Caste Reparations: Economic Advance, Social Concord, and Policy Backlash*

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Abstract

Reparations have been proposed to remedy enduring inequalities between racial or ethnic groups, but little is known about the social and political consequences of such policies. We conduct the first study of caste-based reparations by evaluating a program that provides a one-time wealth transfer of 1 million rupees ($12,000) to Dalit households in Telangana, India. We test competing theoretical expectations of advancement, persistence, and retrenchment using a natural experiment and original survey of 3,184 households. The program improved Dalit asset ownership and narrowed the gap with non-Dalits. It increased Dalits' confidence in engaging dominant castes and reduced caste conflict, against the expectation of social backlash. However, segregation norms persisted, and dominant castes expressed reduced support for affirmative action and credit subsidies for Dalits, indicating policy backlash. Our study shows that group-targeted wealth transfers can enhance the socioeconomic status of marginalized communities while highlighting varied forms of backlash among dominant groups.

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1 Introduction

Many societies are characterized by enduring disparities between ethnic or racial groups. For instance, the median Black household in the United States had only ten percent of the wealth of the median White household in 2020, similar to the wealth gap that existed in the 1960s (Derenoncourt et al., 2024). Across the world, inequality in wealth, income, or education between groups can persist for generations (Tilly, 1998; Wilkerson, 2020). These differences cut against principles of equality of opportunity and distributive justice, as membership in groups defined by ascriptive identities such as ethnicity or race is the result of arbitrary chance (Rawls, 1971; Roemer, 1996). Ethnic inequality is linked to increased societal conflict (Cederman et al., 2011), worsened governance (Kyriacou, 2013), elite capture and clientelism (Stokes et al., 2013; Anderson et al., 2015), and reduced economic development (Alesina et al., 2016). Ascriptive group inequalities are corrosive to political equality, freedom, and non-domination, which are central to prominent conceptions of democracy (Dahl, 1971, 2006; Sen, 1999).

Can large, one-time wealth transfers effectively mitigate deep-rooted group inequalities? Reparations have been proposed, for example, to reduce racial wealth disparities in the United States caused by the harm of the trade in enslaved people and its contemporary legacies (Boerma and Karabarbounis, 2023; Coates, 2014; Darity Jr. and Frank, 2003; Darity Jr. and Mullen, 2022; Miller, 2020) and implemented in several post-conflict settings (de Greiff, 2006; Guarin et al., 2023). Yet, little is known about the economic, social, and political impacts of group-targeted reparations policies.

In this paper, we present the first study of caste-based reparations in India. The Hindu caste system, a hierarchical social structure based on endogamy and hereditary status, is an especially enduring and pernicious manifestation of group-level inequality. Historical discrimination and stigmatizing practices like untouchability have left Dalits or scheduled castes (SCs) with substantial contemporary disadvantages in social, economic, and political domains (Deshpande, 2011; Ramachandran, 2023; Yengde, 2019). Dalits constitute perhaps the largest marginalized community in the world, numbering approximately 200 million people in India (Census of India,

2011). Despite strides in recent decades, in part due to policy interventions such as affirmative action in education and government employment (Asher et al., 2018; Hnatkovska et al., 2012), gaps between Dalits and other groups remain large and persistent.

Prior research generates contrasting theoretical expectations on the impact of caste-based reparations policies, which we term *advancement*, *persistence*, and *retrenchment*. Most optimistically, the *advancement* hypothesis suggests that large transfers can enable escape from poverty traps and promote upward economic mobility (Banerjee et al., 2015; Banerjee and Newman, 1993; Carter and Barrett, 2006), which may in turn lead to improved well-being (Wilkinson and Pickett, 2010; Alesina and Glaeser, 2004; Deaton, 2003; Haushofer and Shapiro, 2016; Kahneman and Deaton, 2010; Sen, 1999; Verme, 2011; Oishi et al., 1999; Layte, 2012; Lund et al., 2011), acceptance by privileged groups (Lipset, 1959; Rao, 2019), social cohesion (Easterly and Levine, 1997; Alesina et al., 1999; Cederman et al., 2011; Gurr, 2000; Rothstein and Uslaner, 2005; Putnam, 2007), and views of government (Lijphart, 1999).

In contrast, the *persistence* hypothesis posits that despite these interventions, elite capture, long-standing structural barriers, and social norms can endure, limiting the effectiveness of wealth transfers in fostering well-being, mobility, and social integration. Social and economic inequalities may be deeply embedded in institutional structures and cultural practices (Tilly, 1998; Chauchard, 2014; Girard, 2018), and discrimination in markets can continue to hinder economic advancement even after wealth transfers (Pager and Shepherd, 2008). Individually-targeted wealth transfers alone may be insufficient to overcome entrenched patterns of inequality and social exclusion (Bowles et al., 2006).

Lastly, the *retrenchment* hypothesis suggests that group-targeted wealth transfers cause sufficiently adverse negative reactions from other social groups or political entities to harm members of historically disadvantaged groups. This backlash might arise due to the increased salience of group identities (Transue, 2007; Richeson and Craig, 2016; Enos, 2014), perceived threats to the social order and status (Tajfel and Turner, 1979; Craig et al., 2018; Suryanarayan, 2019; Sharma, 2015; Girard, 2021), competition over resources (Esses et al., 1998; Bobo and

Zubrinsky, 1996), or resentment towards policy measures seen as favoring one group over others (Norton and Sommers, 2011; Lowery et al., 2006). Retrenchment might stem from two distinct types of backlash. *Social backlash* refers to adverse reactions from other social groups that manifest as increased interpersonal discrimination, hostility, or conflict against the targeted group receiving benefits. *Policy backlash*, on the other hand, involves reduced public or political support for existing or future policies aimed at helping the targeted group.

We test these contending hypotheses and assess the social and political consequences of a program, *Dalit Bandhu* (Friend of the Dalit), which distributes the equivalent of 1 million rupees (approximately $12,000, five times the annual income of the median household[1]) to Dalit families in the south Indian state of Telangana. This policy initiative is explicitly aimed at redressing historical injustices and leveling persistent inequalities.

Our empirical approach relies on a unique natural experiment. In 2021, the *Dalit Bandhu* benefit awarded, to every Dalit household in the state electoral constituency (district) of Huzurabad, an income generating asset worth 1 million rupees (approximately $12,000). The selection of the Huzurabad constituency was driven by a transparent electoral strategy linked to local political dynamics, rather than socio-economic criteria or caste characteristics. The program was launched after the defection of a senior state-level politician to the opposition, setting off a crucial by-election three months later. Within this time-span, approximately 17,000 families benefited from Dalit Bandhu in Huzurabad. Although the government pledged to expand the program to all Dalit families in Telangana, only this constituency was selected to be given grants on a saturation basis.[2]

To identify the impact of this large-scale transfer, our study focuses on a comparison between Huzurabad and adjacent constituencies, which share a common history, economy, culture, and politics. We specifically compare outcomes in villages located within a narrow bandwidth (Posner, 2004) of 1.5 kilometers of the constituency border, thus providing a credible estimate of

[1]For comparison, the annual income of the median household in the United States is approximately $75,000. A transfer of the same magnitude would amount to $375,000.

[2]As of mid-2024, only about 200 households per constituency have received the grant in the remaining 118 constituencies in the state.

the causal effects of the Dalit Bandhu program. We conducted a comprehensive survey of 3,184 households in late-2023, roughly two years after the program was implemented. This survey was designed to capture a range of outcomes, including economic status, subjective well-being, intergroup relations, perceptions of government, and policy preferences among both Dalit and non-Dalit households.

We find that Dalit Bandhu led to a significant increase in Dalit ownership of household assets, which we measure using a standardized index of ten assets.[3] Further, we find that the program significantly reduced the gap in household asset ownership between Dalits and non-Dalits. The village-level percentile gap in asset ownership between Dalits and non-Dalits was about 27% lower in treated areas relative to comparison areas. As an illustration of the practical significance of this finding, the program closed 25% of the gap between Dalits and non-Dalits in whether they owned at least one of four durable goods—air conditioner, washing machine, refrigerator and computer—that are seen as markers of economic prosperity. These empirical findings concerning economic advancements among Dalits are not trivial because redistributive government programs are vulnerable to elite capture, clientelism, corruption, and poor targeting (Anderson et al., 2015; Bardhan and Mookherjee, 2000; Olken, 2006; Reinikka and Svensson, 2004). The program also had a large, positive effect on Dalit's perceptions of government responsiveness.

Consistent with the advancement hypothesis, we find a decrease in reported caste conflict. The program reduced the likelihood that a Dalit reported there being a lot of caste conflict in their village by nearly 40%, and reduced the likelihood that a non-Dalit reported the same by nearly 30%. Dalits also reported increased confidence in voicing their opinions before members of dominant groups, indicating an enhanced assertiveness. Hence, the program did not provoke *social backlash*, despite improving the relative economic standing of the marginalized community. We find evidence that one potential mechanism underpinning the (surprising) improvement in inter-group relations is economic complementarities (Jha, 2013; Varshney, 2001)

[3]Note that the Dalit Bandhu program provided income generating assets, not household assets. Hence, the increase in Dalit ownership of household assets reflects an improvement in Dalits' economic well being. Our index included ownership of cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer.

spurred by Dalit Bandhu, likely owing to the nature of the assets received by beneficiaries (such as tractors) and those owned by dominant caste groups (such as land). In addition, the program is not locally redistributive (unlike land reform, for example) and caste norms are relatively more egalitarian in Telengana than other states (particularly northern states), which may have also contributed to the absence of social backlash.

