



## Intra-household bargaining in rural India

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### Key messages

- Husbands and wives in rural India appear to take household decisions jointly.
- Policies that aim to improve female autonomy in household decision-making are likely to improve household wellbeing. Similarly, policies aiming to improve household wellbeing (e.g. through improved nutrition) should be targeted at female household members.
- Implementation of the MGNREGS welfare program should be timed to allow women to find employment during the off-peak agricultural season when monetary contribution to the household is most needed.

### Household wellbeing in women's hands

Women are more likely than men to invest their income in the wellbeing of the household, through education, children's nutrition and housing (Thomas 1990, 1994; Hoddinott & Haddad 1995; Duflo 2003).

Based on this observation, a number of countries including the United Kingdom and Mexico have designed policies that direct aid – such as food coupons – towards women rather than men.

Such policies imply that bestowing greater decision-making power on women will have positive spillover effects on the wellbeing of the household and, by extension, on society at large.

The key here is decision-making or bargaining power within the household. Traditional economics viewed the household as a collection of individuals who behave in consensus to allocate time and resources for individual and collective wellbeing. However, many factors including age, gender, marital status, income level, and education influence household decision-making dynamics.

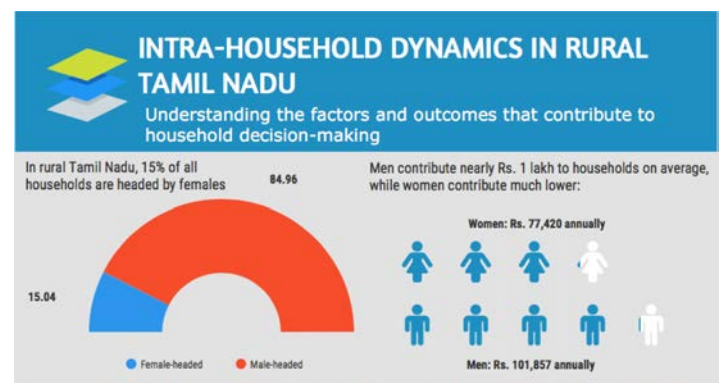
Bargaining interactions between spouses may be difficult to observe but household decisions represent the outcome of the bargaining process.

Given the difference in preferences of men and women regarding household consumption decisions, several research questions arise:



1. To what extent do these preferences influence allocation decisions?
2. To what extent does information about each other's preferences influence allocation decisions?

A team of local PEP researchers therefore sought to examine the role of information sharing in intra-household resource allocation in rural India.



## Data and methodology

The research team set up an experiment using a game theoretic bargaining model to elicit intra-household bargaining interactions. The experiment took place in two villages in rural India in the Tamil Nadu state. 231 randomly selected married couples participated in the experiment where they participated in a real-world purchasing task.

The couples were given Rs. 100 in token money (each spouse receiving half). Each spouse then, individually, made decisions about spending the allowance on a choice of rice, salt, paracetamol, pain relief balm, notebooks, pens, soap, and toothpaste (representing food, health, education, and sanitation). 102 couples were informed of their spouse's purchase preferences before making their individual choice while 129 couples did not receive any such information.

This task allowed couples to demonstrate how they would allocate resources towards household commodities. Sharing information about each spouse's preferences was expected to prompt the individual with weaker bargaining power in the couple to change their choices in line with those of the spouse with stronger bargaining power.



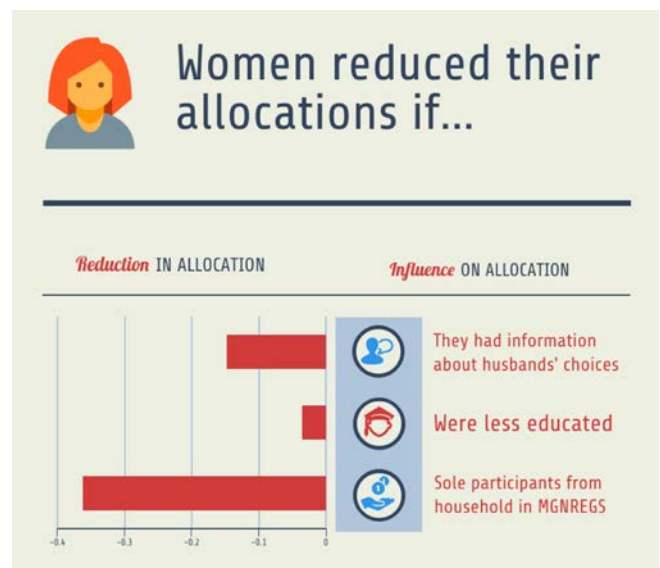
## Key findings

The results of this experiment show that:

- Spouses generally have good knowledge of their partner's preferences and can accurately predict their partner's choices
- Providing information about a partner's preference influences women's final choices, but not men's
- Intra-household resource allocations tend to be determined by individual and household characteristics - such as a difference in education level and which spouse participated in a welfare program.
- Women were almost twice as likely as men to prefer spending on rice (i.e. nutrition) while men were 1.2 times more likely to spend on pens (i.e. education)

More than 85% of individuals did not change their initial preferences, potentially due to existing intra-household dynamics driving behavior in the experiment.

As such, giving spouses information about each other's preferences did not lead to any statistically significant differences between their intentions and final decisions.



Looking at the gender balance of decision-making, the results indicate that women, when given information about their husband's preferences, would reduce their choice of preferred commodities to take account of their husband's choices. This was particularly the case in household where the wife was less educated than the husband.

## ... key findings

The results also indicate that intra-household bargain positions are associated with participation in the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) governmental welfare program.

## Implications for policy

The findings have significant policy implications for improving welfare policy successes. In particular, and when considering these findings alongside those of the existing literature, policies that improve female autonomy within the household in terms of decision-making are likely to improve household wellbeing.

For example, a policy to improve nutrition at the household level (perhaps via the public system that distributes rice at subsidized rates to poor households in India) should be specifically targeted at female household members.

Given that the MGNREGS has an important impact on the farm sector (Jha et al. 2009), policymakers should reconsider the timing of the program so that

In households where women are the sole MGNREGS participants, they have a lower bargaining position as their husband earns a larger share of the household income during the year.

However, if both spouses participate in the program, the decision-making power is shared more equally.

It is implemented during the agricultural off-season. This would allow women to find equal-wage/opportunity employment and contribute income to the household at the time of year it is most needed. This would also likely lead to women covered by the program having an improved bargaining position within the household.

It should be recognized, however, that policy may be limited by social and cultural dynamics and traditions. To address this issue, a cash transfer program could be implemented in which part of the transfer is in the form of redeemable coupons for nutritious foods or medical fees, thereby ensuring that certain outcomes (that are beneficial to the entire household) will be facilitated.



In 2012, with support of the UK Department for international Development (DfID) and the International Development Research Centre (IDRC) of Canada, PEP launched a new program to support and build capacities in “Policy Analyses on Growth and Employment” ([PAGE](#)) in developing countries.

This brief summarizes the outcomes of PEP project [PIERI-12792](#) supported under the 3<sup>rd</sup> round of the PAGE initiative (2015-2016). To find out more about the research methods and findings, read the PEP [working paper 2016-20](#)