

Poverty and Public Celebrations in Rural India

Vijayendra Rao

Very poor households spend large sums on celebrations. To the extent that these expenditures are central to maintaining the networks essential for social relationships and coping with poverty, these are reasonable expenses. To the extent that they are status competitions, they may merely increase conspicuous consumption.



Summary findings

Rao examines the paradox of very poor households spending large sums on celebrations. Using qualitative and quantitative data from South India, Rao demonstrates that spending on weddings and festivals can be explained by integrating an anthropological understanding of how identity is shaped in Indian society with an economic analysis of decisionmaking under conditions of extreme poverty and risk.

Rao argues that publicly observable celebrations have two functions: they provide a space for maintaining social reputations and webs of obligation, and they serve as arenas for status-making competitions.

The first role is central to maintaining the networks essential for social relationships and coping with poverty. The second is a correlate of mobility that may become more prevalent as incomes rise.

Development policies that favor individual over collective action reduce the incentives for the networking function and increase the incentives for status-enhancing functions—thus reducing social cohesion and increasing conspicuous consumption.

Market-driven improvements in urban employment, for example, could reduce a family's dependence on its traditional networks, could reduce incentives to maintain these networks, and could reduce social cohesion within a village and thus its capacity for collective action. In contrast, microfinance programs and social funds try to retain and even build a community's capacity for collective action.

This paper—a product of Poverty and Human Resources, Development Research Group—is part of a larger effort in the group to study the relationship between poverty and collective action. Copies of the paper are available free from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Patricia Sader, room MC3-556, telephone 202-473-3902, fax 202-522-1153, email address psader@worldbank.org. Policy Research Working Papers are also posted on the Web at www.worldbank.org/research/workingpapers. The author may be contacted at vrao@worldbank.org. January 2001. (25 pages)

The Policy Research Working Paper Series disseminates the findings of work in progress to encourage the exchange of ideas about development issues. An objective of the series is to get the findings out quickly, even if the presentations are less than fully polished. The papers carry the names of the authors and should be cited accordingly. The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the view of the World Bank, its Executive Directors, or the countries they represent.

Poverty and Public Celebrations in Rural India

Vijayendra Rao
Development Research Group
The World Bank
1818 H Street, NW
Washington, DC 20433
Email: vrao@worldbank.org

I am indebted to Sita Reddy for invaluable discussions, and to Francis Bloch and Sonalde Desai for our joint work which informs part of the analysis in this paper. I am grateful to Rama Rane, A.C. Komala and the National Council for Applied Economic Research for help with conducting the fieldwork, and to Christopher Clague, Karla Hoff, David Marsden, Michael Woolcock, and an anonymous referee for constructive comments.

Paradoxically, families who earn barely enough to survive spend vast amounts of money on celebrations. In the rural South Indian data¹ I analyze in this paper, a typical household spends approximately seven times its annual income on a daughter's marriage - on celebrating the wedding and on dowry transfers to the groom's family. Moreover, fifteen per cent of its expenditures, on average, are spent on celebrating village festivals. Poor households tend to find such large sums of money by going severely into debt at interest rates that range from 100-300 per cent per year which leads to chronic indebtedness and, sometimes, bonded labor. Despite the importance of these expenditures the Economics literature has largely ignored them, perhaps because they fall into the realm of "non-rational" behavior. However, given their pervasiveness, and the dominant role accorded to Economics in the formulation of policy, this omission can have serious consequences for the design of policy interventions. Money spent on celebrations is, after all, money not spent on food, education, health, and other productive inputs.

What explains this paradox? Are celebrations wasteful? In this paper I will examine the factors underlying expenditures on festivals and weddings with qualitative and quantitative data from South India. In this introductory section I sketch a general conceptual model of publicly observable events and the role they play in Indian village life. I will then illustrate this conceptual framework by examining aspects of wedding and festival related behaviors. While the paper relies on fieldwork from the South Indian state of Karnataka, I believe that the analysis is easily generalized to other parts of South Asia. With changes in structure and context, the basic points are perhaps also relevant to human behavior in other non-Western societies. Working within a context with which I am relatively familiar, however, allows me to provide a more nuanced perspective on an important aspect of the cultural economics of behavior in poor households².

In rural Indian life, celebrations tend to mark important transitions: A wedding marks the transition of a woman from daughter to wife and is the central event in her life-cycle (Fruzzetti, 1990), festivals mark important events in the life-cycle of a village - a religious event, or a harvest (Fuller, 1992). They are rituals - marking events that shape identity and meaning. They are also, necessarily, public. If they were private, the change in status would not be recognized because others would not observe the ritual. The public nature of celebrations thus provides an

¹ The data are from two different samples in Karnataka state.

² For an elaboration on this methodology see Rao (1997)

opportunity for individuals to demonstrate, to "signal"³, to the world that an important time has arrived, an important transition completed. As public events they also provide an opportunity for actions to be scrutinized and commented upon, and for judgements to be made. Therefore, celebrations can be thought of as mechanisms where ritual, social and economic status is demonstrated, reified and often enhanced.

How do public rituals shape identity and affect preferences? To understand this, it is necessary to understand anthropological conceptions of how Indians define their identities and shape their perceptions of themselves. Louis Dumont (1970), in *Homo Hierarchicus*, a seminal work in Indian anthropology, argued that Hindu Indians are fundamentally different from Western individuals in that they see themselves within the context of the caste system as part of a strict ritual hierarchy. Their sense of individuality is subservient to their identification with their family, caste and village. Marriot and Inden (1977) modified this to say that an Indian is not an individual, as much as a "dividual." A dividual's identity is made up of different transferable "substances" that they give and receive in their interactions with others. These substances then come together in a dynamic, negotiated, interactive manner to achieve a sense of self. Thus, personhood is defined entirely in terms of one's relationships to others.