Simultaneously, our results show little change in caste-based norms of segregation. Specifically, we find no evidence to suggest that the program impacted support for whether people of different castes should eat together or share the same neighborhood. This suggests that long-standing structural barriers, as posited by the persistence hypothesis, limit the effectiveness of wealth transfers in increasing integration. Moreover, non-Dalits in the treated constituency became significantly less supportive of affirmative action in government jobs and educational institutions for Dalits, as well as programs providing subsidized credit to Dalits. Our findings suggest that non-Dalit support for these policies declined by about 20% and 25%, respectively. This suggests a substantial *policy backlash* (Patashnik, 2023) against these measures. We provide evidence that the mechanism underpinning this shift in support is a change in non-Dalit citizens' perceptions of poverty among Dalits.

Taken together, these results provide evidence that group-targeted reparations can contribute to the economic advancement of marginalized groups and potentially foster greater social concord. By drawing attention to distinctive types of backlash in the social and policy domains, our paper makes theoretical contributions to scholarship at the intersection of intergroup relations and redistribution. The reduction in caste conflict, despite the improved economic position of Dalits due to targeted redistribution, contrasts with predictions from social identity theory that emphasize the logic of intergroup competition and status protection (Tajfel and Turner, 1979; Brown, 2000). We find a decrease in caste conflict in the absence of shifts in social norms, residential integration, or contact (Allport, 1954; Paluck et al., 2019). Policy backlash (Patashnik, 2023), however, aligns with more subtle mechanisms of status maintenance (Sidanius and Pratto, 1999), and suggests the continued value of integrating group identities and perceptions of

deservingness for shaping attitudes towards redistribution (Shayo, 2009; Alesina and Giuliano, 2011; Kinder and Kam, 2009; Rueda and Stegmueller, 2019).

Our paper's principal empirical contribution is to a small but growing literature on the consequences of reparations programs. Although over 30 countries have implemented wealth transfers that are framed as reparations programs, particularly after war or civil conflict (de Greiff, 2006), such programs have been subjected to far less empirical scrutiny than other categories of policies like affirmative action. Guarin et al. (2023) find marked improvements in living standards, health conditions, and educational outcomes, coupled with a slight decrease in labor supply, in a study of victims of conflict-atrocities in Colombia. Cash and wealth transfer programs have been studied more extensively, with mixed results, though programs that provide assets have been shown to increase productive investment and even enable a permanent escape from poverty (Banerjee et al., 2015). However, given the salience of ethnic identities, group-targeted wealth transfers can be expected to have divergent impacts. Our study is also distinctive in its focus on social and political outcomes in addition to economic well-being and inequality.

Finally, our findings contribute to scholarly and policy debates on how to improve the political, social, and economic status of historically marginalized caste groups in India. As we discuss later, mandated political representation and quotas for disadvantaged castes in education and government employment have a mixed empirical record (Asher et al., 2018; Chauchard, 2017; Deshpande, 2011; Jensenius, 2015; Hnatkovska et al., 2012; Ramachandran, 2023; Bhavnani, 2017). Reparations offer an alternative—and understudied—approach to addressing deep-rooted disparities. This paper is the first to empirically examine caste-based reparations.

2 Theoretical Perspectives

Reparations are principally a means to acknowledge and redress harm, material or moral. For instance, one of the goals of reparations in a transitional justice setting is to compensate the victims of violence for harms inflicted by the state or suffered as a result of the state's failure to prevent

conflict (Guarin and Londoño-Vélez, 2024), while reparations for historical injustice are meant to compensate for economic losses suffered by a group in the past. Thus, Darity and Mullen (2020), discussing the case of the U.S., explicitly link the magnitude of reparations to the racial wealth gap. Although the justification for reparations is retrospective in that it stems from harms suffered due to enslavement, Jim Crow, and geographic or neighborhood-based racial discrimination (Massey and Denton, 1993; Ahlfeldt and Mastro, 2012), the goal is ultimately prospective: reduced intergroup inequality in the future.

Caste-based discrimination has taken a wide variety of forms, several of which have been discussed by scholars (Mohan, 2015; Saradamon, 1980; Teltumbde, 2020a). Perhaps its starkest face is untouchability, a practice in which people from the so-called "untouchable" castes are considered "impure" and segregated from the rest of society (Vaid, 2014; Ambedkar, 1990). Significant resource disparities between Dalits and dominant castes persist even today.

The case for caste reparations for Dalits rests, as Thorat and Aquil (2021) put it, on "injustices suffered due to untouchability as well as caste-mandated slavery." Thorat and Aquil (2021) add, "They [Dalits] were not adequately compensated for the loss of property, wealth accumulation, certain kind of work and denial of education suffered for the longest period by any social group elsewhere."

Caste-based interventions are not uncontroversial. Critics argue they perpetuate caste identities, benefit only a privileged few, and compromise meritocracy (Mehta, 2004; Gupta, 2005). Even if the purposes under-girding caste-based reparations are normatively valid, arriving at a well-rounded judgment on such interventions requires empirical evidence on their consequences, particularly because many policies fail to live up to their goals.

As we discuss below, the impacts of reparations policies are theoretically ambiguous. Reparations policies could potentially lead to economic advancement and social integration of marginalized groups, addressing historical injustices and reducing intergroup inequalities. Alternatively, deeply entrenched structural barriers and social norms might persist, limiting the effectiveness of wealth transfers in fostering meaningful change. A third possibility is that such

policies provoke backlash from dominant groups, potentially exacerbating social tensions and undermining the intended benefits of reparations. These three competing theoretical expectations structure our empirical inquiry.

2.1 Advancement

If caste-based reparations reach intended beneficiaries, they should first improve Dalit households' economic conditions. Large wealth transfers can enable escape from poverty traps by overcoming credit constraints and facilitating productive investments (Banerjee et al., 2015; Carter and Barrett, 2006). This could increase asset ownership, entrepreneurship, and income generation among Dalits, potentially narrowing the wealth gap with other caste groups.

Improved economic conditions may lead to positive social and psychological outcomes, including greater subjective well-being and better mental health (Blattman et al., 2014; Haushofer and Shapiro, 2016; Kahneman and Deaton, 2010; Lund et al., 2011). Beneficiaries may also view the government as more responsive (Lijphart, 1999).

Furthermore, since these wealth transfers are made by the government with the recognition that inequality needs to be reduced, the beneficiaries of these transfers are likely to see the government as responsive to their concerns (Lijphart, 1999). These effects should operate primarily at the individual level.

The social effects of reparations are likely more complex. Eligibility for wealth transfers is defined at the group level rather than the individual level, and hence any social effects will likely manifest as broader changes in inter-group relations rather than only inter-personal relations. Nevertheless, there are reasons to think that reparations could improve social relations and integration, particularly if economic complementarities exist between resources transferred to beneficiaries and those owned by dominant groups (Jha, 2013). Conflict over finite local resources and redistributive pressures may decrease, leading to reduced salience of caste, caste-based conflict and improved social cohesion (Huber and Suryanarayan, 2016; Easterly and Levine, 1997; Cederman et al., 2011). Economic gains provide an individual or household with

greater resources that they could use to increase community participation, social interactions, and investments in education and housing, all of which enhance social status and social integration (Adams and Cuecuecha, 2010; Attanasio et al., 2012; Fafchamps and Minten, 2002).

Psychological mechanisms may also improve inter-group relations. Reparations can change stereotypes about Dalits' economic standing, potentially reducing statistical discrimination and shifting inter-caste interaction norms (Chauchard, 2017; Deshpande, 2011). This aligns with modernization theory, suggesting economic development can reduce ascriptive identities' salience (Lipset, 1959). Increased wealth may enable marginalized groups to boost market participation, creating avenues for contact with non-Dalits and fostering social cohesion (Lowe, 2021; Mousa, 2020).

2.2 Persistence

The persistence hypothesis posits that elite capture, psychological mechanisms, and structural barriers may limit wealth transfers' effectiveness. Scholars have highlighted how weak state capacity and elite capture can significantly hinder the effective implementation of redistributive policies, potentially preventing wealth transfers from reaching their intended beneficiaries (Anderson et al., 2015; Bardhan and Mookherjee, 2000; Olken, 2006; Reinikka and Svensson, 2004).

The relationship between economic resources and well-being is complex, mediated by relative comparisons and adaptation, and increases in wealth may not necessarily translate into improved well-being or social status (Diener et al., 2010; Easterlin, 1995). Dalits might experience only short-term improvements as they adapt to new economic circumstances or their reference group for social comparisons shifts.

Caste-based inequalities may be too deeply embedded in social structures to be overcome by one-time wealth transfers (Tilly, 1998; Chauchard, 2014; Girard, 2018). Caste discrimination has persisted despite urbanization, technological change, and globalization (Deshpande, 2011; Jodhka and Manor, 2018; Yengde, 2019). Ingrained social norms concerning purity, endogamy, and

segregation might persist despite economic improvements (Chauchard, 2014). Untouchability, originating around 200-400 CE (Thorat and Aquil, 2021), while reduced, is still practiced in contemporary India, and villages remain segregated by caste.[4] Segregation and discrimination in labor markets, housing, and social interactions may continue to hinder Dalit advancement and integration (Thorat and Attewell, 2007; Pager and Shepherd, 2008). Existing social networks and information asymmetries could maintain dominant groups' advantage (Granovetter, 1973; Munshi and Rosenzweig, 2006), potentially limiting economically successful Dalits' access to certain opportunities due to persistent caste prejudices.

