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**Household Matters: Revisiting the Returns to Capital
among Female Micro-entrepreneurs***

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Abstract

Several field experiments find positive returns to grants for male and not female micro-entrepreneurs. But, these analyses largely overlook that male and female micro-entrepreneurs often belong to the same household. Using data from randomized trials in India, Sri Lanka and Ghana, we show that the gender gap in microenterprise performance is not due to a gap in aptitude. Instead, low average returns of female-run enterprises are observed because women's capital is invested into their husbands' enterprises rather than their own. When women are the sole household enterprise operator, capital shocks lead to large increases in profits. Household-level income gains are equivalent regardless of the grant or loan recipient's gender.

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not due to a gap in aptitude. Instead, low average returns of female-run enterprises are observed because women's capital is invested into their husbands' enterprises rather than their own. When women are the sole household enterprise operator, capital shocks lead to large increases in profits. Household-level income gains are equivalent regardless of the grant or loan recipient's gender.

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