In more recent work Mines (1994) takes issue with this to argue that Indians have a well-defined sense of individuality, but that this individuality is quite different the Western prototype. Indian individuality, according to Mines, is more exterior or civic than personal and is crucially conditioned by how others estimate and evaluate the person. What kind of person is he? How influential is he? Furthermore, this "civic individuality" is determined within the context to which the individual belongs: their caste, religion and community. It is also spatially defined by the "size and locality of the constituencies that form a person's social contexts." Thus, one's sense of self is fundamentally influenced by whom one knows and interacts with. Mines further argues that it is an Individuality of Inequality - i.e. people of higher status and rank have individualities that are more strongly emphasized - individuality is graded and ranked. Taking all of this into consideration we see that Indians are strongly driven by status and rank, and this status and rank is not simply a matter of individual or relative wealth but derived from the size and influence of their familial and social networks, and the public demonstration of access to

³ I use this in the technical sense of transmitting information from an informed to an uninformed agent via a costly action (Salanie, 1997)

these networks⁴. The size and quality of one's networks thus have an inherent value, what Appadurai (1990) defines as "the prime value of sociality," and are not only a means to an end.

An Indian, therefore, while not entirely *Homo Heirarachicus*, is also quite different from *Homo Economicus*. What differentiates Indian individuality from the Western, more than anything else, is a deep anxiety about "What will others think of me?" And what others think of them is fundamentally shaped by their civic identity – How many important people do they know? How closely are they adhering to the behaviors expected from someone in their socio-cultural category – i.e.: are they being "good" fathers, mothers, sons, headmen, or priests? Thus, unlike the caricature of a "rational" individual embodied in most economic models, Indians do not live by consumption alone but fundamentally by the perceptions of others. This perception shapes their identity, their sense of themselves, and their sense of other's sense of them. Their status and role, within the context of their caste and group, therefore drives their behavior. If they do not satisfy the obligations assigned to them by their place within society they will be penalized with a loss of status or rank and looked upon with less respect, perhaps even with shame. This does not mean that Indians are not rational, but merely that their rationality is conditioned by structures and practices derived from their social and cultural context, just as much as it is subject to economic motives and constraints⁵.

Status and rank require constant maintenance (Goffman, 1959). In order to participate in social relationships, people have to *know* if you are a "good" individual who acts in accordance with the your socially delimited roles. Thus, the maintenance of rank and stature requires public demonstrations of actions fitting the expected behaviors of your rank within your social group. Note that the effort spent in maintaining rank does not preclude individuals from moving up. Wealth, a prestigious job, the acquisition of a rich husband or son-in-law is desired because they are preconditions to the acquisition of greater public regard and respect. But in order to acquire the higher social rank usually associated with greater assets, these attributes of mobility often must not just be acquired but demonstrated by behavior that accords with the class of people who possess such assets. Otherwise, while you may achieve economic mobility, it will not translate into a higher social rank. Non-Indians may also value rank and social status, but an Indian faces

⁴ This helps explain why Westerners upon encountering Indians are often puzzled by their detailed expositions on all the important people they know, or are related to.

⁵ Of course this is probably true of human beings in all cultures, with the logic of socio-culturally derived incentives changing according to the context – while the logic of economic incentives stays more or less the same.

powerful incentives to regularly demonstrate that status because their behavior is under constant, intimate and structured scrutiny.

While networks have an inherent value, in the context of the extremely risky environment of Indian village life the web of obligations that define the extent of one's networks are also central elements of coping strategies against risk and poverty. The recent Development Economics literature has focussed on empirical investigations of informal insurance, measuring the extent to which families are able to smooth consumption by relying on village networks (e.g. Townsend 1994, Udry 1994). It is clear that in the absence of networks life would be unimaginably hard. When crops fail - or jobs are lost - or the main wage-earner dies (all quite routine events in the harsh reality of rural life) one relies on one's friends and relatives to cope. The greater the level of respect and regard your friends and relatives have of you, the easier it is for you to ask for their help. Networks, however, are useful not only for unanticipated shocks but also for more everyday forms of serious but predictable problems. Households with better connections may be able to get access to better jobs (Collier and Garg 1998), or find ways of getting lower prices for food, or they may be able to get better information on potential marriage partners for their children. Therefore, respect and regard do not merely have direct utility, they are also central elements in poverty alleviation strategies. What others think of you is thus not important just for its own sake -- it can mean the difference between life and death.

Given this, celebrations, which are a time of intense public scrutiny, become arenas where reputations are managed and enhanced. Life-cycle events become theatres where public reputations are maintained, and stadiums where people compete in games of status competition, going beyond their role as markers of life-cycle events. The rules of the game are determined by kinship systems, ritual calendars, the distribution of wealth and caste, and other structural "endowments" that are slow to change and therefore can be considered as exogenous constraints in the short term. These structures determine the criteria by which people are judged by providing rules for what is considered appropriate behavior. They are part of the capability set (Sen, 1988) available for individuals and families to maximize their preferences. Thus, culturally determined preferences and constraints interact with economic motives to create powerful incentives for expenditures on public celebrations, particularly for individuals seeking social mobility.

The format of the rest of the paper is as follows: I present an investigation of wedding celebrations in Section 2, followed by an analysis of festivals in Section 3. Section 4 concludes the paper and presents some policy implications.

2. On Wedding Celebrations⁶:

Wedding celebrations in rural India can seem extremely lavish to an outsider, especially in contrast to the extreme poverty of rural Indian life, with large numbers of people invited for feasts and ceremonies that can go on for several days. Many weddings seem less influenced by norms in the village than by patterns in cities, and celebrations of poor families imitate the more extravagant patterns common in richer families. Take the case of a wedding of a small agriculturist with two acres of land that I observed: His teenage daughter was marrying a young man who had finished his BA and had a job as a low-level clerk in the city. The groom was dressed in a crisp gray suit, the bride in a silk saree. A large number of guests, including a (minor) local politician had been invited, and the newlyweds were driven away at the end of the ceremony in a large white Ambassador car. When asked why he had spent so much money on a wedding that was obviously well beyond his means, the father said that his daughter had married into a “good family” (the groom’s father was a relatively wealthy landowner from another village), and he wanted to have a “show.”

Thus, wedding celebrations have a lot to do with social status and prestige. Mobility within a village is often achieved by imitating the behaviors of families of higher social orders (Srinivas, 1989). For the parents of a daughter in particular, a marriage is potentially the most important source of mobility since marrying into a “good family” can greatly enhance how a family is viewed by its peers, and a prestigious match is an occasion for great celebration and status displays. This may explain why some weddings are particularly lavish. When a family marries into a rich family it is in their interest to demonstrate this to the rest of the village, particularly if the rest of the village does not know the new in-laws. The most effective way of signaling a family’s newfound affinity-derived status is to have as lavish a wedding as they can possibly afford. On the flip side, if a family marries a poor local family – well known to everyone in the village – this may also be an occasion for celebration, but lavish displays are no longer necessary since not much can be gained by signaling.