Labor market research indicates that economic gains do not necessarily reduce discrimination. Madheswaran and Attewell (2007) found that 20% of the Dalit/non-Dalit earnings gap is due to discrimination, with Dalits receiving lower returns on education. Thorat and Attewell (2007)'s correspondence study revealed that even highly educated Dalit applicants face disadvantages in the formal private sector. Similarly, Deshpande and Newman (2007) noted that Dalit graduates expect lower earnings than non-Dalit peers with similar credentials. Internalized stigma and low aspirations resulting from historical marginalization might block the full utilization of resources provided through reparations (Appadurai, 2004).

Similar forms of continuity are observed in other contexts. Prominent critiques of reparations in the U.S. focus on how they provide no clear remedy for the entrenched disadvantages confronting African Americans (Balfour, 2023). In Brazil, Telles (2004) suggests that even with drastic gains in mobility by disadvantaged groups, entrenched inequalities could take generations to overcome.

Moreover, reparations might inadvertently reinforce caste identities and divisions. By targeting benefits specifically to Dalits, the policy could heighten the salience of caste categories and lead other groups to feel excluded (Mehta, 2004; Gupta, 2005). This could serve to entrench caste divisions, rather than fostering integration.

In sum, the persistence hypothesis cautions against overly optimistic expectations about the transformative power of reparations. While some economic improvements may occur, broader

[4]The nationally representative India Human Development Survey 2011-12 found nearly 30% of households reported practicing untouchability (Desai et al., 2018).

social and cultural changes may lag behind, and economic advances may be short-lived.

2.3 Retrenchment

The retrenchment hypothesis, grounded in theories of intergroup conflict and status threat, posits that group-targeted wealth transfers may provoke backlash, potentially undermining intended benefits and causing social harms to beneficiaries. Social identity theory holds that group membership affects individual esteem (Kalin and Sambanis, 2018; Shayo, 2009), and group-targeted policies can increase identity salience (Transue, 2007; Richeson and Craig, 2016). If individuals derive esteem from group status and group status is based partly on wealth comparisons, then a narrowing of the group-based wealth gap threatens those who identify with higher status groups (Tajfel and Turner, 1979; Brown, 2000). By explicitly designating Dalits as beneficiaries of substantial wealth transfers, the policy may heighten awareness of caste distinctions, reinforce group boundaries, and threaten the social status of dominant groups, potentially leading to increased discrimination, exclusion, or violence (Craig et al., 2018; Suryanarayan, 2019).

The retrenchment hypothesis also draws on theories of group competition over resources (Esses et al., 1998; Bobo and Zubrinsky, 1996). Non-Dalit groups might view reparations as unfairly advantaging Dalits at their expense (Norton and Sommers, 2011), or perceive the policy as reducing resources available for other social programs or development initiatives, leading to increased intergroup tension and conflict.

Historical evidence suggests that improvements in the economic status of marginalized groups can sometimes provoke violent reactions (Wilkerson, 2020); backlash against caste-based reparations could thus escalate into social conflict targeting Dalits. Economically empowered Dalits might also face new forms of discrimination or exclusion as dominant groups seek to reassert their social dominance (Sharma, 2015; Girard, 2021). This could include barriers to accessing local institutions, exclusion from social events, or obstacles to utilizing their newfound economic resources effectively. If backlash results in increased discrimination in labor markets or

reduced social interactions, Dalits may confront diminished opportunities. Social ties and neighborhood environment exert a powerful influence on on subjective well-being (Ludwig et al., 2012), and increased hostility or resentment from other groups might lead to stress and diminished well-being among Dalits, potentially offsetting the positive effects of the economic transfers (Pascoe and Smart Richman, 2009).

There is some empirical research on inter-caste relations that lends support to the social backlash aspect of the retrenchment hypothesis, though it does not establish a causal link between Dalits' economic gains and their relations with other castes. Sharma (2015) finds that caste-based violence is correlated with a reduction in the consumption gap between Dalits and non-Dalits, while Chakraborty et al. (2006) argue that Dalits' economic gains tend to unsettle pre-existing social relationships and prompt an increase in caste-based atrocities. Girard (2021) finds that the implementation of mandated political quotas for Dalits in local governments led to increased violent crime against Dalits. Media reports, too, document many instances of Dalits being harmed by dominant groups for displays of wealth including those of a Dalit man beaten for "dressing well and wearing goggles [sunglasses]" (India Today, 2023), a 13-year old boy beaten for wearing leather shoes typically worn by upper caste men (BBC News, 2018), and Dalit wedding processions received with hostility and violence when passing through neighborhoods housing other castes (The Wire, 2024).

Policy backlash, a distinct but related phenomenon to social backlash, may also occur in response to reparations. While some policies generate supportive coalitions that ensure their survival and durability, others spark counter-mobilization (Patashnik, 2023). The resentment generated by perceived favoritism towards one group can translate into broader opposition to equality-enhancing measures (Lowery et al., 2006).

In the Indian context, policy backlash could manifest as increased resistance to existing affirmative action policies for Dalits in government employment and higher education. These policies are already widely unpopular among upper castes, often criticized as violating meritocratic ideals and primarily benefiting relatively affluent Dalits (Deshpande, 2011;

Subramanian, 2019). Some opponents advocate for replacing caste-based affirmative action with policies favoring economically disadvantaged individuals regardless of caste (Deshpande, 2011). If reparations are seen as substantially improving Dalits' economic status, it could lead to a belief that there is less need for ongoing targeted policies (Alesina and Giuliano, 2011). This perception, whether accurate or not, might reduce support for caste-based affirmative action and other redistributive measures specifically aimed at Dalits. Consequently, the implementation of reparations could paradoxically undermine long-term support for policies designed to address persistent inequalities, even if those inequalities remain intact.

These three hypotheses—advancement, persistence and retrenchment—reflect outcomes that can reasonably be anticipated in light of the existing research discussed above. We do not, *a priori*, see one hypothesis as more plausible than the other, and this uncertainty around competing hypotheses motivates our empirical analysis and emphasis on the social and political consequences of reparations policies, in addition to impacts on material well-being.

3 Context

Caste is a hereditary status group that is traditionally associated with an occupation and has a certain position within a social hierarchy (Deliège, 2011; Vaid, 2014). The caste system is a social hierarchy composed of thousands of endogamous groups called *jatis*. The caste system is among the oldest systems of social stratification in the world, extending to Muslims, Christians and Sikhs in India (Teltumbde, 2020b).[5] Caste is also a key basis for political competition and distributive politics (Chandra, 2004).

Castes are often grouped under categories defined by the government, such as scheduled castes (SCs), other backward classes (OBCs or BCs), and other castes or upper castes (OCs or UCs). SCs, also referred to as Dalits (which translates to "broken"), are at the bottom of the caste hierarchy. Dalits were traditionally relegated to menial occupations such as manual scavenging

[5]In a survey of 135,510 households conducted by the Centre for Monitoring Indian Economy in February 2022, over 90% of Muslim, Christian, Sikh and Buddhist households also indicated a caste identity.

and tanning, and treated as untouchable due to the ritual "impurity" of such occupations. Accompanying these notions of purity is a long history of subjugation of, and stark discrimination against, lower caste individuals and communities (Yengde, 2019). Decades of ethnographic research has documented how residential spaces in villages are segregated by caste, and that the location of a caste's neighborhood reflects its position on the caste hierarchy, with Dalits typically living in the periphery (Ahmad, 1965; Bharathi et al., 2020; Singh and Khan, 1999; Srinivas, 1959). As the nationally-representative India Human Development Survey conducted in 2011-12 found, Dalits still live in neighborhoods separate from other castes in nearly 60% of India's villages (Desai et al., 2018).

Caste plays a major role in shaping economic opportunities and outcomes. Bharti (2018) estimated that the annual household income of Dalit households in India is just about half that of upper caste or OC households. While the most privileged castes are approaching the global frontier in years of education, the gap between them and Dalits remains persistent (Lamba and Subramanian, 2020). Socioeconomic mobility continues to be stratified by caste (Asher et al., 2018), in part because caste networks shape access to capital and influence the kinds of income generating activities that individuals pursue (Munshi, 2019). Even though market reforms have created new opportunities for Dalits to pursue upward mobility (Kapur et al., 2010), relatively privileged castes have benefited more from the kinds of jobs and opportunities created in modern sectors of the economy (Yengde, 2019), particularly in export-oriented industries like technology and business process outsourcing (Deshpande, 2011). Furthermore, there is little evidence to show that urbanization is unequivocally eroding intercaste boundaries (Thachil, 2017).

Caste disparities have prompted several policy responses. A range of social movements across the country have facilitated legal recourse to the victims of caste-based discrimination. The Indian Parliament declared untouchability to be a punishable offence in 1955, and enacted legislation to deter caste-based violence in 1989. Although caste-based discrimination remains widespread, such legal measures have led to greater integration of civic spaces (Thorat, 2018).

The best studied policy intervention is a system of mandated political representation that

assures seats for Scheduled Castes and Scheduled Tribes in village councils and state legislative assemblies. Prior studies provide little evidence that this system has had positive effects on Dalits' material circumstances (Dunning and Nilekani, 2013; Jensenius, 2015; Gulzar et al., 2021; Chauchard, 2014), in part because Dalits constitute a minority of all voters and political parties must cater to multi-ethnic coalitions, even if candidates or leaders are Dalits (Bhavnani, 2017). Moreover, quotas in local governments rotate across seats and the power of dominant castes may be unaffected by a single term.

On the other hand, affirmative action in education and public employment, implemented at the state or national level, has significantly increased educational attainment (Cassan, 2019) and helped create a Dalit middle class (Yengde, 2019). Other government schemes offer subsidized credit to historically marginalized groups, though credit access gaps remain pronounced. National and state governments in India have also implemented an array of welfare programs that are intended to be targeted based on need and poverty. Such programs provide cash transfers, housing, employment, subsidized food, and other benefits.

