



DOWRIES, RESOURCE ALLOCATION, AND POVERTY



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1. MOTIVATION

- Dowry payments are wealth transfers from the bride's family to the groom's family at the time of marriage
- Dowry prohibited in India since 1961
- Widespread (80% of the marriages) and sizable (1 - 1.5 times annual household income)
- Transition from stridhan (parental gift to the bride) to a groom-price
- Women in India have limited decision-making power within the household
 - Limited access to household resources
 - Higher poverty rates for women (Calvi (2020))

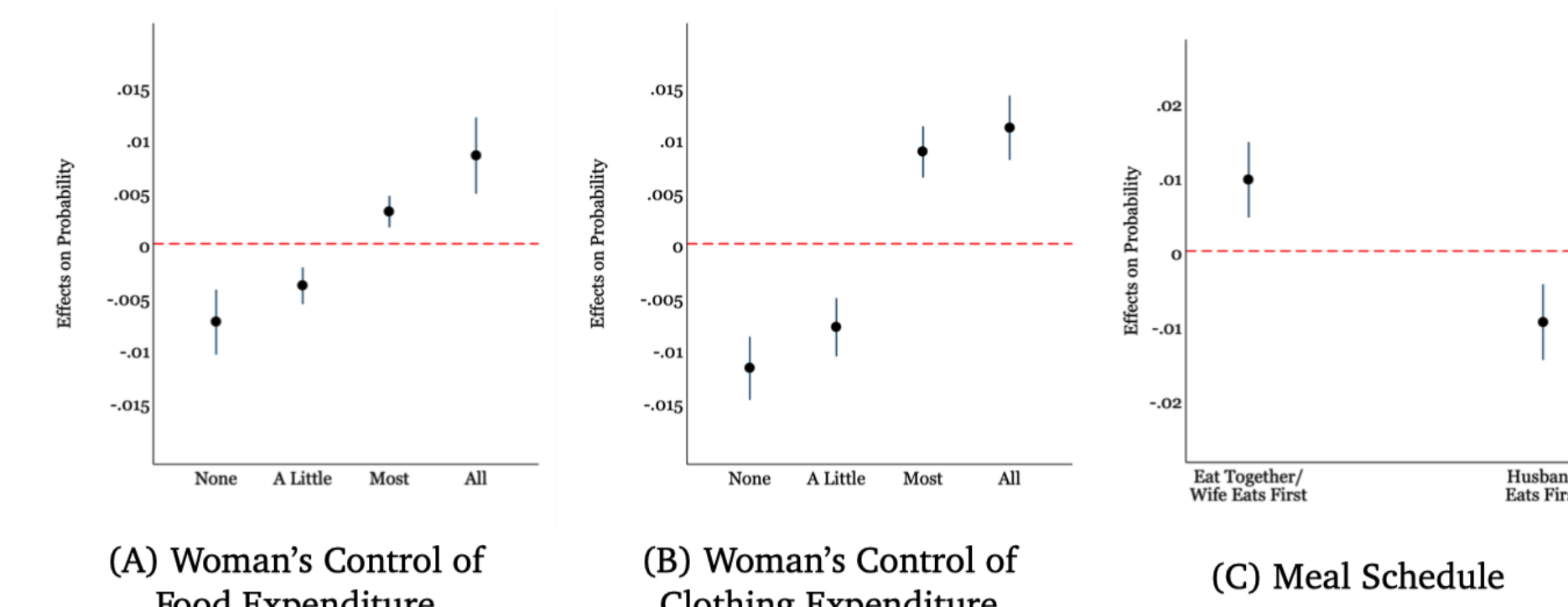
2. RESEARCH OUTLINE

- Study the relationship between:
 - Women's intra-household resource allocation and dowry payment
 - Individual level poverty rates (taking into account intra-household inequality) and dowry payment
- Collective household framework: Estimate the intra-household allocation of total consumption expenditure
- Counterfactual Simulations:
 - Exogenous reduction in dowry
 - Taxing dowries
 - Full enforcement of fines mandated by the Dowry Prohibition Act

3. DATA

- 1242 nuclear families with children from 1999 Rural Economic and Demographic Survey (REDS)
- Retrospective information on marriages and dowries
- Detailed household level consumption, including spending on clothing items for men, women, and children, separately (key for identification)
- Self-reported measures of food control, clothing control and meal schedule

Figure 2: Dowry Payments and Self-reported Resource Control



One st.dev. ↑ in log-dowry:

- ↓ pr. women have no control over food expenditure by 1.9 pp
- ↓ pr. women have no control over clothing expenditure by 2.7 pp
- ↓ pr. men consume their meals before women do by 2.6 pp

4. METHODOLOGY

- Each household has three types of individuals ($j = w, m, c$): woman, man, and children
- λ_j : Resource Shares
 - y : Total household expenditure
 - y_j : Household expenditure allocated to each individual j
 - $\lambda_j = y_j/y$: Fraction of household expenditure allocated to individual j
 - Important: λ_j Unobserved in data, estimated
- We use the model of Dunbar-Lewbel-Pendakur (2013) to identify and estimate resource shares with Engel curves of private assignable goods (goods that are consumed exclusively by women, men or children (e.g., clothing))
- Resource shares are a function of household characteristics and dowry paid by the woman upon marriage (adj. for inflation)

5. RESOURCE SHARE AND DOWRY

- On average women, men, and children's resource shares are : 31.7%, 38.1%, and 30.1%.
- Women's resource shares are 83% of men's, on average

Figure 4: Distribution of Estimated Women's Resource Shares by Dowry Amount

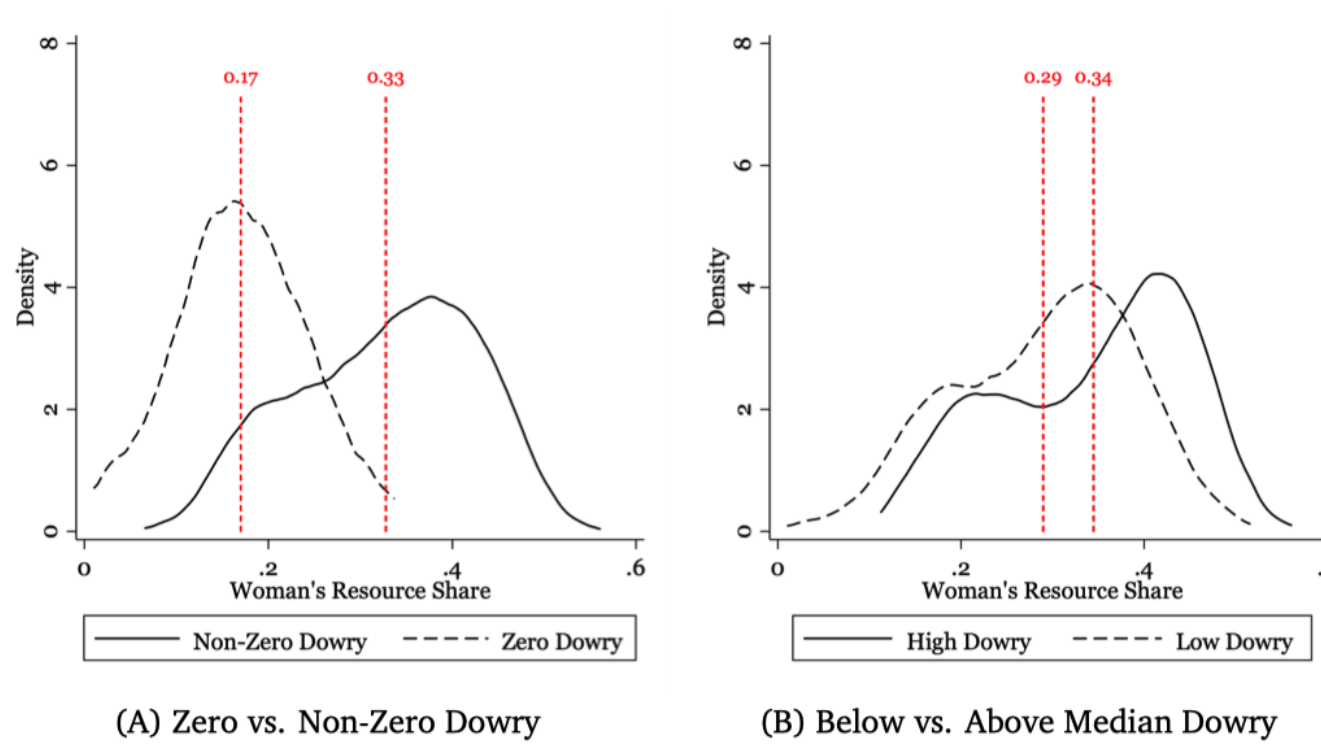
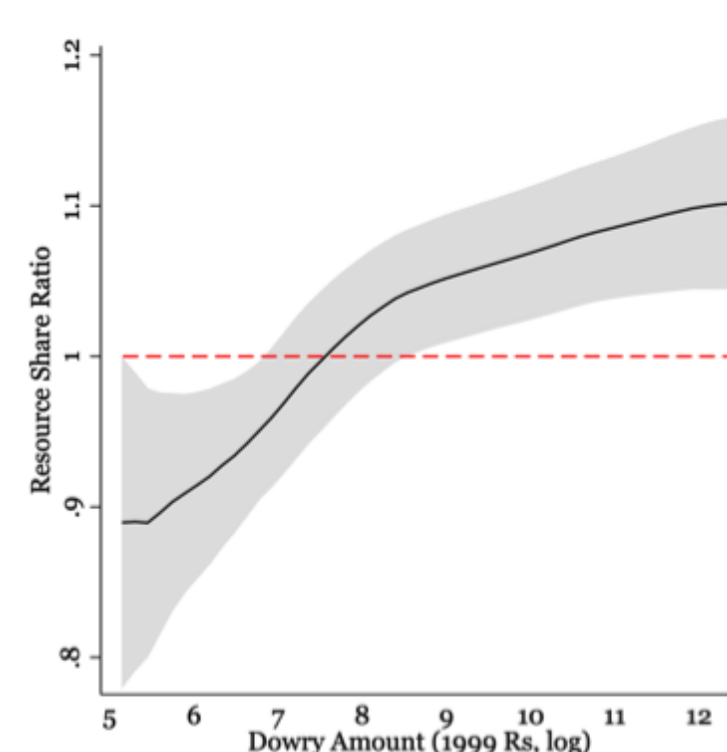