To better understand the nature of marriage expenditures in India, it might help to outline the basic nature of Indian marriage "markets"⁷ :

⁶This section is culled from Bloch, Rao and Desai (1999).

⁷ Some of these features have become less restrictive in educated urban circles, but they continue to be a defining aspect of village life.

- 1) Marriage is restricted to endogamous groups, i.e.: people are only permitted to marry within a well-defined set of families who make up their sub-caste.
- 2) They are patrilocal - brides leave their parents' home to live with their husbands. Marriages are arranged for both grooms and brides by their parents, and the preferences of the parents usually drive all the choices and arrangements.
- 3) Marriage is considered final and, while there are cases of separation, divorce is not an option.
- 4) The burden of celebrating a marriage almost always falls on the parents of the bride.

There is a considerable amount of variation between sub-castes in their marriage and kinship patterns (Karve, 1965). While most prohibit marriage outside the sub-caste, the size of the group can vary a great deal. Some communities in Southern India prefer marriage within a circle of close relatives, usually between a man and the daughter of his elder sister, or between the children of brothers. Such consanguineous marriages are getting increasingly rare because suitable grooms are difficult to find. Another characteristic of Indian kinship systems is the variation in their prohibition against marrying partners who belong to the same village. In the language of the kinship studies, such communities who marry outside their own village are called "village exogamous." In Karnataka State, where these data are from, the northern districts show a tendency towards village exogamy, while in the southern districts the majority do not prefer it and may even have prohibitions against it. Such preferences and prohibitions are prescribed by the customs of the community and are exogenous to the choices of households who may suffer social sanctions by violating them.

Getting one's daughter married, within these constraints, is considered an Indian parent's primary duty; to have an older unmarried daughter is a tremendous misfortune with large social and economic costs. The costs of getting a daughter married, however, have been steadily rising in real terms across the Indian sub-continent. In Karnataka State dowries have been increasing substantially for several decades (Caldwell, Reddy and Caldwell, 1991) and dowries in these data average six times the annual income of a family. There are several possible reasons why dowries in India may have increased, but it is beyond the scope of this paper to examine them⁸. My focus here is on wedding celebrations, and in particular on the narrow question of whether wedding celebrations are, at least partly, driven by a desire for higher social rank.

Every wedding requires a minimum level of expenditure that depends upon norms in the community. A basic celebration may help maintain one's stature within the village, but a lavish wedding represents something else. If you spend more than what is expected this provides the

⁸ For more on this subject, see Caldwell et. al (1988), Rao(1993), Raheja (1995) and Kapadia (1999).

village with new information that helps them update their perception of your social status. In particular, if the bride is marrying a “prestigious” groom, either because he is rich or well educated, then this marriage alliance has status benefits for the wife’s family. However, a lavish wedding without some “real” change in status may simply give people the impression that the spender is extravagant.

Thus, if families are rational, then this extra money should only be spent when there is new information to communicate. If there is nothing to show off it would not be rational for a father to spend anything beyond the minimum (maintenance level) expenditure required to fulfill his social obligations. Furthermore, even if the bride were marrying a rich groom there would be no new information to communicate to the village if everyone in the village already knew that the groom was rich. The very existence of the marriage alliance provides enough information for the village to update its opinion on the social standing of the bride’s family. Therefore, lavish weddings would only make sense when the bride is marrying a prestigious groom *and* when the village has no information about the groom and his family.

The variations in village exogamy provide us with a way to translate this point into a testable hypothesis. When marriage rules prohibit partners from the same village from getting married, then the bride family’s home village will not know much about the groom’s family. On the other hand if brides and grooms from the same village customarily marry each other, then the village should have very good information on the groom’s family. Thus, if lavish weddings serve as a means of increasing status, it is only when the groom is a high status “catch” from another village that we should observe particularly lavish weddings.

This hypothesis will be tested by estimating a multivariate regression of wedding celebration expenses on the characteristics of the groom and bride and their families, the number of alternate partners in the marriage market, and whether the sub-caste that the family belongs to practices village exogamy⁹. I will interact the village exogamy variable with the education and wealth of the groom. If these interaction terms are positive we can infer that it is only when grooms are educated and wealthy, i.e. “prestigious,” *and* from an outside village -- resulting in a lack of information about them in the bride's village -- that marriage expenses are significantly higher. This would support the hypothesis that lavish celebrations are a signal of improved social status -- communicating new information about mobility via a costly action.

⁹ Note that the village exogamy variable measures the customary practices prevalent in the community to which the responding household belongs. This can be treated as exogenous to the dowry and wedding celebration decisions since they are unlikely to change in the short term.

Wealth will be measured by whether the families possess any land since about 40 per cent of the households are landless. To measure the human capital of the husband and wife we use their years of schooling and their ages at marriage. Alternatives in the marriage market are measured by the date of the marriage (to capture exogenous trends), and the ratio of the number of women to the number men at marriageable ages (defined as women aged 10-19/ men aged 20-29) measured at the year of the marriage for the bride's home district. In addition to these variables I also include dummies for whether the family is Muslim or belongs to a disadvantaged or "Scheduled" caste.

Data and Results

The sample consists of 800 households randomly chosen from five districts spread across North and South Karnataka State. Seven villages from each district were randomly chosen and twenty households then randomly selected from each village. The marriage data that are employed in this paper were collected retrospectively from the married women in the sample. About a third of the sample did not have any ever-married women of reproductive age and therefore did not answer the women's questions. Of those that did have eligible women, many did not provide complete answers to the retrospective marriage questions, forcing us to drop them from the analysis. After eliminating about ten outliers, we are left with a sample of about 300 women spread across the five districts. There are no significant differences between this sub-sample and the complete sample for those questions that were answered by all the households.