To this literature on the varied policy responses to caste inequalities, we contribute a study on reparations as an alternative approach to addressing the long-standing disparities facing Dalits. It is worth noting why group-targeted reparations programs may have distinctive economic and social impacts from other types of programs. Unlike poverty or need-based programs, these programs explicitly target an identity group, potentially raising the salience of ethnic identity and status (Tajfel and Turner, 1979; Shayo, 2009). Unlike interventions that seek to bridge social divides through contact (Lowe, 2021; Mousa, 2020), reparations seek to target economic disparities between groups. While mandated political representation recognizes historical injustice and mitigate bias in substantive material outcomes through descriptive representation, reparations seek to mitigate group-level economic inequality directly and more intensively. In this sense, reparations programs share a commonality with group-targeted programs like affirmative action in education and employment. Unlike such programs, however, reparations seek to remedy inequality through one-time transfers.

The economic impacts of reparations have been evaluated primarily in the realm of transitional justice for victims of violent conflict (Guarin and Londoño-Vélez, 2024). To our knowledge, this is the first study of the potential of large wealth transfers for mitigating historically-rooted inequalities, with a focus on social and political consequences.

4 Research Design

The state of Telangana in South India, the site of our study, is no exception to national patterns. The caste disparities prevalent in rural Telangana are aptly illustrated by the inequality in landownership. As shown in Figure A9 in the supplementary materials, based on our survey data (which we describe in greater detail later in this section), Dalits (or SCs) are significantly less likely to own land and typically own much smaller plots of land, relative to BCs and OCs. Rural inequalities map onto urban inequalities, as castes dominant in rural Telangana, notably the Reddys, are also dominant in the state's prominent industrial sectors like mining, construction, steel production, technology and pharmaceuticals (Damodaran, 2008).

Our study is based on the Dalit Bandhu program, which provides capital assistance to the equivalent of one million rupees—approximately $12,000, roughly five times the annual income of the median household—to Dalit families in the South Indian state of Telangana. This policy initiative is explicitly aimed at redressing historical injustices and leveling persistent inequalities, as reflected in the description furnished by the government.[6] The government went on to add that this one time capital assistance is being provided to Dalit families "to establish suitable income generating schemes as per their choice."

[6]This description is taken from the website of the Telangana state government: `https://Dalitbandhu.telangana.gov.in/`.

> Eradication of poverty remains a challenge in economic development. People belonging to the scheduled castes are the most downtrodden, depressed sections lying at the bottom line of the Indian society. The most inhuman of practice 'untouchability' was historically the root cause of this deplorable state that this section of people find themselves in. The backwardness is not just economic as it is social too. Recognising the grave injustice that has been meted out to these sections of the society over centuries, Government of Telangana, has decided to come up with a revolutionary intervention which will propel the scheduled caste families into economic development in a big way thereby ensuring social dignity.

Dalit Bandhu was launched in 2021 after the defection of a senior ruling party politician to an opposition party set off a crucial by-election. From 2014 to 2023, Telangana was ruled by the Telangana Rashtra Samiti (TRS), a regional party under the leadership of K. Chandrashekar Rao or KCR (Benbabaali, 2018), based primarily in the state of Telangana.[7] In 2021, the TRS commanded a comfortable majority in the legislative assembly,[8] but was beginning to confront a competitor in the Bharatiya Janata Party (BJP), which sought to build its presence in Telangana.

In June 2021, senior TRS leader and former state health minister Eatala Rajender defected to the BJP.[9] In line with laws governing party switching in India, this set off a by-election three months later in Huzurabad, the constituency that Rajender had represented since 2009. Prior to the by-election, the TRS government in Telangana announced the launch of the Dalit Bandhu scheme, to be implemented on a pilot basis starting in Huzurabad constituency.

The selection of Huzurabad as the pilot constituency for Dalit Bandhu was driven by transparent electoral considerations rather than constituency-specific socioeconomic criteria or caste disparities–the TRS was keen to win the by-election and deny the BJP a political foothold in the state. Addressing a meeting of party workers, KCR remarked, "Yesterday, someone asked me whether I have selected Huzurabad segment for Dalit Bandhu only for the Assembly polls? TRS is not a *sannyasula matham* [monastery for monks]. It is definitely a political party, and why shouldn't we introduce a scheme? We are introducing the Dalit Bandhu because TRS is in power and I am the Chief Minister. When we work, we seek political gain."[10] Other welfare programs in

[7]TRS was later renamed as the Bharatha Rashtra Samiti, or BRS.

[8]Of the 119-member assembly, 88 members were of the TRS.

[9]India Today. "Opinion: What Does the Eatala Rajender Challenge to KCR Mean?" India Today, October 25, 2023. https://www.indiatoday.in/opinion/story/opinion-what-does-the-eatala-rajender-challenge-to-kcr-mean-2453490-2023-10-25.

[10]The New Indian Express. "Dalit Bandhu Defence: Why Shouldn't We Seek

Telangana, such as *Rythu Bandhu* which provides cash transfers based on land ownership, have tended to disproportionately benefit non-Dalit farmers who typically own more land. This context may have made Dalits particularly responsive to a program specifically targeted at their community.

In Huzurabad constituency, the government gave orders to implement Dalit Bandhu "on saturation mode," covering all Dalit households. Within a short time prior to the by-election, approximately 17,000 families benefited from the program in Huzurabad. By contrast, implementation in other areas has been gradual. As of mid-2024, only about 200 households per constituency benefited from the program in the remaining 118 constituencies. District-level bureaucrats identified beneficiaries in Huzurabad using data from the 2014 Telangana Intensive Household Survey conducted by the Government of Telangana, during which government employees collected data on household size and assets from over eight million households in the state.

The program provided one-time capital assistance of Rs. 1 million (approximately $12,000) to Dalit households as a grant, which was released directly to the head of the household by means of a bank transfer. Banks were directed to create a special account for each beneficiary to facilitate this transfer, called the Telangana Dalit Bandhu Account. All transactions on these accounts were reported to district-level bureaucrats, and beneficiaries could only withdraw money with the approval of the administrative head of the district.

Beneficiaries were allowed to use Dalit Bandhu funds on any income generating asset or activity of their choice. While the government furnished a list of illustrative assets, beneficiaries were permitted to go beyond the list.[11] Our survey data suggests that cars, tractors/trailers, and milch animals were the most commonly chosen assets, reported by 23%, 18% and 15% of

Political Gain, Asks Telangana CM KCR." The New Indian Express, July 22, 2021. https://www.newindianexpress.com/states/telangana/2021/Jul/22/Dalit-bandhu-defence-why-shouldnt-we-seek-political-gain-asks-telangana-cm-kcr-2333502.html.

[11] A government letter dated July 3, 2022 clarified that a list of "illustrative schemes" shall be made available for "guidance," that "households have full liberty" to choose any scheme that is "financially viable and generates sizeable income" and that the government may provide "necessary counseling and guidance" where a beneficiary is unable to choose an asset on their own.

beneficiaries respectively and illustrated with photos from fieldwork in Figure 2.[12] When asked how Dalit Bandhu had impacted their household, 51% of the beneficiaries in our sample reported that they now had greater income, 35% reported a change of occupation and 21% reported reduced income volatility.

Figure 1: Example Benefits Under Dalit Bandhu Program (December 2022, Copyright Authors)

To evaluate the impact of this large-scale wealth transfer, our study focuses on a comparison between Huzurabad and six adjacent constituencies, which share a common history, economy, culture, and politics. Between October and December 2023, we conducted a survey of 3,184 households in 38 villages located within a narrow bandwidth of about 1.5 kilometers along the Huzurabad constituency border.[13] The location of these villages within the state of Telangana is

[12]Table A14 in the supplementary materials list all assets chosen by at least 10 beneficiaries in our sample.
[13]We chose the finest possible bandwidth that would provide us with a sample of at least 30 villages.

given in Figure A8 in the supplementary materials.

This research design provides a credible estimate of the effects of the Dalit Bandhu program because of the manner in which the program was implemented. As described above, Huzurabad constituency was selected with an electoral motive (rather than its socio-economic characteristics). Further, the government sought to provide Dalit Bandhu benefits to all Dalit households in Huzurabad, whereas few households benefited outside of Huzurabad. Hence, we use the following intent-to-treat regression framework to compare households in Huzurabad with those outside of Huzurabad:

$$Y_{ij} = \beta_0 + \beta_1 T_j + X_{ij}\,\gamma + \varepsilon_{ij} \tag{1}$$

Where Y_{ij} is outcome Y for household i in village j; T_j is a binary variable indicating whether village j is in Huzurabad constituency (and hence treated with Dalit Bandhu); and X_{ij} includes controls for the respondent's age, gender and years of education. β_1 is the quantity of interest. Standard errors ε_{ij} are clustered at the village level. As a robustness check, for all outcomes described below, we also estimate this linear model with standard errors clustered at the level of the constituency, of which there are seven in our sample, using the wild bootstrap procedure (Cameron et al., 2008; Nyhan, 2015). To confirm the stability of our estimates, we conduct a leave-one-out robustness check for all outcomes described in this section, re-estimating Equation (1) multiple times leaving one village out at a time. We also compute estimates without controls.

