it harder for women to keep up with rising prices for basic necessities like food, housing, and healthcare.

Further, even employed women tend to earn lower wage rates than men, are more likely to work in low-wage jobs, and may be more likely to work part-time or in temporary positions without benefits such as health insurance or paid time off. According to a report by the [International Labour Organization \(ILO\)](#), the gender pay gap in India stands at 27% as of 2023. As per the World Economic Forum's [Global Gender Gap Report 2022](#), India ranks a low 108<sup>th</sup> out of 153 countries in terms of the gender pay gap, with women earning just 71% of what men earn. Hence lower nominal wages to women lead to greater sensitivity to inflation among females.

Also, women are less likely than men to receive a salary rise at a rate higher than the rate of inflation in 2022. In the US, a recent [national survey](#) found that men are 33.3% more likely than women to have their salary keep pace with inflation. This hinders women from being able to save and invest more as they are more affected by inflation owing to lower purchasing power.

'According to one of the respondents in our survey, *"There is a difference in inflation's impact between men and women. In our country where over 80-85% females are unemployed, it really becomes a problem for them in this high inflation situation, especially for maintaining their households."*

Another person noted that *"As per our society, a woman's earnings and financial status depends a lot on the family's purse. One might be capable of earning a lot more if the social circumstances were different. Many married women need to find alternative careers or have to quit working at all times. This especially impacts the personal expenditure of individuals."*

Another one stated that *"In my opinion, in the corporate world, the rate of increase in wages is not commensurate with the rate of inflation. That is, the real wages of women in comparison to men rise very slowly and may even fall."*

### Women in rural areas bear the brunt of income disparities

Women are also more likely to live in poverty than men, and inflation can make it even harder for them to make ends meet and improve their financial situation. One of the respondents in the survey brought up the aspect of *feminization of poverty* which is most prevalent in rural areas. Women, in spite of belonging to the same socioeconomic status, are subject to several disparities leading to this phenomenon. The causes of this phenomenon broadly include education disparities, sexual violence, health issues, climate change, a traditional household structure where women are forced to be submissive and employment disparities.

The ability to work for rural women depends on a number of factors, including the condition of village roads, the number of dependents in the family, lack of skills in relation to their male counterparts, and the freedom to work administered to them. Also in rural areas, women are involved in low-paid jobs and are sometimes even paid lesser than their male counterparts for the same job. This further aggravates the pinch of inflation on women in general in rural areas.

Like the case of [sugarcane cutters in the area of Beed in Maharashtra](#), where women workers are not given the basic benefits of pregnancy leave and upon that if an unmarried woman works or a woman works without her husband also working in the same profession, they are regarded as 'Ardha Koyta' – "Half Sickle" and paid half the salary as their male co-workers for the same amount of tedious labour work. Not only this, they are forced to work even during times of menstruation, and if they take leave, they are penalized with a cut of a considerable amount of their salary. This compelled women in this area to have the highest number of hysterectomies in order to save their incomes and not be penalized for not being able to work during times of menstruation.

## 2. Differences in inflation expectations mentally hurt women

Women have different inflation expectations. By doing most of the grocery shopping for their households, women [observe the price signals](#) much more than men since they spend a lot more time in the stores. Chalwadi et al (2023) show that there is a systematic difference in the level of inflation expectations between females and males, and female respondents generally perceive higher inflation than male respondents. Bruine de Bruin et al. (2011) find that the differences between perceptions of specific price changes were relatively large between males and females, conceivably due to the differences in remembered personal experiences.

In most households, the father has the duty of bringing in the financial resources to the family and it is the duty of the mother to allocate it to all the household needs effectively (despite being a working or a non-working mother). Therefore, since the purchase decisions are mostly taken by women, inflation psychologically pinches women more and they tend to feel the pangs of inflation more than their male counterparts. Since women take care of most of the expenses related to children, they are more likely to perceive prices to be higher, according to [a research paper published by Proceedings of the National Academy of Sciences](#).

Therefore, being in charge of domestic obligations, including shopping for groceries, causes stress and anxiety on women.

Women also tend to compromise on their own needs when prices increase in order to counter the pinch of inflation. For instance, in the survey it was observed that urban women tend to cut



down on their personal care needs to accommodate for high inflation. Women reduced consumption on items like salon services and beauty products; and were willing to use cheaper substitutes for clothes and shoes.