Table 1 reports summary statistics from the survey data. The average wedding celebration expenses are about 3,000 rupees, 11 per cent as large as the average dowry which is 26,000 rupees. Average schooling levels for men are 4.3 years and 2.9 years for women. The average age at marriage for men is about 25 years and 17 years for women. The mean marriage took place in 1980, with a standard deviation of 8.4, showing that the marriages span a fairly long time. Over this period, the average marriage ratio is 1.13 indicating a surplus of women in the marriage market. About 9 per cent of the sample is Muslim and 22 per cent belong to scheduled castes. Finally, 68 per cent of the households customarily practice village exogamy.

Table 2 reports estimates for the wedding celebration OLS regressions. Looking at the regression with no interactions, we see that grooms with land have celebrations that are statistically significant and about 1,400 rupees higher than landless grooms. Families that belong to sub-castes that practice village exogamy have marriage expenses about 1,500 rupees higher than those who marry within the village. The results of the interaction effects between village exogamy and the wealth and education of the husband are also consistent with the hypothesis

presented above. Note also that village exogamy interacted with whether the groom's family has land increases wedding expenses by 2,600 rupees and is significant at the five per cent level. Similarly an additional year of groom's schooling in families that practice exogamy increases marriage expenses by about 280 rupees. Thus, groom quality significantly matters only for those families practicing village exogamy, where the bride's village has no knowledge of the groom's family¹⁰. These results are therefore consistent with the notion that wedding celebrations are driven by a desire to provide information about the bride family's enhanced social status.

3. On Festivals¹¹:

Festivals are also centrally important to the lives of Indians (Fuller 1992). Weddings may cost more, but they occur only two or three times in the lifetime of a household head, while festivals take place every few months. Festivals are different from marriages in that they are collective behaviors where everyone celebrates an event simultaneously. A description of the first time I saw a village festival might be instructive: My team and I had spent several days in a village interviewing poor families from the potter caste. On the sixth day we were warned that it would be "difficult to find people in their homes tomorrow because they will all be at Mariamma's¹² festival." When we arrived the next morning the village had been transformed beyond recognition. The women had put on gold and silver jewelry and had jasmine flowers in their hair. There were colorful fragrant garlands strewn on poles around the village and on the pillars of the local temple, along with festive decorations and balloons. Two loudspeakers tied to the temple's roof blared film songs. And then, at about 10 in the morning, the procession began. It was led by a group of traditional musicians by a followed a brightly painted bullock cart carrying an image of the goddess, swathed in silk, gold and flowers and tended by two priests. Immediately behind the bullock cart was a group of about ten important looking men and women followed by hordes of dancing children. I asked some people in the crowd who these important looking people were and was told that they were from the families who had made the largest contributions and had helped organize the celebrations. The festival was obviously a very

¹⁰ The village exogamy effect could also occur because husbands from outside the village would increase the size of the wedding party due to the greater number of potential guests who may have to be invited. However, the interaction effects do not necessarily follow from this explanation and are far more consistent with a signaling motive.

¹¹ This section is derived from Rao (forthcoming).

¹² A local village goddess.

expensive event entirely financed by voluntary contributions; and all the contributions, whether small or big, were made public at an auspicious time when the Temple Committee which organized the event announced them on loudspeakers.

Sociologists since Durkheim (1912) have argued that collective celebrations serve an important function by providing occasions when communities reify their group identity. Turner (1982), for instance, describes festivals as "generally connected with expectable culturally shared events." He suggests that when a social group celebrates a particular event it "celebrates itself" by "manifesting in symbolic form what it conceives to be its essential life." Thus, festivals may serve to build social cohesion by reinforcing ties within a community. Furthermore, by providing a specific time and place within which families can demonstrate their commitment to be responsible members of the village community, and compete for status with others, they provide a socially sanctioned arena for publicly observable action. By providing a space where everyone can view everyone else's behavior they also generate "common knowledge"¹³ and help solve the coordination problems inherent in collective action Chwe (1998). In this sense they help build the capacity for collective action¹⁴. Thus, at the village level, festivals enhance social cohesion and build trust while providing an arena in which families can maintain and enhance their social status.

The data I have are not adequate to study the relationship between festivals and social cohesion at the village level. Therefore in the statistical analysis I focus on a household level analysis of some of the relationships discussed above. In particular I look at the determinants and effects of festival expenditures. Are they driven by private motives, or are they better thought of as altruistic contributions towards a Public Good? Are households that spend more money on festivals held in higher esteem by their peers? Does festival participation have real economic returns? It is possible that families spend money on festivals for no other reason than pure entertainment particularly in rural areas with limited access to movie theatres and television sets. But if festivals were pure entertainment, expenditures on them should not generate any other returns.

To test these hypotheses I regress a household's festival expenditures against various household characteristics including the household head's age, the number of adults and children in the family, the head's education, the land owned by the household in the past and the present,

¹³ A definition of a game where all players know the structure of the game, know that the other players know it, know that others know that they know it, and so on. See Osborne and Rubenstein (1994) for a more precise definition.

¹⁴ Or what is, now, often called Social Capital (Woolcock and Narayan,2000).

and the household's income. I also include the number of girls in the family who are of marriageable age. If their presence raises festival expenditures it is consistent with the notion that they are being put on "display" to find good spouses indicating that festivals provide an opportunity to communicate information for private gain. Finally, in order to see if festival expenditures are driven by demonstration effects, I include the festival expenditure of the neighboring household as an explanatory variable, as well as a set of village dummy variables.

In addition to analyzing the determinants of festival expenditures I also examine whether festival expenditures generate social and economic returns. I examine two types of returns - the family's social status, and a household specific index of the unit prices for food faced by the family. The social status variable is constructed by asking each family in the village about their sense of the respect and social standing accorded to *other* families in the village. This is coded into a measure with four levels, a score of 1 denoting the lowest level of social standing and 4 denoting the highest¹⁵.