The state legislative constituency boundaries were drawn by the Delimitation Commission of India in 2008 based on the 2001 census data. Hence, they were pre-determined and stable prior to the implementation of Dalit Bandhu. Nonetheless, we conduct a series of tests to verify that there no systematic differences between treated areas and comparison areas, which might confound our estimate of β_1. First, we compare Huzurabad constituency with neighboring constituencies using data from the last census conducted in 2011. As shown in Table 1, these constituencies are quite similar in terms of literacy rates, per capita consumption and dependence on cultivation. They are all rural constituencies, in which Dalits constitute roughly 20% of the population. Furthermore, in the 2014 elections to the Telangana state assembly, these constituencies reported strikingly similar

levels of voter turnout.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Constituency	Per capita consumption (annual Rs)	Share of households with main income from cultivation	Population	Voter turnout in 2014	SC population share	Rural population share	Urban population share	Literate population share
Huzurabad	**22,963**	**0.20**	**279,781**	**77.32**	**0.21**	**0.96**	**0.04**	**0.61**
Manakondur	22,310	0.21	262,500	80.28	0.22	1.00	0.00	0.56
Husnabad	21,731	0.23	307,699	80.73	0.21	1.00	0.00	0.57
Waradhanapet	20,932	0.17	214,584	77.93	0.24	0.91	0.09	0.57
Peddapalle	22,288	0.21	299,400	75.94	0.18	0.86	0.14	0.57
Parkal	21,700	0.23	240,167	84.89	0.23	0.95	0.05	0.58
Bhupalpalle	22,670	0.23	329,718	79.73	0.20	0.87	0.13	0.55

Notes: All columns based on data from the 2011 census, except for column (4), which is based on data collected by Jensenius and Verniers (2017). Census data was organized at the constituency-level by Asher et al. (2021).

Table 1. Comparison of Huzurabad with neighboring constituencies

Next, we look at a village-level comparison. The sample for our household survey includes 38 villages located along the border of Huzurabad constituency, including 16 villages within Huzurabad constituency and 22 in other constituencies. In Table 2, we compare sample villages in Huzurabad to those in other constituencies using the 2011 census data. Villages within Huzurabad constituency are virtually indistinguishable from villages in neighboring constituencies on a wide range of characteristics pertaining to population composition, economic characteristics and public services. Perhaps the main differences are that the average village in Huzurabad has more households and receives slightly lesser power supply in winter months.

Our strategy for causal identification is premised on the assumption that, aside from Dalit Bandhu, there are no significant differences affecting Dalits' well-being and relations with other castes in Huzurabad relative to neighboring villages in neighboring constituencies. The evidence above suggests this assumption is plausible—the similarities at the constituency-level and village-level are overwhelming. In addition to these similarities, our household survey data suggests that the disparities in land ownership between Dalit and non-Dalit households are similar on either side of the Huzurabad constituency border. As shown in Figure 2, the gap in landownership between Dalit and non-Dalit households is much the same in Huzurabad as it is in neighboring villages. This is crucial since land is a key determinant of economic prosperity in an agrarian economy as well as inter-caste relations.

		Huzurabad	Not Huzurabad	Difference	p-value	N
(1)	Share of SC population	0.24	0.25	0.00	0.89	38
(2)	Share of ST population	0.01	0.01	0.00	0.68	38
(3)	Share of female population	0.50	0.50	0.00	0.27	38
(4)	Share of literate population	0.57	0.55	0.03	0.02	38
(5)	Self Help Group	1.00	1.00	0.00		38
(6)	Number of households	816.00	730.86	85.14	0.53	38
(7)	Net Area Sown (proportion of total area)	0.57	0.54	0.03	0.67	38
(8)	Unirrigated area (proportion of total area)	0.39	0.38	0.01	0.90	38
(9)	Employment (share of population)	0.07	0.07	0.00	0.97	36
(10)	Manufacturing employment (share of population)	0.03	0.02	0.00	0.68	36
(11)	Services employment (share of population)	0.04	0.04	0.00	0.64	36
(12)	All weather road	1.00	1.00	0.00		38
(13)	Public bus	0.88	0.86	0.01	0.92	38
(14)	Closed drainage	0.00	0.00	0.00		38
(15)	Tap water (treated)	0.69	0.91	-0.22	0.11	38
(16)	River/canal access	0.38	0.14	0.24	0.11	38
(17)	Mobile phone coverage	1.00	1.00	0.00		38
(18)	Power supply for agricultural use in summer (April-September) per day (in hours)	7.00	7.00	0.00		38
(19)	Power supply for agricultural use in winter (October-March) per day (in hours)	8.00	8.41	-0.41	0.00	38
(20)	Bank (commercial or cooperative)	0.06	0.14	-0.07	0.45	38
(21)	Public Distribution System	1.00	1.00	0.00		38
(22)	Nutrition Center (ICDS or Anganwadi)	1.00	1.00	0.00		38
(23)	Community health workers (ASHA)	0.94	1.00	-0.06	0.32	38
(24)	Public library or reading room	0.06	0.05	0.02	0.83	38
(25)	Community center	0.12	0.05	0.08	0.41	38
(26)	Tractors available	0.94	0.86	0.07	0.45	38
(27)	Mandi (regular market)	0.06	0.05	0.02	0.83	38
(28)	Haat (weekly market)	0.06	0.09	-0.03	0.75	38

Notes: Rows (9) to (11) are based on data from the 2013 economic survey. All other rows draw on data from the 2011 census.

Table 2. Comparison of sample villages within, and outside, Huzurabad constituency

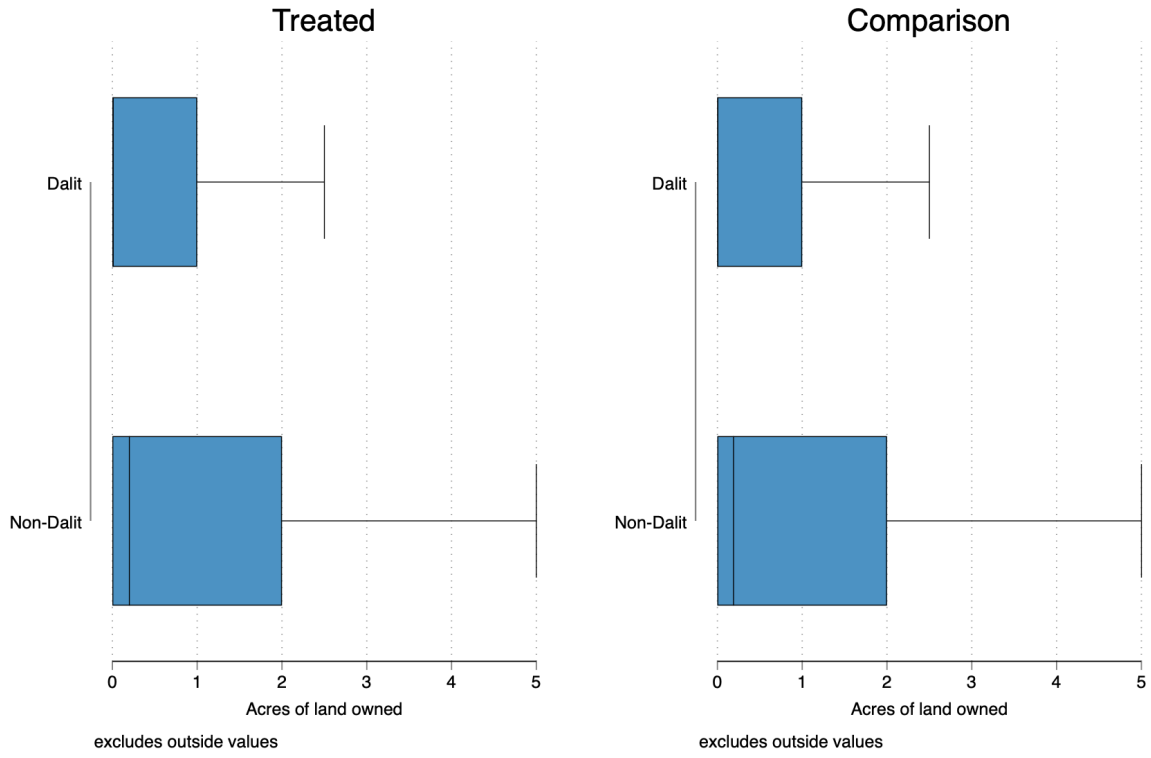


Figure 2: Differences between Dalits and non-Dalits in land ownership, based on survey data

Furthermore, differential migration across constituency boundaries does not pose a threat to our identifying assumption. In our survey sample, 88% respondents living in Huzurabad constituency reported that they had always lived in the same village, and 90% respondents living in other constituencies reported the same. Hence, there is little household migration in this context. Since officials used data from a 2014 survey to identify beneficiaries, any migration that occurred after the announcement of the program in 2021 would likely be inconsequential.

Finally, one may worry that perhaps caste relations in the treated villages (in Huzurabad constituency) diverged from those in comparison villages owing to a change in Huzurabad's representative in the Telangana state legislative assembly. This, too, is not a concern because the representative of Huzurabad constituency did not change between the implementation of Dalit Bandhu and the conduct of our survey. As described in the previous section, Dalit Bandhu was implemented because the then-representative changed parties and triggered a by-election. He also won this by-election to remain the elected representative of Huzurabad.

Overall, there is little evidence to indicate the presence of any systematic differences between treated and comparison villages, underscoring the broader point that the selection of Huzurabad constituency for the implementation of Dalit Bandhu was not motivated by differences in development outcomes or socioeconomic characteristics. A causal interpretation of effects estimated using Equation (1) is justified.

Our sample includes 1,784 (56%) Dalit households, 1,075 (34%) BC households and 263 (8%) OC households, spanning a total of 27 *jatis* or endogamous caste groups.[14] To furnish relatively precise estimates of how the program affected Dalit households while assessing how caste reparations shape the attitudes and behavior of non-Dalits, we included both Dalit and non-Dalit households in our sample, oversampled Dalits, and sampled in proportion to population size for Backward Castes (BCs) and Other Castes (OCs). Our household sampling strategy was devised to sample from all major castes living in each village. Prior to beginning the survey in any village, trained survey staff met with the elected head of the village assembly to obtain

[14]The remaining 2% households declined to disclose information on their caste.

information on the number and caste composition of all neighborhoods in the village. They then visited every neighborhood of the village to conduct interviews. In each neighborhood, surveyors selected a road and approached every second or third household along the road to request them to participate in the survey. Surveyors typically started with the main road going through the neighborhood, and then took the first side road or alleyway that appeared. They approached every second household in Dalit neighborhoods and every third household in non-Dalit neighborhoods.