According to a respondent – *“As women are the homemakers, if the prices shoot up it becomes very difficult to manage the monthly expenses with the same income and they have to compromise either with quality or quantity.”*

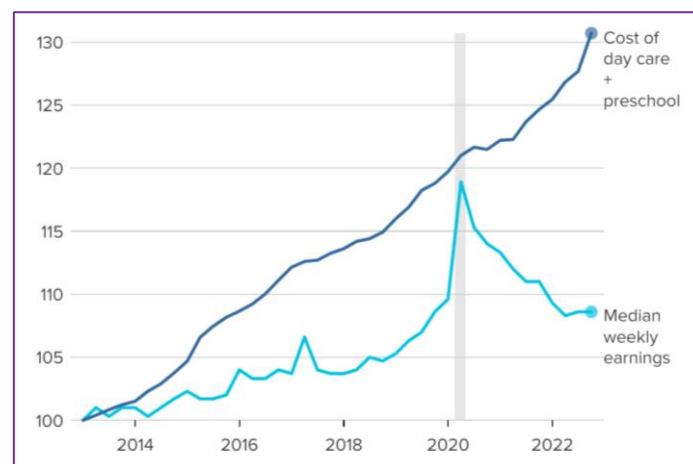
Another person also noted that – *“women have to spend more on household expenses and compromise on their own needs.”*

### 3. Childcare costs impact women much more than men

Women often bear the brunt of caregiving responsibilities, which can increase their expenses and limit their ability to work and earn income. For example, women may need to pay for childcare or elder care services, which can be expensive and may become even more so as prices rise due to inflation.

For instance in the US, the rising cost of child care [has significantly outpaced](#) growth in women's real earnings over the last 10 years (Figure 3).

**Figure 3 – Index of women’s inflation-adjusted weekly earnings and the cost of childcare**



Source: [CNBC](#)

A rise in costs of domestic service providers as well as of day-cares and schools impacts women more – thereby reducing their ability to go out and work in paid employment. When the prices of the services of domestic helpers and day-care helpers rise, women and mothers tend to compromise on their work and choose to do those chores themselves to save the expenditures, thereby reducing their ability work or even indulge in self-care

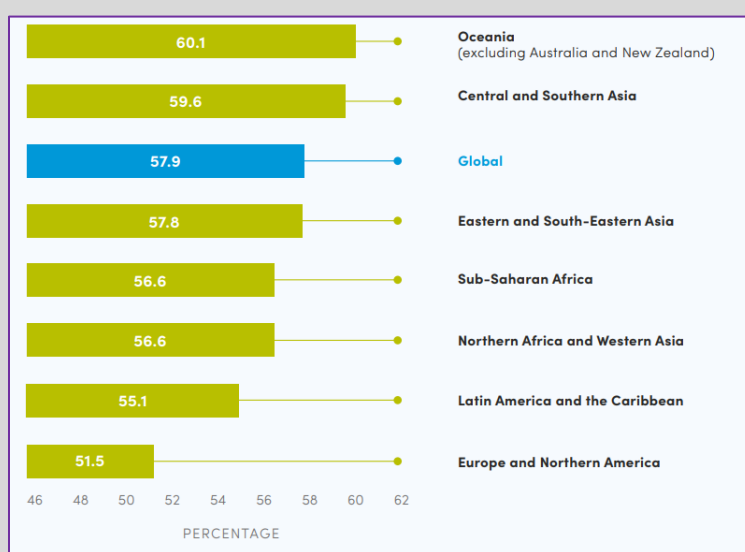
As a respondent stated – *“For the moms out there, in order to take care of their babies they cut down on the money spent on their own medicines/ essentials in order to fulfil the need of their children, which as a result could affect the woman's health.”*

### Impact of Time Poverty

Time poverty is a major reason why women feel the pinch of inflation higher than men, since the burden of domestic and caregiving duties reduces the time available for them to engage in productive work. So, despite working more, they are impacted more by rising inflation rates and falling purchasing power.

Globally, women spend more hours on unpaid care and domestic work than men do and the presence of children widens this gap, putting women at a heightened risk of income poverty. The [World Survey on the Role of Women in Development, 2019](#) conducted by UN Women shows the Proportion of women between 25 and 34 years among those living in extreme poverty in households with couples and children, by region.