The unit food price index requires some explanation¹⁶. In the process of doing fieldwork I noticed that there was a large variation in the unit prices charged for food to different members of the village. The primary reason for this were quantity discounts since many of the families were severely liquidity constrained and were compelled to purchase food once a week on payday. The fieldwork revealed that households which had good social relationships were able to get around this by forming shopping clubs that would buy food in bulk and then distribute it among the members. Some well-regarded individuals were able to get food on credit from the shopkeepers that again permitted them to get around liquidity constraints. Thus, socially well-connected households seemed to suffer less from high prices. On the other hand, households who did not have good social relationships faced markups of between 15-40 per cent on their food purchases. To get a summary measure of the variation in unit prices across households, I construct a Laspeyres price index which used the prices and quantities purchased by the median household as a base to calculate price variations, for a basket of goods, for everyone in the sample. With this method, the median household's index number is 100; and a household with an index of 200 faces prices that are double the sample median.

The social status and price index variables will be regressed against festival expenditures¹⁷, the household head's age, the number of adults and children in the family, the head's education,

¹⁵ The social status regressions will be estimated with an ordered Probit regression.

¹⁶ A detailed analysis of this can be found in Rao (2000).

¹⁷ Festival expenditures will be treated as an endogenous variable using instrumental variables (IV) with the number of marriageable daughters and the expenditures of neighbors as excluded variables.

the land owned by the household in the past and the present, and the household's income, along with a set of village dummy variables.

Data and Statistical Analysis

The data used in this paper are from a census survey of an endogamous sub-caste of potters spread across three villages, Halli, Beedu and Ooru¹⁸, located within 70 miles of each other also in the state of Karnataka. Only 20 per cent of the adults in this community actually practice pottery, and most are day laborers with small-scale farming and silk rearing the other major activities. Halli and Ooru are multi-caste villages located within commutable distances of large towns. Beedu, a village consisting entirely of potters, is located in a "forward" district with relatively good schools and a long tradition of providing basic social services.

Table 3 provides some summary statistics about the sample. The average annual household income is 14,471 Indian rupees - about \$1644 in PPP adjusted US dollars (\$482 at the exchange rate prevalent at the time) - a little over half of Indian per capita household in PPP dollars, and well below the Indian poverty line of 45 rupees per person per day. The average land holding is very low at 0.59 acres. Education is also low, with the average maximum schooling of a person within a family at 4.54 years (the mean years of completed schooling among household heads is much lower at 1.6 years). Despite the low levels of education the villages have recently undergone a fertility transition with the average household consisting of 3 adults and 1.5 children.

Tables 4 shows that festival expenditures rise with income indicating that they are a "normal" good. They also rise with the maximum level of education in the family, the number of young children, and the number of girls of marriageable age. Thus, we can infer that private incentives are important determining factors. The amount spent on festivals by neighbors is not significant indicating that demonstration effects are not important. The level of expenditures display a fair amount of variation across two of the three villages with Beedu having significantly lower levels of festival expenditures than Halli, the omitted category. This is despite the fact that the households in all three villages in this sample belong to the same endogamous sub-caste and therefore observe the same religious and ritual calendar. This suggests that the private incentives

¹⁸ The names of the villages have been changed.

driving festival expenditures may differ from community to community for reasons other than social custom.

If households derive private benefits from festivals, what are they? To examine this consider Table 5 which presents results of OLS and Instrumental Variable (IV) regressions of the price index. Four different sets of regressions are shown. Table 5(a) is an OLS regressions with festival expenditures included, 5(c) is the same as 5(a) but includes an interaction term between festival expenditures and income. Table 5(b) and (d) follow the same pattern as 5(a) and (c) but present IV estimates. Since these households are below the Indian poverty line and spend 62 per cent of their incomes on food, including income as a regressor should control quantity discount effects. Yet, income does not have significant effects in any of the four regressions. This is because it is highly correlated with the number of adults in the family that in turn is correlated with lower prices because large families are compelled to purchase food in larger quantities. An additional adult in the family reduces the price index by more than 2 points in the OLS regressions.

Furthermore an additional acre in the size of the father's plot of land reduces prices by 0.6 points. However, conditional on the land owned by the father, current land holdings do not affect the price index. Since there has been a rather large net loss of land in this community over the last twenty years, this result suggests that the reputation of the family - indicated by how much land the family used to own - is far more important in accessing social networks than current land holdings.

Most importantly, higher festival expenditures are negatively correlated with the price index. The effect seems to be stronger for poorer households. Looking at the interaction between income and festival in Table 5(d), a 1000 rupee increase in annual festival expenditures reduces the price index by 6.2 points at the median income. This effect is reduced to 5.7 points at the 75th percentile income level, and increases to 6.67 points for incomes at the 25th percentile. This is consistent with the hypothesis that festival expenditures have an effect on prices independent of the other measured household attributes by providing a social return to a family. Thus, higher festival expenditures, perhaps by increasing a family's ability to tap into social networks, seem to give a household greater access to lower food prices.

Table 6 presents Ordered Probit estimates of the determinants of social status. In order to ease interpretation, the results are presented as the effect of a marginal change of an independent variable on the standard deviation of the status variable. Neither current nor past land has an impact on status. However, controlling for wealth, families with more income have higher social status in the IV specifications. This suggests that a family with greater liquidity and

a steady job that produces a high and predictable income, is valued possibly because it is able to provide a buffer against risk. Annual festival expenditures are independently associated with higher social status and, once again, festival expenditures interacted with income result in lower status. Looking at the IV estimates in Table 6(d), at the median income a 1000 rupee increase in festival expenditures places the family at a status level that is 0.39 standard deviations higher. Even if one does not believe in the ability of IV estimates to establish causal connections, it is clear that festival expenditures and social status are strongly associated with one another. This is consistent with the notion that festivals serve as arenas where social status is maintained and enhanced.

4. Conclusion

The evidence presented in this paper suggests that publicly observable celebrations, such as weddings and festivals, play an important role in the lives of the poor by serving as arenas where reputations are maintained and enhanced. They provide an opportunity for families to communicate information about their mobility, on their willingness to be “good” members of the village, and on their willingness to participate in webs of obligation. This takes on a crucial role in the Indian context where social networks and relationships play a central role in shaping people’s identities. They are also extremely important as elements of strategies to cope with risk and poverty. Thus, it is perfectly within reason that Indian villagers spend as much as they do on public celebrations.

