

Labor Market Response to Gendered Breadwinner Norms: Evidence from India

Preliminary Draft (not for circulation) *

Sakshi Gupta[†]

September 30, 2022

Abstract

Over the past few decades, Indian women have become more educated and have gained greater control over their fertility decisions, but this has not led to increased participation in the labor market. I examine the role played by the male breadwinner norm in explaining this puzzle. I first establish that there is a sharp discontinuity in the distribution of the share of wife's income in the total household income to the right of 0.5 (where the wife's income exceeds the husband's income). The size of this discontinuity is much larger than what is observed in developed countries like the U.S. I show that this pattern can be best explained by gender identity norms which make couples averse to situation where wife earns more than her husband, and that this aversion has real implications on the labor market decisions of the wife. First, the wife is less likely to participate in market activities if her potential income is likely to exceed her husband's. Second, she also earns less than her potential if she does work and can potentially out earn her husband. Evidence from observing couples overtime and bunching methods supplement these results.

JEL Codes: D10, J12, J16

*I am indebted to Sandra Black, Michael Best and Miguel Urquiola for their valuable advice and support. I am also grateful to participants of the Development and Applied Microeconomics Colloquium at Columbia University, NEUDC 2020, YES 2021 and ISI Conference 2021 for their valuable comments.

[†]Ph.D. Student, Economics, Columbia University. E-mail: sg3511@columbia.edu