The survey captured a range of outcomes to test our hypotheses. We estimate the impact of Dalit Bandhu on Dalits' economic status using two standardized indices of asset ownership, one pertaining to income generating assets[15] and the other pertaining to household assets.[16] The former relate more closely to capital investments and may have been procured using Dalit Bandhu funds. The latter are more likely to be indicative of household consumption and provide an indication of whether Dalit Bandhu impacted the household's economic well-being.

We measure the impact on Dalits' views of government responsiveness as a standardized index of responses to two questions: The extent to which respondents believe that the Telangana government is responsive to the problems of their community, and the extent to which they believe that people like them have benefited from the programs launched by the Telangana government.[17]

We measure Dalits' subjective well-being as a standardized index of five outcomes, including whether the household is economically better-off today relative to five years ago; whether it is better-off relative to two years ago; whether their standard of living is better relative to that of their parents when they were of a similar age; whether they are satisfied with the household's financial situation; and with their overall life situation. Each of these outcomes corresponds to

[15]Livestock, tractor/trailer, thresher, generator, tubewell, electric or solar pump, diesel pump, car, autorickshaw, thresher, mini tractor, harvester, auto trolley, paddy transplanter, power tiller, clay brick making unit, poultry farm, tent house/lighting sound system, mill for rice, flour and spice, vegetable pandal and shop.

[16]Cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer.

[17]Both these items are measured on a 1 to 4 scale, where 1 is strongly disagree and 4 is strongly agree. The relevant survey questions were worded as follows: (1) "Do you agree that the Telangana government is responsive to the problems of your community?" (2) "Do you agree that people like you have benefited from the schemes launched by the Telangana government?".

how respondents perceive their well-being.[18]

We compute standardized indices for the above outcomes—income generating assets, household assets, views of government responsiveness and subjective well-being—using the methodology in Casey et al. (2012) and Kling et al. (2007). This involves four steps: (1) Orient each outcome so that higher values indicate "better" outcomes; (2) Standardize outcomes into comparable units by subtracting the mean and dividing by the standard deviation in the comparison group; (3) Impute missing values at the treated/comparison group mean; and (4) Compile a summary index as the mean of all outcomes.

To assess the impact on inter-group relations, we analyze data separately for Dalits and non-Dalits. We look at four outcomes common to Dalits and non-Dalits: The extent to which respondents agreed that people from other castes treated them with respect; the extent to which they agreed that lower castes should be allowed to live in the same neighborhoods as higher castes; that non-Dalits would be willing to have a meal with a Dalit person; and that there is a lot of conflict between people of different castes. Additionally, we use one outcome focused only on the Dalit sub-sample, asking if respondents feel comfortable voicing their opinions before dominant castes. Similarly, we use one outcome focused on the non-Dalit sub-sample, asking if other non-Dalits would support a Dalit candidate for the head of the village assembly or *sarpanch*. Finally, to estimate if Dalit Bandhu provoked a policy backlash among non-Dalits, we asked non-Dalits about the extent to which they believe that reservations in jobs and universities should be increased for Dalits, and that government programs providing loans at lower interest rates to Dalits should be continued.[19]

[18]The relevant survey questions were worded as follows: (1) "Compared to five years ago, would you say your household is economically doing better, worse, or about the same today?" (2) "Compared to two years ago, would you say your household is economically doing better, worse, or about the same today?" (3) "Comparing your standard of living with your parents' standard of living when they were about your age, would you say that you are better off, worse off, or about the same?" (4) "How satisfied would you say you are with your household's financial situation: dissatisfied, satisfied, neither satisfied nor dissatisfied?" (5) "How satisfied would you say you are with your life as a whole: dissatisfied, satisfied, neither satisfied nor dissatisfied?".

[19]All measures of inter-group relations and policy backlash mentioned here were measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The relevant survey questions were worded as follows: (1) "Do you agree that in general people from other castes treat you with respect?" (2) "Do you agree that lower castes should be allowed to live in the same neighborhood as higher castes" (3) "Do you agree that other OC and BC people in the village would be willing to have a meal with a Dalit person?" (4) "Do you agree that in this village, there

All questions were piloted extensively and translated in simple terms in the local dialect by professional translators. Surveyors went through multiple rounds of training on this translated questionnaire, training that we conducted in collaboration with survey firm staff. To ensure confidentiality, surveyors were instructed to talk to respondents individually rather than in public spaces, and the data was collected using password-protected tablets and stored in an encrypted form throughout data collection and analysis. Respondents were informed they could skip any question or stop the interview at any time. To further minimize the risk of any harm to respondents from being overheard, no questions on political affiliation or party identification were asked since the survey was fielded just ahead of the assembly elections in Telangana. For sensitive questions on inter-caste relations, respondents were offered the option to enter a response themselves on the tablet rather than answering the question out loud. Questions asking respondents to indicate the degree to which they agreed or disagreed with a statement were accompanied by images illustrating the different levels of agreement (e.g., agree vs. strongly agree), thereby helping us better capture the intensity of respondents' beliefs or behavior, and enabling respondents to select answers themselves if they wanted.[20]

To check that surveyors followed survey protocols, we recorded short random snippets of surveys and listened to the audio, alongside conducting daily checks of the distributions of key variables. The performance of surveyors was also monitored by supervisors based in Huzurabad who conducted spot checks on a daily basis.

Although our research design allows us to credibly estimate the effects of Dalit Bandhu using carefully collected data, some caveats are noteworthy. First, we collected survey data about two years after the launch of the program, which means that our estimates reflect short- to medium-run effects rather than long-term effects of wealth transfers. Second, spillovers are a possibility. Since the government had pledged to expand the program in all of Telangana, it is possible that the

is a lot of conflict between people of different castes?" (5) "Do you agree that you feel comfortable voicing your opinion before OC people?" (6) "Do you agree that other OC or BC people would support a Dalit/SC candidate for sarpanch?" (7) "Do you agree that reservations in jobs and universities should be increased for SCs?" (8) "There are government schemes that give lower interest rates for loans to SCs. Do you agree that these policies should be continued?".

[20] See Figure A4 in the supplementary materials.

anticipation of benefits altered people's beliefs and behavior even outside Huzurabad constituency. To the extent that such spillover effects exist, they probably lead us to underestimate the effects of the program. Third, we were unable to collect data on voting preferences because our survey was conducted prior to elections for the state legislative assembly, held in December 2023, and we found during survey piloting that asking questions about voting behavior or intentions was particularly sensitive.

5 Results

We begin by verifying the first-stage relevance of the Dalit Bandhu program. Table 3 indicates that a majority of Dalit respondents in Huzurabad constituency reported that their household had benefited from Dalit Bandhu, whereas hardly any Dalit respondents outside of Huzurabad constituency reported the same. This confirms that the program benefits reached a majority of Dalits in the treated villages, and that the program was implemented far more intensively in treated villages than comparison villages. As mentioned previously, the assets most commonly received through the program were tractor/trailer, car and milch animals.

	% Dalit Bandhu beneficiaries	No. of Dalit households
Treated Constituency	57.81%	844
Comparison Constituency	2.43%	905

Table 3. Proportion of Dalit Respondents who Reporting Benefit from Dalit Bandhu

5.1 Well-Being and Government Responsiveness

Turning to our hypotheses, we use Equation (1) to estimate the effect on the treated group of Dalits in Huzurabad constituency, relative to the comparison group of Dalits just outside Huzurabad constituency. In Figure 3, we display the estimated effects of the program on four standardized indices—ownership of income generating assets, household assets, views of

government responsiveness and subjective well-being.[21]

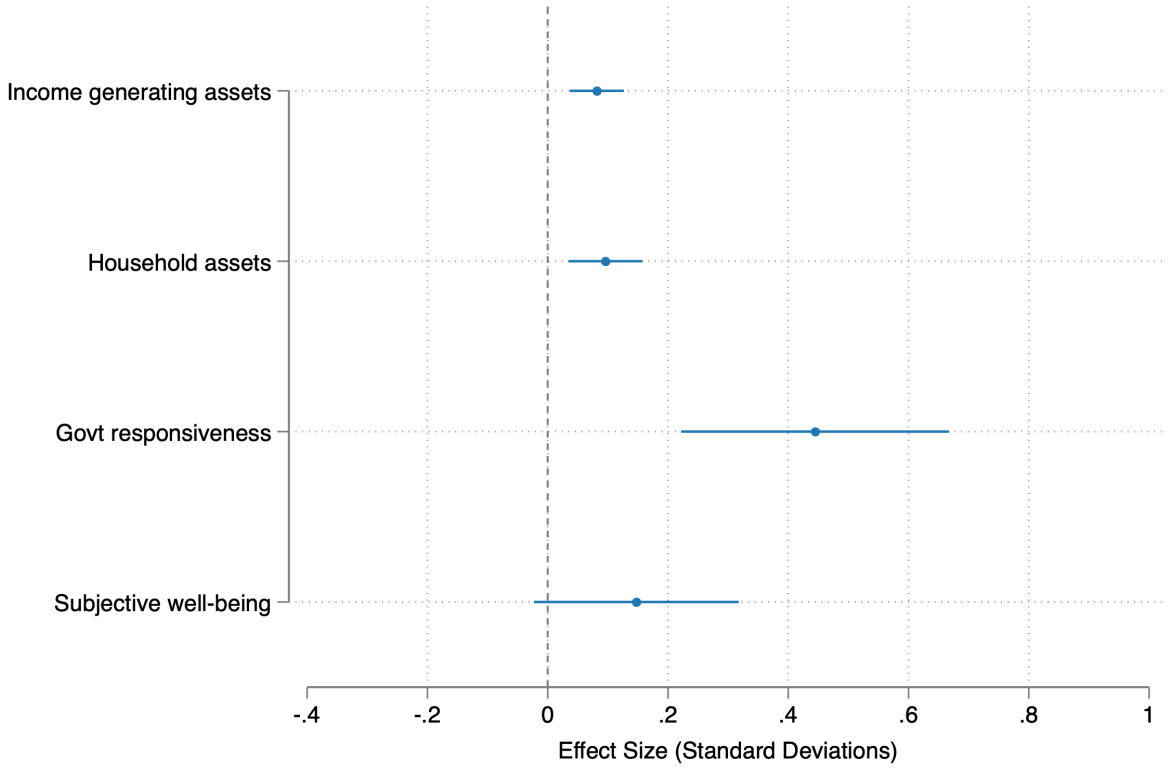
We find that Dalit Bandhu had a significant, positive effect on Dalits' economic well-being. We emphasize that given constraints on state capacity and the threat of elite capture, these positive effects are neither inevitable nor trivial. Figure 3 shows that the program significantly enhanced Dalits' ownership of income generating as well as household assets.