However, to the extent that these celebrations are status competitions, driven by a need to signal changes in mobility, they may be “wasteful” in the sense that they take resources away from investments in schooling, health and agriculture. But a judgement of “waste” should be rendered with care because it may reflect a model of welfare derived from Western notions of individualism. To the extent to which celebrations and their expenditures maintain identities, reify social relationships, fulfill obligations, or represent “investments in social capital,” they are indeed productive expenditures within this cultural context.

This has important implications for development policy. Some sources of economic growth, such as market-driven improvements in urban employment, may reduce a family's dependence upon its traditional networks. This could reduce the incentives to maintain these networks and thus possibly reduce participation in village festivals. This would, in turn, adversely influence the traditional mechanisms of maintaining social cohesion within a village, which may reduce its capacity for collective action and consequently have a negative effect on well being

(Narayan and Pritchett, 1999). On the other hand, as individuals become economically better off their need to demonstrate their mobility to their peers may increase the size of wedding celebrations and other forms of conspicuous consumption. Thus, economic development may reduce social cohesion and trust while increasing status displays, moving celebrations away from their role as participatory events towards an emphasis on their function as competitive games. This could indeed be wasteful.

One possible way to avoid this outcome is to construct development mechanisms that improve well-being in a manner that does not privilege individual over collective action. If an intervention is more participatory, requiring collective decisions and collective management, it would maintain community cohesion and perhaps have more equitable benefits. There are several mechanisms currently in place that are attempting such strategies, Micro-Finance programs and Social Funds for instance, but they have not been adequately studied to determine if they retain and perhaps even build a community's capacity for collective action. Further research will have to be conducted to see whether communities targeted by such interventions move away from conspicuous to what could be called "cooperative" consumption: celebrations that are less about showing off than they are about maintaining links across families, building bonds, and sustaining webs of obligation.

Table 1
Wedding Celebration - Means and Standard Deviations

Variable N=297	Mean	Standard Deviation
Net Dowry Payment (1994 Rupees)	26308.640	238069.000
Wedding Celebration Expenses (1994 Rupees)	2898.921	374.336
Marriage Squeeze Ratio	1.130	0.146
Year of Marriage	80.362	8.370
Wife's Schooling (Years)	2.942	4.019
Husband's Schooling (Years)	4.253	4.533
Muslim (Dummy)	0.093	0.290
Scheduled Caste/Tribe (Dummy)	0.222	
Husband Owned Land at Marriage (Dummy)	0.603	
Wife's Owned Land at Marriage (Dummy)	0.610	
Husband's Age at Marriage	24.778	4.252
Wife's Age at Marriage	17.123	3.464
Village Exogamous (Dummy)	0.680	
Bidar (Dummy)	0.230	
South Kanara (Dummy)	0.212	
Kodagu (Dummy)	0.201	
Kolar (Dummy)	0.114	
Mysore (Dummy)	0.241	
Monthly Transfers from Husband's Family	26.000	291.514
Emergency Transfers from Husband's Family in the Last Four Years	32.000	293.584

Table 2
Wedding Celebration Expenses - OLS Regressions
 (Robust standard errors)

Variables	Wedding Celebration Expenses			
	No Interactions		With Interactions	
	Coefficient	t	Coefficient	t
Marriage Squeeze Ratio	-15595.980	0.87	-15496.910	0.92
Year of Marriage	-140.266	2.52	-154.520	2.57
Wife's Schooling (Yrs)	-177.396	0.84	-175.045	0.82
Husband's Schooling (Yrs)	267.253	1.10	59.506	0.33
Muslim	840.806	0.48	1119.523	0.71
Scheduled Caste/Tribe	-82.179	0.12	131.148	0.15
Wife's Land at Marriage - Dummy	80.108	0.09	434.018	0.56
Husband's Land at Marriage - Dummy	1393.610	2.12	-371.459	0.42
Husband's Age at Marriage	12.333	0.19	-12.152	0.19
Wife's Age at Marriage	171.708	2.14	199.380	2.25
Village Exogamous	1537.037	2.76	-1043.381	1.08
Exogamous x H. Schooling	---	--	276.141	1.84
Exogamous x H. Land?	---	--	2577.297	2.28
Bidar	494.008	0.42	256.660	0.16
South Kanara	2152.321	0.38	2244.290	0.22
Kodagu	4280.982	3.33	4076.240	3.23
Kolar	-2279.403	2.73	-2383.694	2.83
Constant	24676.820	1.08	27369.130	1.21
F for Joint Significance	6.52		5.58	
R-Squared	0.21		0.23	

Table 3**Festival Expenditures - Means and Standard Deviations of Variables**

Variable (N=123)	Mean	Std. Deviation
Annual Festival Expenditures (1994 rupees)	1972.72	1305.13
Annual Income	14,471.31	14,143.28
Father's Land Holdings in Acres	1.16	3.89
Land in Acres	0.59	1.22
Age of Household Head	45.27	13.07
Maximum years of Schooling within the family	4.54	4.06
Number of Family Members older than 16	3.10	1.37
Children Aged 10-16	0.65	0.82
Girls Aged 10-16	0.31	0.53
Children Less than 10	1.09	1.17
Annual F_i	84334.09	5441.01
Average Festival Expenditures of Neighbors	1951.51	902.08
Number of Invitations for Meals	1.55	1.51
Price Index	100.37	14.33
Beedu Village	0.25	
Halli Village	0.44	
Ooru Village	0.30	

Table 4
Determinants of Festival Expenditures
 OLS with Huber-White Standard Errors (t in parenthesis)

Variable	
Beedu Village	-0.9679 (2.6)
Ooru Village	-0.3659 (1.1)
Father's Land Holdings	0.0127 (0.7)
Annual Income/1000 (1992 Rupees)	0.0186 (2.1)
Land in Acres	0.1432 (1.1)
Number of Adults	0.1147 (1.1)
Number of Kids 10-16 years	0.0003 (0.0)
Number of Kids < 10 years	0.1765 (1.7)
Max Yrs. of Schooling	0.0795 (2.9)
Age of Head	0.0030 (0.4)
Number of Girls 10-16 Years	0.6548 (2.2)
Festival Expenditures of Next Door Neighbors/1000	-0.0993 (1.0)
Constant	1.1033 (2.2)
Adjusted R-Squared	0.42

Table 5**Determinants of Price Index - OLS with Huber-White Standard Errors (t) in parenthesis)**