#### Proportion Of Women Between 25 And 34 Years of Age Among Those Living in Extreme Poverty in Households of Couples With Children, By Region



Source : [World survey on the role of women in development: Report of the Secretary-General \(2019\): Why addressing women's income and time poverty matters for sustainable development](#)

#### 4. Women's products are often priced higher with a "pink tax"

Many survey respondents brought up the example of the pink tax while highlighting the difference in the impact of inflation on men and women respectively. Essentially, there is an implicit "**pink tax**" on several [women's products](#) as they tend to get priced higher than those products purchased by men.

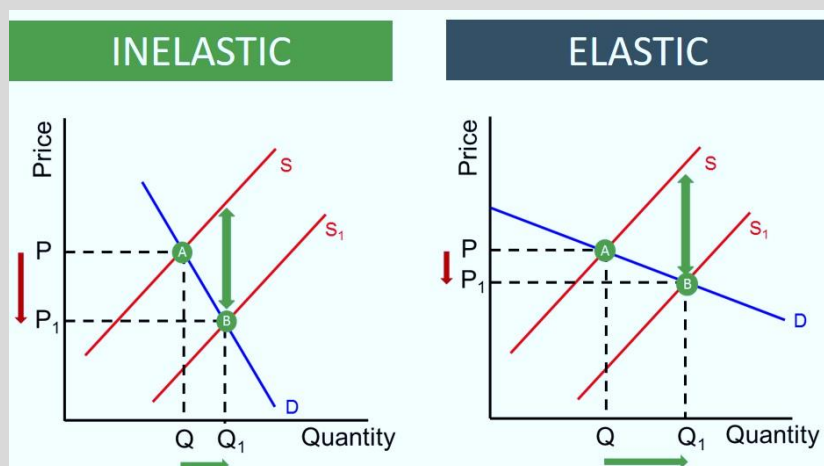
According to a [2015 study](#) by the New York City Department of Consumer Affairs, women's products are around 7% more expensive than men's for no real reason, with the discrepancy being highest in personal care products that are 13% more expensive for women than men. While the gender wage gap adds to the reduction in purchasing power of women as compared to men, the pink tax further curbs their needs and thereby lowering their purchasing power even more.

Another [study](#) in Britain found that over the past two years, prices of products aimed at women (including formal shoes, electric razors, T-shirts, jeans, and even haircuts) have risen even faster than those for men.

### Dowry inflation and marriage squeeze

Women, especially in rural areas and in lower sections of society, are also subject to a unique kind of inflation called “Dowry inflation” (Rao, 1993).

The district sex ratio is an index of the degree of the marriage squeeze and is a major determinant of the dowry amount. A higher sex ratio is a positive social indicator, however higher the sex ratio, the higher the dowry amount under certain assumptions. Also, the age of the males in a marriage hardly matters and women have to be married by a certain age, which pushes their families to the compulsion of marrying their daughters at the right age despite high dowries and old grooms. This makes the supply of brides relatively elastic and the demand for grooms relatively inelastic resulting in an increase in dowry price.



Here, the supply curve represents the bride’s side and demand curve represents the groom’s side and when the demand is inelastic the prices rise more than the quantity denoting that the price of dowry rises more than the number of marriages causing dowry inflation.

Such indexes affect rural women in the extra form of dowry inflation, a resultant effect of marriage squeeze combined with other factors.

### 5. Women generally have to pay the price for ensuring their safety

Women are more sensitive to the safety aspect in all areas of life and women generally have to pay the price for ensuring their safety which males are not so stringent about.

While returning home late at night from working place, whereas a man can easily travel by isolated public transport, it is difficult for a woman to take a similar decision. It becomes difficult even to trust cab drivers and take a cab back home owing to which resorting to one’s private transport becomes a feasible and safe option for women taking night shifts in their offices. Such safety-related impediments pose a disadvantage to women and to maintain their safety they take decisions that pinch them monetarily more than their male counterparts.