As discussed in the research design section, ownership of income generating assets likely increased because Dalit Bandhu granted beneficiary households with a productive asset, such as a tractor or car. The increase in ownership of household assets, in contrast, corresponds more closely to consumption. It likely reflects that Dalit Bandhu led to an improvement in Dalit households' purchasing power. We further explore this by looking at the effect of the program on certain individual assets, presented in Figure A1 in the supplementary materials. This figure suggests that, among household assets, Dalit households in treated areas were over 150% more likely to report owning a refrigerator, 47% more likely to have a cooler, and 37% more likely to have a television, relative to Dalits in comparison areas.

In terms of whether they owned *at least one* income generating asset, Dalit Bandhu effectively eliminated the gap between Dalits and non-Dalits, as visualized in Figure A5. In comparison areas, Dalits were about 8 percentage points (15%) less likely to own at least one of the income generating assets that comprise our standardized index. By contrast, in treated areas, Dalits were more likely than non-Dalits to own at least one of these assets.

Furthermore, we find that Dalit Bandhu substantially reduced the caste gap in household asset ownership. This is reflected in Figure 4, where we plot the cumulative distribution function (CDF) of the standardized index of household assets, separately for Dalits and non-Dalits. The two CDFs are visibly closer in the treated group relative to the comparison group. To illustrate the practical significance of this finding, we explore whether a household owns any of four costly household

[21] These results are presented in tabular form in Table A3 of the supplementary materials, along with the p-values from the wild cluster bootstrap (WCB) estimation, wherein standard errors are clustered at the constituency level. The WCB p-values present a picture of impacts similar to that in Figure 3. The estimates computed without controls, presented in Table A9, are quite similar to those in Figure 3. The leave-one-out robustness check, presented in Figure A7 in the supplementary materials, confirms the stability of the point estimates.



Notes: Analysis based on survey data from 1,784 Dalit households. The estimation follows Equation (1), with standard errors clustered at the village level. 95% confidence intervals are displayed in the figure. All dependent variables are standardized mean effects indices. The subjective well-being index includes five outcomes: Whether the household is economically better-off today relative to five years ago; whether it is better-off relative to two years ago; whether their standard of living is better relative to that of their parents when they were of a similar age; whether they are satisfied with the household's financial situation; and with their overall life situation. The index of government responsiveness includes two outcomes, both measured on a 1-4 scale: The extent to which respondents agree that the Telangana government is responsive to the problems of their community, and the extent to which they agree that people like them have benefited from the programs launched by the Telangana government. The index of household assets includes outcomes corresponding to household ownership of cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer. The index of income generating assets includes outcomes corresponding to household ownership of livestock, tractor/trailer, thresher, generator, tubewell, electric or solar pump, diesel pump, car, autorickshaw, thresher, mini tractor, harvester, auto trolley, paddy transplanter, power tiller, clay brick making unit, poultry farm, tent house/lighting sound system, mill for rice, flour and spice, vegetable pandal and shop.

Figure 3: Impact on Dalits' well-being and views of government

assets—air conditioner, washing machine, refrigerator and computer. These are often seen as luxury goods, indicative of economic prosperity and status for a household. In comparison areas, Dalit households were 21 percentage points less likely to own at least one of these assets relative to non-Dalit households, reflecting a large caste gap. In treated areas, as shown in Figure A6, this gap is 25% smaller.

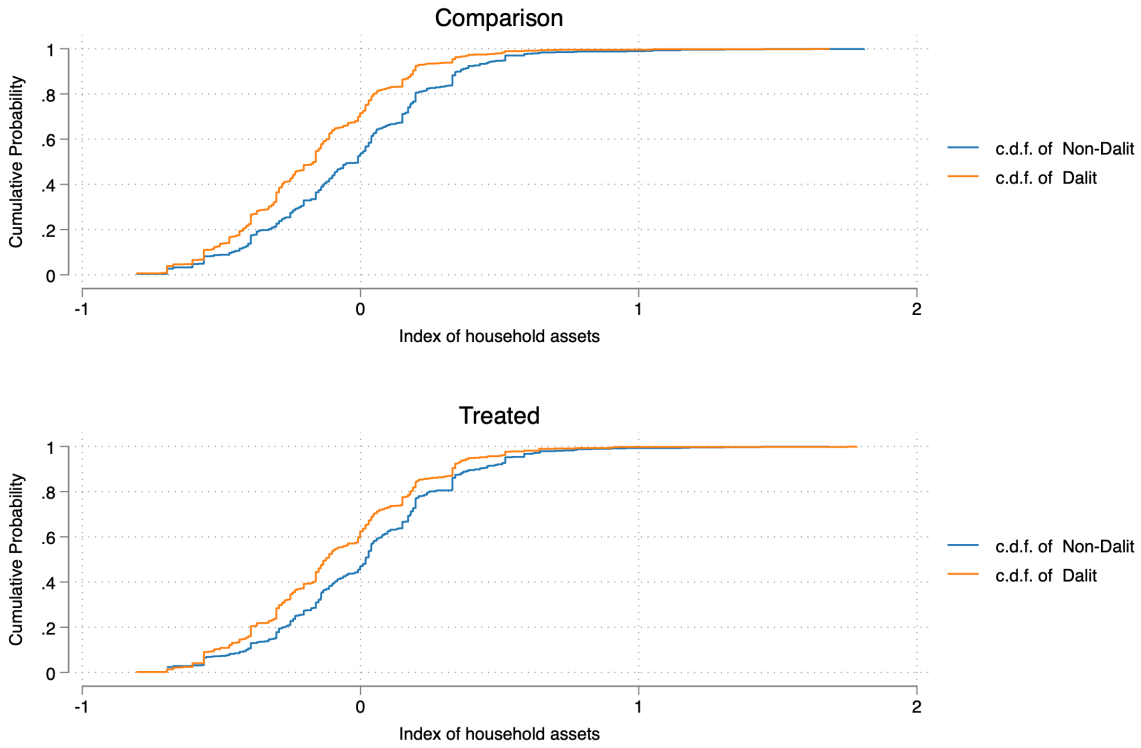


Figure 4: Impact on the caste gap in household asset ownership

Another way to interpret the impact of Dalit Bandhu on caste inequality is to compare the relative positions of Dalits and non-Dalits in terms of asset ownership. To see this, we calculate the percentile rank of households on our standardized index of asset ownership, by village. We then compare the percentile rank for Dalit households with that for non-Dalit households in each village. In comparison villages, the average Dalit household ranked about 12 percentile behind the average non-Dalit household. In treated villages, this gap was 27% smaller.

In addition, Figure 3 also shows that Dalit Bandhu had a large effect on Dalits' views of

government responsiveness.[22] Relative to Dalits outside Huzurabad constituency, those in Huzurabad were significantly more likely to agree that the Telangana government was responsive to their community's problems, and that people like them had benefited from government programs.[23] The magnitude of over 0.4 standard deviations on the index of government responsiveness suggests Dalits attributed the wealth transfer to the state government. When asked whether they believed that the government was responsive to the problems faced by Dalits, the likelihood that a Dalit respondent agreed with that statement was 22% higher in treated areas relative to comparison areas.

Despite the increase in their economic well-being, we do not find evidence showing that the program enhanced Dalits' subjective well-being.[24] While the estimated effect size on the index of subjective well-being is positive in Figure 3, it is statistically indistinguishable from zero. As indicated in Figure A3 in the supplementary materials, by most measures, Dalit Bandhu did not significantly alter Dalits' subjective evaluation of their life circumstances and satisfaction.

