



Daughters, dowries, deliveries: The effect of marital payments on fertility choices in India

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ABSTRACT

This paper investigates the effect of the differential pecuniary costs of sons and daughters on fertility decisions. The focus is on dowries in India, which increase the economic returns to sons and decrease the returns to daughters. The paper exploits an exogenous shift in the cost of girls relative to boys arising from a revision in anti-dowry law, which is shown to have decreased dowry transfers markedly. The reform is found to have attenuated the widely documented positive association between daughters and their parents' fertility. The effect is particularly pronounced for more autonomous women and for individuals living in areas characterised by strong preferences for sons.

1. Introduction

India is characterised by gender gaps in many human development indicators. Young girls, in particular, remain the most disadvantaged (The World Bank, 2012) and face significant disparities in a number of welfare measures such as mortality (Bhargava, 2003; Arnold et al., 2002), nutrition (Jayachandran and Kuziemko, 2011; Borooah, 2004) and child care (Barcellos et al., 2014).¹ Gender biases are also reflected in parental fertility choices (Das, 1987; Basu and De Jong, 2010). After the birth of a daughter, parents have an incentive to give birth to another child in the hope of giving birth to a son (Arokiasamy, 2002). Such son-preferring gender biased stopping rules (Yamaguchi, 1989) have been shown to increase overall fertility (Seidl, 1995; Dreze and Murthi, 2001) and decrease young girls' welfare (Jensen, 2003). Whilst the presence of son-biased fertility stopping behaviour has been well documented, few analyses have tested the role of income or costs in generating such behaviour.²

This paper explores whether changes in the economic costs of daughters vis-à-vis sons affect their parents' fertility decisions. For most costs related to children, the gender specific component can be hard to determine. The paper addresses this measurement problem by focusing on a widespread custom in India: dowries, defined as marital transfers of resources from the family of the bride to the groom or his family (see Anderson, 2007a; for a review). Because of these payments,

the birth of a girl is associated with a negative, and the birth of a boy with a positive, anticipated change in wealth at the time of his or her marriage.³ As a consequence, the overall cost of children depends on their total number as well as on their gender composition. Parents are likely to internalise this association and there is, in fact, qualitative evidence that dowries affect fertility choices (Diamond-Smith et al., 2008).

I start by documenting how parents condition their fertility choices on the sex mix of their offspring. For this, I estimate the likelihood that a woman gives birth in a given year as a function of individual controls and the gender composition of her children. The model is estimated using retrospective birth histories of women drawn from three rounds of the National Family Health Survey (NFHS, 1994, 1999, 2007b). The main specification approximates the gender composition of a woman's offspring by the gender of her first child (Dahl and Moretti, 2008), which is argued to be exogenous. Having a firstborn girl (compared to a firstborn boy) increases the subsequent annual hazard of a birth by around 2 percentage points, which is found to be comparable to a reduction of 4 years in maternal education. In additional specifications I use alternative measurements for the gender composition of children, such as the gender of the youngest child, the ratio of girls to boys or an indicator for whether girls outnumber boys. I find the same patterns.

To investigate how expected dowries influence the aforementioned fertility behaviour, this paper exploits a substantial revision in anti-

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¹ One prominent explanation amongst economists for such disparities is the fact that parents invest more heavily in boys than in girls (see Jensen, 2012; Qian, 2008; for recent examples).

² Jensen (2010), for example, further investigates the importance of future income streams for human capital investments.

³ In India, parents can capture (at least) part of their son's dowry. See Rao (1993) for evidence.

dowry law. The Dowry Prohibition Rules (1985) tightened the monitoring of dowries and increased the penalties for offenders. Data from the Rural Economic and Demographic Survey (REDS, 1999) suggest that the introduction of the reform decreased dowry transfers by up to 7,500 rupees, which corresponds to around 45% of household income.⁴ The policy thus essentially lowered the cost of female births. Event study estimates further show that, for Hindus, the decrease in dowry payments occurred simultaneously with the introduction of the Dowry Prohibition Rules. By contrast, the dowry transfers of Muslims, who were exempt from the reform, did not change considerably in the years around the policy.

To evaluate the effect of the Dowry Prohibition Rules on reproductive behaviour, I analyse how the association between the sex mix of a woman's children and her fertility changes as a result of the reform. For this purpose, I first estimate the difference in fertility between women with a firstborn girl and a firstborn boy in the years preceding the policy. I then estimate the same parameter for the years after the policy and compare both coefficients using a difference in differences specification. To improve identification, I exploit the fact that marital transfers for Muslims were exempt from the anti-dowry law and compare the fertility behaviour of Hindus and Muslims in a triple differences framework.

The results suggest that the Dowry Prohibition Rules caused parents to become more indifferent to the gender of their children. In the years before the policy, women with a firstborn daughter were 2.5 percentage points more likely to have another child. After the reform, this association decreased to 0.6 percentage points. This corresponds to a decrease of around 25%. The results also show that the policy had a strong impact on Hindus but no effect on Muslims. I also evaluate the policy using the three alternative measures of children's gender compositions mentioned above.⁵ The results do not change. The effect appears particularly strong for more autonomous women and for individuals living in areas characterised by strong preferences for sons.