Variable	(a)	(b)	(c)	(d)
Festival Expenditures/1000 (1992 rupees)	-1.8102 (1.7)	---	-2.8529 (2.2)	
Festival Expenditures x Income	---	---	0.0595 (1.0)	
Festival Expenditures (Predicted)	---	-5.5314 (1.8)	---	-7.7058 (2.2)
Festival Expenditures (Predicted) x Income	---		---	0.1220 (1.8)
Beedu Village	5.5849 (2.1)	3.5493 (1.0)	4.4174 (1.5)	1.1021 (0.3)
Ooru Village	1.5151 (0.4)	0.0019 (0.0)	1.243 (0.4)	-0.7106 (0.2)
Annual Income/1000 (1992 rupees)	-0.0591 (0.6)	0.0581 (0.6)	-0.3212 (1.0)	-0.5175 (1.3)
Father's Land Holdings	-0.6589 (4.7)	-0.6644 (4.1)	-0.6355 (4.6)	-0.6214 (3.8)
Land in Acres	0.9627 (0.9)	1.9351 (1.7)	0.6652 (0.6)	2.0219 (1.8)
Number of Adults	-2.6409 (1.8)	-2.9491 (1.8)	-2.4313 (1.6)	-2.4876 (1.5)
Number of Kids 10-16 years	0.7638 (0.4)	1.9119 (0.8)	1.0651 (0.5)	2.4375 (1.1)
Number of Kids < 10 years	0.6116 (0.6)	1.0664 (0.8)	0.7804 (0.7)	1.2709 (1.0)
Maximum Years of Schooling	0.0068 (0.0)	0.0383 (0.1)	0.0615 (0.2)	0.1939 (0.4)
Age of Head	0.0262 (0.3)	0.0322 (0.3)	0.0337 (0.4)	0.0319 (0.3)
constant	106.2416 (22.0)	112.0663 (20.5)	109.0430 (20.8)	118.7900 (17.4)
Adjusted R-Squared	0.17	0.21	0.18	0.23

Table 6**Determinants of Social Status - Ordered Probit**

Coefficients report effect of unit change in X on standard deviation change in y
(z| in parenthesis)*

Variable	(a) OLS No Interactions	(b) IV No Interactions	(c) OLS With Interactions	(d) IV With Interactions
Festival Expenditures/1000 (1992 rupees)	0.1723 (1.8)	---	0.4289 (3.4)	---
Festival Expenditures x Income	---	---	-0.0165 (3.1)	---
Festival Expenditures (Predicted)	---	0.3094 (1.0)	---	0.5753 (1.9)
Festival Expenditures (Predicted) x Income	---	---	---	-0.0155 (3.4)
Beedu Village	-0.0522 (0.2)	-0.0233 (0.1)	0.3151 (1.0)	0.3216 (0.9)
Ooru Village	0.0432 (0.2)	0.0570 (0.2)	0.2172 (0.8)	0.1708 (0.6)
Annual Income/1000 (1992 rupees)	-0.0122 (1.4)	-0.0157 (1.4)	0.0725 (2.6)	0.0669 (2.6)
Father's Land Holdings	0.0084 (0.3)	-0.0037 (0.2)	0.0015 (0.1)	-0.0095 (0.4)
Land in Acres	-0.0560 (0.5)	-0.1304 (1.1)	0.0129 (0.1)	-0.1542 (0.4)
Number of Adults	0.2121 (2.1)	0.2223 (2.2)	0.1083 (1.1)	0.1424 (1.5)
Number of Kids 10-16 years	0.0042 (0.0)	0.0438 (0.3)	-0.0764 (0.6)	-0.0371 (0.2)
Number of Kids < 10 years	0.0907 (0.9)	0.1241 (1.2)	0.0347 (0.4)	0.0964 (0.9)
Maximum Years of Schooling	0.0514 (1.8)	0.0539 (1.6)	0.0348 (1.3)	0.0324 (1.0)
Age of Head	0.0114 (1.4)	0.0926 (0.0)	0.0099 (1.2)	0.0083 (1.1)
Pseudo R-Squared	0.09	0.10	0.13	0.14

References

Appadurai, Arjun, "Technology and the Reproduction of Values in Rural Western India," Chapter 6 in Dominating knowledge : development, culture, and resistance, edited by Frédérique Apffel Marglin and Stephen A. Marglin, Clarendon Press, Oxford, 1990

Bloch, Francis, Vijayendra Rao and Sonalde Desai, " Wedding Celebrations as Conspicuous Consumption: Signaling Social Status in Rural India," mimeo, Development Research Group, The World Bank, July 1999

Caldwell John C., P.H. Reddy, and Pat Caldwell, "The Causes of Marriage Change," Chapter 4, The Causes of Demographic Change: Experimental Research in South India, Pp: 80-107 , The University of Wisconsin Press, Madison, 1988

Chwe, Michael Suk-Young, "Culture, Circles and Commercials: Publicity, Common Knowledge and Social Coordination," *Rationality and Society*, Vol. 10, Pp: 47-75, 1998

Collier, Paul, and Ashish Garg, "On kin groups and employment in Africa," Center for the Study of African Economies, Oxford University, Working Paper Series; No. 95/16:1-15, November 1995

Dumont, Louis, Homo Hierarchicus: The Caste System and Its Implications, University of Chicago Press, Chicago, 1970

Durkheim, Émile, The Elementary Forms of the Religious Life, (translated by J.W.Swain), The Free Press, New York 1965 (original 1912)

Goffman, Erving, The Presentation of Self in Everyday Life, Anchor/Doubleday, New York

Kapadia, Karin, Siva and Her Sisters: Gender, Caste and Class in Rural South India. Boulder, Co.: Westview Press, 1995.

