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# Autonomy and efficiency. An experiment on household decisions in two regions of India <sup>☆</sup>



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### ABSTRACT

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Dyson and Moore (1983) posit that women in South India enjoy relatively more agency than in the North. Their conclusions have become part of the standard picture of Indian rural society. In this paper, using experimental data we examine the implications of the regional contrast in female autonomy for the efficiency of family decision-making. With a sample of 1200 couples (one rural and one urban area in the North (Uttar Pradesh) and one rural area in the South (Tamil Nadu)), we find continuing significant differences between North and South in the nature of marital behaviour. In our experiments we see large-scale and robust evidence of inefficiency and hiding of assets when possible. Men invest more and are more generous to their partners. Women are more willing to invest in a common pool when their income is earned through working and when assets are publicly observable. There are differences between responses to treatment but the key and striking difference between

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the North and the South is that in both rural and urban sites in the North household efficiency is considerably greater than in the South. *J. Japanese Int. Economies* **33** (2014) 114–133. School of Development Studies, University of East Anglia, Norwich NR4 7TJ, United Kingdom; National Graduate Institute for Policy Studies, 7-22-1 Roppongi, Minato-ku, Tokyo 106-8677, Japan; Oxford Policy Management, Oxford, 6 St Aldates Courtyard, 38 St Aldates, Oxford OX1 1BN, United Kingdom.

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## 1. Introduction

Although in a context of overall low female autonomy (compared to much of the rest of the world), a North–South divide has often been remarked on for India. The existence of distinct kinship systems and demographic regimes, including adverse-to-females sex ratios, are consistent with less female say in household decisions, mobility and entitlement to resources in the north and north-western parts of the country (Sopher, 1980; Miller, 1981; Dyson and Moore, 1983; Jejeebhoy, 2001; Jejeebhoy and Sathar, 2001; Agnihotri et al., 2002). The most influential characterisation of the northern and southern kinship systems in terms of their implications for female autonomy and demographic outcomes is that of Dyson and Moore (1983). Though the details of their research have been widely queried (e.g. Rahman and Rao, 2004 or Jejeebhoy and Sathar, 2001), their broad conclusions have become part of the standard picture of Indian rural society.

In this paper, using experimental data from modified voluntary contribution games we examine the efficiency of family decision-making. We take a sample of 1200 couples from two areas in Uttar Pradesh (UP) in the north of India and one area in Tamil Nadu (TN) in the south that exemplify differences in the autonomy of women and the nature of marital relationships. Since the continued validity of the Dyson and Moore thesis has recently been questioned (Rahman and Rao, 2004), we use extensive interviews with almost all husbands and wives in our sample (interviewed separately) in order to verify that our sites typify the North–South contrast as it is normally held to be in the literature. In addition to choosing locations where autonomy measures vary naturally, we have treatments that manipulate experimentally important features of the game that are usually linked to autonomy. Our key treatments allow us to examine the impact on efficiency of *earning endowments* (to mimic the situation of greater entitlement to one's own resources), *public endowments* (to create a contrast with the baseline in which resources can be hidden), and *responsibility* for allocation (to measure whether inducing autonomy experimentally through transferring agency matters for male and female contributions).

Female autonomy itself does not have a completely settled definition, but Anderson and Eswaran, 2009, for instance, state that it “is typically defined as the ability of women to make choices/decisions within the household relative to their husbands” (p. 179). In theory, autonomy need not clash with household inefficiency. For instance, a greater degree of female autonomy could lead to more weight being given to her preferences in a bargained, but still Pareto-efficient outcome. However, when spouses independently control resources, there is opportunity for mis-coordination, for the undersupply of household public goods as well as the chance to pursue the fulfilment of individual preference by hiding some income or consumption. Independence may also enhance asymmetries of information. All this creates the potential for inefficient household resource allocation decisions.

Generally, we find large-scale and robust evidence of inefficiency and the hiding of assets when this is possible. Men invest more and allocate more to their partners in games where this is possible. Women are more willing to invest in a common pool when their income is earned through working and when assets are publicly observable. Regarding the other focus of our paper, we find continuing significant differences between North and South and we find relatively little evidence that urban living is associated with changes in the nature of marital behaviour. There are some differences between response to treatment (e.g. female contributions respond to endowments being public only in the South,

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