Another aspect of safety was brought in by a respondent in the survey who stated *“Men can manage to stay anywhere but no matter how expensive the house rent is women need a safe accommodation”*, which is definitely not an understatement. Safety is an additional requirement for women, owing to which sometimes they are compelled to pay a higher price for a safer locality

or building. Thus, inflation in the prices of real estate and apartments affects women higher by a certain amount than men.

## CONCLUSION AND WAY FORWARD

All the inferences in this paper boil down to various aspects of inequality between both genders, which in turn has resulted in the gender wage gap and the trickle-down effect of inflation. The notion of inequality in society can only be removed by obliterating the word “inequality” from society itself. The perceived fact that the household is a woman’s domain and the outside world is a man’s domain is a myth and the sooner this myth is broken the better a country will develop.

Insights from the survey and from existing literature show that women earn less but pay more, and their unique requirements are not accommodated in policymaking or consumer pricing decisions.

Following are some steps that could help reduce the disproportionate impact of inflation and price rise on women –

### 1) Address the burden of women’s unpaid care work

The aspect of time poverty for women needs to be addressed by reducing the care burden on women. The caregiving ecosystem needs to be made more enabling by the provision of affordable and accessible care related services like day-cares, creches, geriatric services etc. Men should be enabled to share the workload of domestic and caregiving duties by offering them flexible working options and mandating parental leaves or family leaves. Large scale mindset shifts need to be brought about in society to change the beliefs that caregiving is only a woman’s job.

### 2) Equalise pay for equal work

Since inflation hurts women more because they earn less and pay more, one vital necessity is to ensure that women are paid the same wage rates as men for equal work. In the urban corporate sector, this can be ensured by mandating the compulsory disclosures of salaries of employees and penalising organisations that devalue women’s work. Making the remuneration dependant on the job requirements and position rather than on the work experience of candidates would also ensure that women with career breaks don’t get a low pay scale.

Temporary workers who work in shifts (who are often women) should get the same remuneration as that of the permanent workers. [In India, the equal pay is governed](#) under the Equality Act of 2010 which gives a right to equal pay between women and men for equal work. This covers individuals in the same employment, and includes equality in pay and all other contractual terms.

### 3) Reduce prices for women where possible

Deliberate and conscious effort needs to be made at the policy level to address the issue of higher costs or the “pink tax” on women specific products. One way for that is to reduce the taxation of products used by women. For instance, the Indian Government had imposed a 12% GST on menstrual and sanitary products, which [was finally slashed in 2018](#) after a relentless campaign by activists known as Lahu ka Lagaan or “blood tax”. Similar reduction is needed on other products in women’s personal use baskets.

The other option is to provide necessary goods and services free of cost to women and girls. For instance, many countries [like New Zealand](#) have implemented a policy to end “period poverty” by providing free menstrual products in schools. Some States in India like [Rajasthan](#), [Odisha](#) and [Tamil Nadu](#) have also introduced provisions for free menstrual products. Such schemes should become the norm rather than exception.

Some Indian states like Delhi have [introduced free travel](#) for women in public buses. Similar concessions could be extended to other states and other public services as well.

### 1) Include women’s specific interests in policymaking

The gender differences in inflation expectations highlight the need for gender-specific policy awareness to address the issue.

For example, the basket of goods used to calculate the Consumer Price Index (CPI) is designed to reflect the “average urban consumer,” but the sampling [often obscures the economic realities](#) of many communities and interest groups, like women. This means that the rise in prices of menstrual products, diapers, baby food or children’s hobby classes might be vastly different from the average consumer price inflation. Therefore, CPI calculations could be remodelled to ensure equal representation of women’s expenses.

Tax and tariff reductions are a powerful counter-inflationary tool for women and can be used to reduce the economic burden of shocks on women. A recent World Bank [study](#) of fifty-four developing countries found that, because women tend to spend a larger share of their income on food, a high-tariff good, eliminating import tariffs could allow female-headed households to gain 2.5 percent real income (adjusted for inflation) relative to male-headed ones.

Since women have a wider expectations gap regarding inflation, therefore it is necessary to conduct empirical analyses of adjusted gender-specific effects of expansionary monetary policy instruments in recent times to fully assess their economic impact (Neyer and Stempel 2021).

Another important but least considered aspect of policy making is that there should be a fair representation of women in the monetary policy committees and taxation bodies, who would be able to bring forth the concerns of women (Farvaque et al, 2010).

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