Marriot, McKim and Ronald Inden, "Toward an Ethnosociology of South Asian Caste Systems," in The New Wind: Changing Identities in South Asia, Ken David (ed.), Mouton, The Hague, 1977

Mines, Mattison, Public Faces, Private Voices: Community and Individuality in South India, University of California Press, Berkeley and Los Angeles, 1994

Narayan, Deepa and Lant Pritchett, "Cents and Sociability: Household Income and Social Capital in Rural Tanzania," *Economic Development and Cultural Change*, Volume 47, No. 4, July 1999

Osborne, Martin J. and Ariel Rubinstein, A Course in Game Theory, The MIT Press, Cambridge, MA, 1994

Raheja, Gloria Goodwin, "'Crying When She's Born and Crying When She Goes Away': Marriage and Idiom of the Gift in Pahansu Song Performance," Chapter 2 in From the Margins of Hindu Marriage, Lindsey Harlan and Paul B. Courtright (ed.), Oxford University Press, 1995

Rao, Vijayendra, "The Rising Price of Husbands: A Hedonic Analysis of Dowry Inflation in Rural India," *Journal of Political Economy*, August 1993

Rao, Vijayendra, "Can Economics Mediate the Link Between Anthropology and Demography?" *Population and Development Review*, December 1997

Rao, Vijayendra, "Celebrations as Social Investments: Festival Expenditures, Unit Price Variation and Social Status in Rural India," *Journal of Development Studies*, (forthcoming)

Rao, Vijayendra, "Price Heterogeneity and "Real" Inequality: A Case-Study of Prices and Poverty in Rural India," *Review of Income and Wealth*, (forthcoming), 2000

Salanie, Bernard, The Economics of Contracts, MIT Press, Cambridge – MA, 1997

Sen, Amartya, "The Standard of Living, Lectures I and II - The Tanner Lectures," in Geoffrey Hawthorn (ed.), The Standard of Living, Cambridge University Press, 1988

Townsend, Robert M, "Risk and Insurance in Village India, " *Econometrica*, LXII, 1994, Pp: 539-591

Turner, Victor, "Introduction" in Celebration: Studies in Festivity and Ritual , Victor Turner, editor, Smithsonian Institution Press, Washington, D.C, 1982

Udry, Christopher, "Risk and Insurance in a Rural Credit Market: An Empirical Investigation in Northern Nigeria," *Review of Economic Studies*; v61 n3, July 1994, Pp: 495-536

Woolcock, Michael and Deepa Narayan, "Social Capital: Implications for Development Theory, Research and Policy," *World Bank Research Observer*, Vol. 15(2), 2000

Policy Research Working Paper Series

	Title	Author	Date	Contact for paper
WPS2505	Family Altruism and Incentives	Roberta Gatti	December 2000	R. Bonfield 31248
WPS2506	Ethnicity and Wage Determination in Ghana	Abigail Barr Abena Oduro	December 2000	R. Bonfield 31248
WPS2507	Public Expenditures and Environmental Protection: When Is the Cost of Funds Irrelevant?	Gunnar S. Eskeland	December 2000	H. Sladovich 37698
WPS2508	Sources of Financial Assistance for Households Suffering an Adult Death in Kagera, Tanzania	Mattias Lundberg Mead Over Phare Mujinja	December 2000	V. Soukhanov 35271
WPS2509	How Tax Policy and Incentives Affect Foreign Direct Investment: A Review	Jacques Morisset Neda Pirnia	December 2000	N. Busjeet 33997
WPS2510	Environmental Protection and Optimal Taxation	Gunnar S. Eskeland	December 2000	H. Sladovich 37698
WPS2511	Monetary Policy under Flexible Exchange Rates: An Introduction to Inflation Targeting	Pierre-Richard Agénor	December 2000	M. Gosiengfiao 33363
WPS2512	Quantifying the Impact of Technical Barriers to Trade: A Framework for Analysis	Keith E. Maskus John S. Wilson Tsunehiro Otsuki	December 2000	L. Tabada 36896
WPS2513	Do State Holding Companies Facilitate Private Participation in the Water Sector? Evidence from Côte d'Ivoire, the Gambia, Guinea, and Senegal	Michel Kerf	December 2000	M. Leon 36151
WPS2514	Intersectoral Dynamics and Economic Growth in Ecuador	Norbert M. Fiess Dorte Verner	January 2001	A. Pillay 88046
WPS2515	Firm-Level Survey Provides Data on Asia's Corporate Crisis and Recovery	Mary Hallward-Driemeier	January 2001	E. Khine 37471
WPS2516	Does Decentralization Increase Responsiveness to Local Needs? Evidence from Bolivia	Jean-Paul Faguet	January 2001	H. Sladovich 37698
WPS2517	The Effect of International Monetary Fund and World Bank Programs on Poverty	William Easterly	January 2001	K. Labrie 31001

Policy Research Working Paper Series

Title	Author	Date	Contact for paper
WPS2518 Can Reforming Global Institutions Help Developing Countries Share More in the Benefits from Globalization?	Andrés Solimano	January 2001	R. Bonfield 31248
WPS2519 <i>Is Investment in Africa Too Low or Too High? Macro and Micro Evidence</i>	Shantayanan Devarajan William R. Easterly Howard Pack	January 2001	H. Sladovich 37698
WPS2520 Wage Effects of Unions and Industrial Councils in South Africa	Kristin F. Butcher Cecilia Elena Rouse	January 2001	P. Sader 33902
WPS2521 Labor Market Rigidity and the Success of Economic Reforms across More than 100 Countries	Alvaro Forteza Martin Rama	January 2001	P. Sader 33902
WPS2522 Trade in International Maritime Services: How Much Does Policy Matter?	Carsten Fink Aaditya Mattoo Ileana Cristina Neagu	January 2001	L. Tabada 36896
WPS2523 Can Duty Drawbacks Have a Protectionist Bias? Evidence from Mercosur	Olivier Cadot Jaime de Melo	January 2001	L. Tabada 36896
WPS2524 Racing to the Bottom? Foreign Investment and Air Pollution in Developing Countries	David Wheeler	January 2001	D. Wheeler 33401
WPS2525 Measuring Education Inequality: Gini Coefficients of Education	Vinod Thomas Yan Wang Xibo Fan	January 2001	A. Datoloum 36334
WPS2526 Linking Participatory Poverty Assessments to Policy and Policymaking: Experience from Vietnam	Carrie Turk	January 2001	H. Sutrisna 88032
WPS2527 <i>Is Inequality Bad for Business? A Nonlinear Microeconomic Model Of Wealth Effects on Self-Employment</i>	Alice Mesnard Martin Ravallion	January 2001	P. Sader 33902