Inheritance Laws and Women’s Empowerment in India

Granting women inheritance rights equal to men’s increases their access to physical and human capital

That improving women’s position relative to men’s is desirable not only on equity but also on efficiency grounds is an argument often advanced in favor of policies targeted toward women. While developing countries continue to improve equality of economic opportunity for women, inheritance law remains strongly biased against women in many societies. When the distribution of inherited wealth is highly unequal, the effect of this disparity on economic inequality is of great interest.

At low levels of development, land is a key asset and an essential source of livelihood. So it is not surprising to find that societies have long developed rules to govern how land is transferred across generations. Women’s ability to inherit land is often restricted. Widows and daughters often possess only temporary rights to land, leading to lower productivity and greater likelihood of being affected by land conflict. In light of evidence documenting the importance of asset ownership for women’s bargaining power, their opportunities to earn a livelihood, and intrahousehold allocation of resources toward consumption and investment, constraints on women’s legal rights to property are likely to be at the root of broader patterns of inequality.

While the underlying social and cultural dynamics are complex, legal reform to improve women’s inheritance rights could potentially provide a low-cost way to reduce gender discrimination and improve a range of socioeconomic outcomes for women. State-level reform of inheritance laws in India provides an interesting natural experiment for exploring whether and to what extent such efforts have been effective. In 1994 the states of Karnataka and Maharashtra amended the Hindu Succession Act, granting daughters equal shares in inheritance relative to sons. The results of the reform could provide potentially important lessons for India, where similar, national-level changes were made in 2005, and for countries where inheritance rights remain severely biased against women.

The passage of sufficient time since the amendment was enacted, and the availability of unique data over three generations, allow assessment of the impact of the legal change on women’s asset endowment and socioeconomic outcomes. In a new paper Deininger, Goyal, and Nagarajan use data from the 2006 nationally representative Rural Economic and Demographic Survey, conducted by the National Council of Applied Economic Research, on 1,371 rural Hindu households in Karnataka and Maharashtra. The survey contains detailed information on the parents, siblings, and children of household heads, providing quantitative measures of intergenerational transfers of both physical and human capital investments. A difference-in-differences strategy was used to estimate the impact of the new law, comparing the inheritance of land by males and females from fathers who died before and after the amendment of the act in the two states.

The authors find that while the amendment did not fully eliminate the underlying inequality, it increased women’s likelihood of inheriting land by 22 percentage points. Even in cases where the actual inheritance is not yet observed, the fact that a woman can expect to inherit property may increase her bargaining power or affect her marital prospects. Indeed, the authors find a robust increase in women’s age at marriage (by 0.5 years) after the reform, and women achieved better outcomes in the marriage market, such as marrying at a later age, marrying a more educated spouse, and being able to make favorable reproductive decisions.

The results also point to a positive and significant impact on women’s educational attainment. Girls who started their education after the amendment came into force had 0.3 years more of elementary education in 2006. This suggests a genuine improvement in women’s status, rather than a substitution away from human capital to physical capital transfers by parents to their daughters following the legislative amendment.

Estimated effects appear to increase over time, which can be attributed to learning about the content of the amendment. This suggests that in India better dissemination of the 2005 national legal change could significantly improve women’s status.

Legal barriers to women’s ability to inherit property often put women at a strong disadvantage and may be at the root of broader patterns of inequality. Indeed, stronger inheritance rights for women are likely to be a potent mechanism for improving a range of outcomes. This paper is the first attempt in the economic literature to estimate the impact of legislative changes in inheritance rights on women’s lives in India. It shows that while more gender-equal inheritance rights did lead to positive effects for women, it did not fully eliminate the underlying gender inequality.