Figure A11: Estimated Resource Share Ratio by Dowry Amount (Non-Zero Only)



- Women's resource shares are higher when dowry is higher
- Two sided t-test - Reject equality of means
- Kolmogrov-Smirnov test - Reject equality of distribution
- Results robust to IV approach

6. POVERTY AND DOWRY

- Poverty rates that take into account unequal sharing of household resources (Different from standard poverty measures)
- Women's poverty rate calculated by comparing individual level consumption ($\lambda_w * y$) to poverty thresholds
- Based on WB's 1.90 US \$/day poverty line: Women's Poverty Rate: 45% and Men's Poverty Rate: 30%

Figure 6: Gender Poverty Gap by Household Expenditure and Dowry Amount

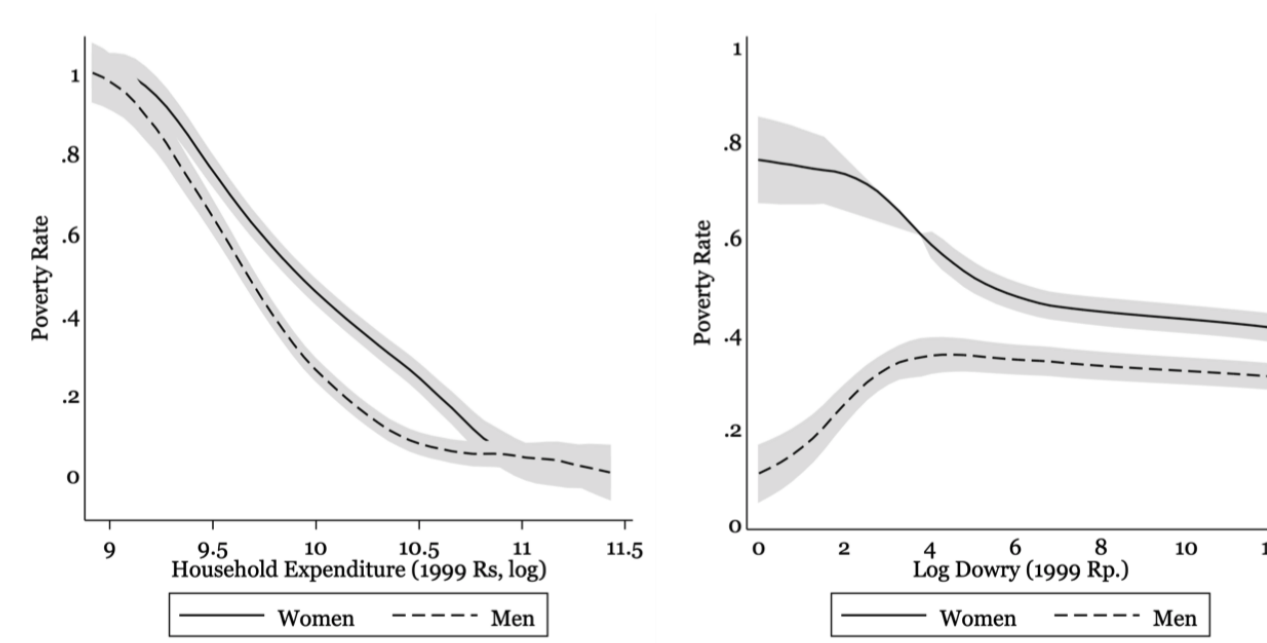
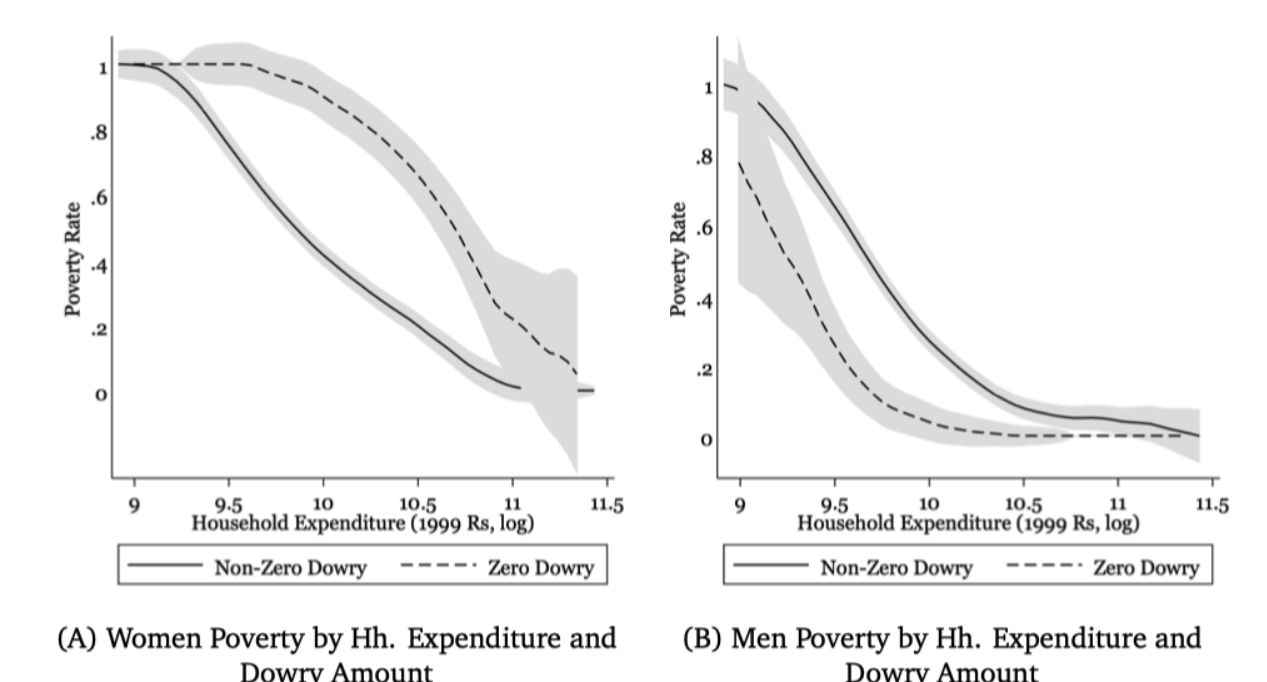


Figure 7: Individual Poverty Rates for Women and Men by Household Expenditure and Dowry Amount



- At any given level of household expenditure, women poverty is higher when dowry payments are low

7. COUNTERFACTUAL SIMULATION

- Exogenous variation in dowry payments
 - Gender gap in intra-household allocation and poverty rates increase following a reduction in dowries
 - Similar finding holds when we simulate effects of 25% proportional tax or lump-sum tax of 5,000 or 15,000 Rupees
- Enforcing the fines imposed by the Dowry Prohibition Act
 - Poverty rates for women, men and children increases

8. CONCLUSION

- Study the relationship between dowry payments, a woman's access to household resource after marriage, and her likelihood to live in poverty
- Collective model to estimate intra-household allocation and how it varies with dowries
- Intra-household inequality between husband and wife decreases with dowry
- At any level of household expenditure, the probability of a woman living in poverty decreases with dowry
- Banning dowries may have the unintended consequence of increasing women's post-marital poverty
- Caveat: Primarily descriptive analysis
- Nevertheless, programs to improve women's intra-household status and reduce their poverty may be needed when trying to ban dowries