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Do Rural Roads Create Pathways out of Poverty?

Evidence from India *

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Abstract

Nearly a third of the world's rural population does not live near a paved road, and it is widely believed that this limits their access to economic opportunities. Using a natural experiment that led to plausibly exogenous variation in the timing and placement of paved roads in Indian villages, this paper provides evidence on the impact of roads on a wide variety of economic outcomes in rural areas. I find evidence consistent with 5 main effects in the village economy. Households in treatment areas report (a) lower prices and (b) increased availability of non-local goods, suggesting greater market integration. Reduced-form evidence suggests that changes in market access caused rural households to (c) increase the use of agricultural technologies, and (d) pull teenaged members out of school to join the labor force. Finally, evidence points to (e) enrollment gains for younger children.

Keywords: Roads, Market Integration, Technology Adoption, School Enrollment, Consumption Variety

JEL Classification: O18, J24, Q16, R42, F14

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