To address the issue of possible confounding factors, I investigate the exact timing of births in an event study framework and find that the change in fertility behaviour occurred one year after the introduction of the reform.⁶ Moreover, I exploit amendments to anti-dowry laws carried out by a subset of states in 1975/76.⁷ These changes decreased the impact of the Dowry Prohibition Rules considerably and the results show that the Rules only impacted the fertility behaviour of women residing in states that did not carry out the aforementioned amendments. Finally, I test whether the reform led parents to abort female foetuses and find no effect of the Dowry Prohibition Rules on sex ratios at birth.

This study aims to add to the growing knowledge base on dowries and marriage institutions. Both the economic rationale behind dowries (Ambrus et al., 2010; Bloch et al., 2004; Botticini and Siow, 2003) and the effect of marital institutions on women (Brown, 2009; Bloch and Rao, 2002) have received growing attention. By relating dowry payments to fertility decisions, this paper puts forward an explanation for son preferring stopping behaviour, which does not rely on parental preferences regarding a child's gender.

The remainder of the paper is structured as follows: Section 2 explains the practice of dowries and the legal framework. Section 3 introduces the data and gives motivating descriptive evidence. Section 4 lays out the empirical strategy the results of which are discussed in Section 5. Section 6 addresses empirical concerns and Section 7 concludes.

2. Dowries in India

At many Indian weddings, the parents of the bride pay a dowry to the groom or his family. Between the 1960s and 1990s, around 90% of marriages were accompanied by dowry payments (Anderson, 2007a). From a theoretical point of view, Anderson (2003) maintains that the prevalence of dowries in India is a result of fast economic development combined with the rigid social system provided by the country's caste system. Do et al. (2013) and Tertilt (2005) consider the importance of marriage patterns; Roy (2011), Dalmia (2004), Deolalikar and Rao (1998) focus on the characteristics of the groom, Caldwell et al. (1983) on the ones of the bride.

A considerable body of research has investigated the size of dowry transfers. Rao (2000) and Rao (1993) suggest these transfers to be considerable and increasing over time. Other research, by contrast, has put forward much lower figures (Arunachalam and Logan, 2008; Anderson, 2007b; Edlund, 2000). In particular, Edlund (2006) distinguishes gross from net dowry payments and argues that the increase in net dowries has been negligible. The survey carried out by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) provides information on dowry payments before the year 1984, just before the tightening of dowry laws.⁸ Around 80% of marriages before the year 1983 involved a dowry payment. The net value of these payments⁹ was around 4800 Rupees, which corresponds to circa 68% of total household assets before marriage (Rao, 1993).

2.1. Dowry laws in India

To analyse the effect of expected dowries on fertility, I exploit an exogenous decrease in dowries parents expect to pay resulting from the introduction of anti-dowry law. In an attempt to curb the prevalence of dowries, the government of India passed the Dowry Prohibition Act in 1961 prohibiting the giving and taking of dowry (Dowry Prohibition Act, 1961).¹⁰ Despite this legislation few dowry cases reached the courts and the practice of dowries persisted. A common reason put forward for this is that the 1961 Act's provisions were not strong enough to implement successful prosecutions (Chowdhary, 1998).

In 1985, the government of India tightened the Dowry Prohibition Act by introducing the Dowry Prohibition Rules (1985),¹¹ which are the focus of this empirical analysis. The purpose of this amendment was to make the Dowry Prohibition Act of 1961 more stringent and effective in a number of ways. First, the legislation establishes a set of rules in accordance with which a list of presents has to be maintained. The list of presents given to bride is kept by the bride whereas the list containing presents to the groom is kept with the groom. These lists must be in writing and contain the approximate value of the present. Second, the Dowry Prohibition Rules raise the minimum punishment for taking or abetting the taking of dowry to 5 years of imprisonment and to a fine of 15,000 Rupees.¹² Third, the burden of proving that no funds were exchanged now lies with the person who takes or abets the taking of dowry. Fourth, offences to the act are made non-bailable. The act does not apply to marital payments of Muslims.

⁸ The survey is carried out in six different villages in the Indian state of Andhra Pradesh between the years 1975 and 1984. These data have frequently been used in previous studies and the timing is fortunate since the last survey coincides with the year immediately before the policy. This survey contains self-reported information on, inter alia, age, marital status of all household members and inventory files for current physical stocks as well as on financial assets and liabilities such as bank accounts and dowries.

⁹ Defined as transfers received by the grooms minus transfers paid.

¹⁰ Dowry is defined as any property or valuable security given or agreed to be given either directly or indirectly (a) by one party to a marriage to the other party to the marriage or (b) by the parents of either party to a marriage or by any other person to either part to the marriage or to any other person at or before or any time after the marriage in connection with the marriage of said parties.

¹¹ Amendment Act 63 of 1984 came into force on the 2.10.1985.

¹² According to the 1961 Act, the punishment was either 6 months in prison or a fine of 5000 rupees.

⁴ As reported by the REDS 1999.

⁵ Recall, these are the gender of the youngest child, the ratio of girls to boys or an indicator for whether girls outnumber boys.

⁶ This accounts for the duration of pregnancy.

⁷ The states are Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir and Punjab.

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