5.2 Social Norms and Group Relations

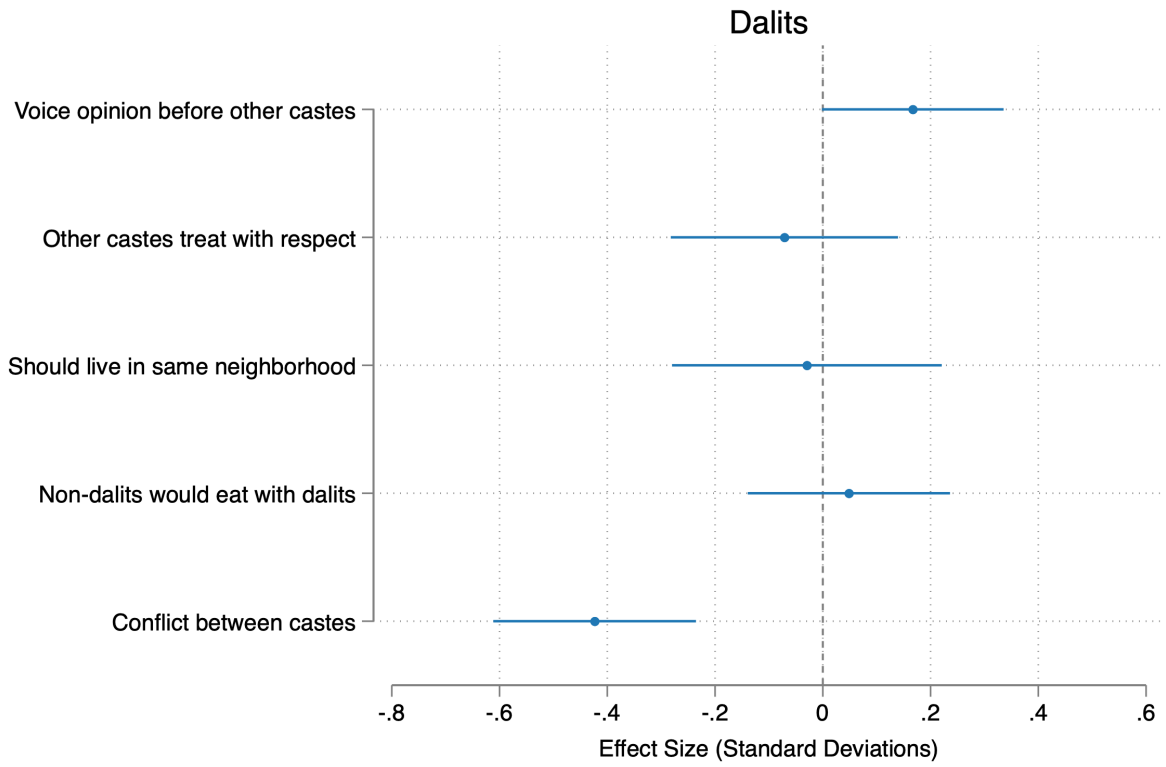
The existing literature pointed us to three competing hypotheses for the effect of Dalit Bandhu: advancement, persistence, and retrenchment. As mentioned in the research design section, we analyze survey data on inter-caste relations separately for Dalit and non-Dalit respondents, while using four measures common to both sets of respondents. This allows us to glean both Dalit and non-Dalit perspectives and obtain a more nuanced picture of how intergroup relations are changing.

We find the program had a positive effect on Dalits' assertiveness, as indicated by the enhanced perception that they felt comfortable voicing their opinion before dominant castes in Figure 5. To understand the significance of this increased confidence, we compare Dalit responses with those of dominant castes or the OCs (other castes). Almost all dominant caste respondents reported feeling

[22] Notably, we find no discernible effect on *non-Dalits'* views of government responsiveness, as shown in Table A13 in the supplementary materials.

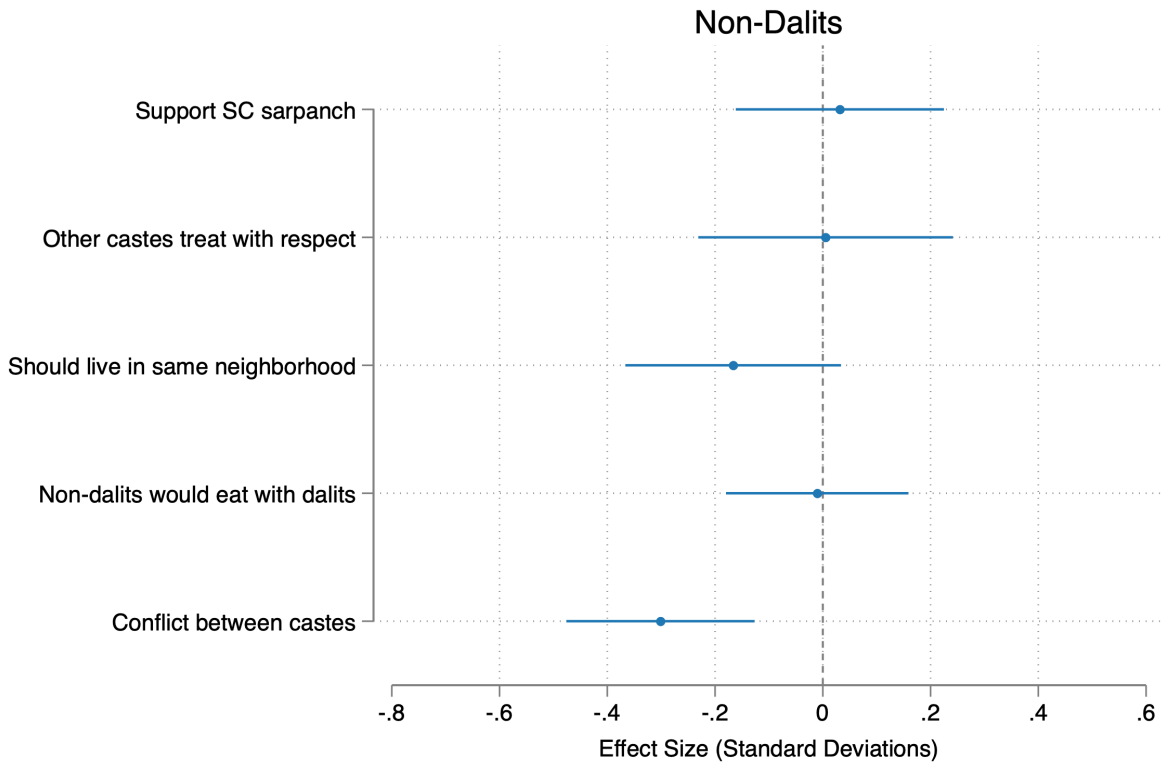
[23] See Figure A2 for impacts on individual measures.

[24] As shown in Table A13, we also do not find evidence showing that the program discernibly impacted non-Dalits' subjective well-being.



Notes: Analysis based on survey data from 1,784 Dalit households. The estimation follows Equation (1), with standard errors clustered at the village level. 95% confidence intervals are displayed in the figure. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. "Voice opinion before other castes" is the extent to which respondents feel comfortable voicing their opinions before dominant castes; "Other castes treat with respect" is the extent to which respondents agreed that people from other castes treated them with respect; "Should live in the same neighborhood" is the extent to which respondents agreed that SCs should be allowed to live in the same neighborhoods as other castes; "Non-dalits would eat with dalits" is the extent to which the respondent agreed that people of other castes would be willing to have a meal with a Dalit person; and "Conflict between castes" is the extent to which the respondent agreed that there is a lot of conflict between people of different castes in their village.

Figure 5: Impact on intergroup relations (Dalits)



Notes: Analysis based on survey data from 1,400 Non-dalit households. The estimation follows Equation (1), with standard errors clustered at the village level. 95% confidence intervals are displayed in the figure. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. "Support SC sarpanch" is the extent to which respondents agreed that other non-Dalits would support a Dalit candidate for the head of the village assembly or sarpanch; "Other castes treat with respect" is the extent to which respondents agreed that people from other castes treated them with respect; "Should live in the same neighborhood" is the extent to which respondents agreed that SCs should be allowed to live in the same neighborhoods as other castes; "Non-dalits would eat with dalits" is the extent to which the respondent agreed that people of other castes would be willing to have a meal with a Dalit person; and "Conflict between castes" is the extent to which the respondent agreed that there is a lot of conflict between people of different castes in their village.

Figure 6: Impact on intergroup relations (Non-dalits)

comfortable voicing their opinion in front of other dominant caste members. In comparison areas, Dalits were 17 percentage points less likely to say that they feel comfortable voicing their opinion before dominant castes, reflecting a big caste gap in assertiveness. Dalit Bandhu reduced this caste gap by nearly 22%.

Although increased Dalit assertiveness point in favor of advancement, inter-caste relations nonetheless exhibit continuity in important ways. This is reflected in Figure 5 and Figure 6.[25] Specifically, there is no evidence suggesting the program changed the extent to which respondents—Dalit or non-Dalit—believed that Dalits should be allowed to live in the same neighborhoods as non-Dalits, or that non-Dalits would be willing to share a meal with Dalits. The program also had no discernible effect on whether non-Dalits would be willing to support a Dalit candidate for sarpanch, or elected head of the village assembly. Residential segregation and lack of commensality are two observable markers of caste traditions, both rooted in notions of ritual "purity." Such norms have relegated Dalits to living and eating separately from others for centuries. We see no evidence that Dalit Bandhu prompted a change in support for these norms.

While there is support for the persistence hypothesis, the results in Figure 5 and Figure 6 show no support for the retrenchment hypothesis in the domain of social norms. We find no discernible indication that intergroup relations deteriorated by any measure, whether reported by Dalits or non-Dalits. Although the estimated effect is negative for whether non-Dalits believe Dalits should be allowed to live in the same neighborhood as other castes, this is statistically indistinguishable from zero.

Indeed, consistent with the advancement hypothesis, both Dalit and non-Dalit respondents reported a decline in inter-caste conflict, suggesting that caste-based social tensions have reduced as a result of Dalit Bandhu. The magnitude of this decline is remarkable, with the effect size being 0.4 and 0.3 standard deviations for Dalits and non-Dalits, respectively. In treated areas,

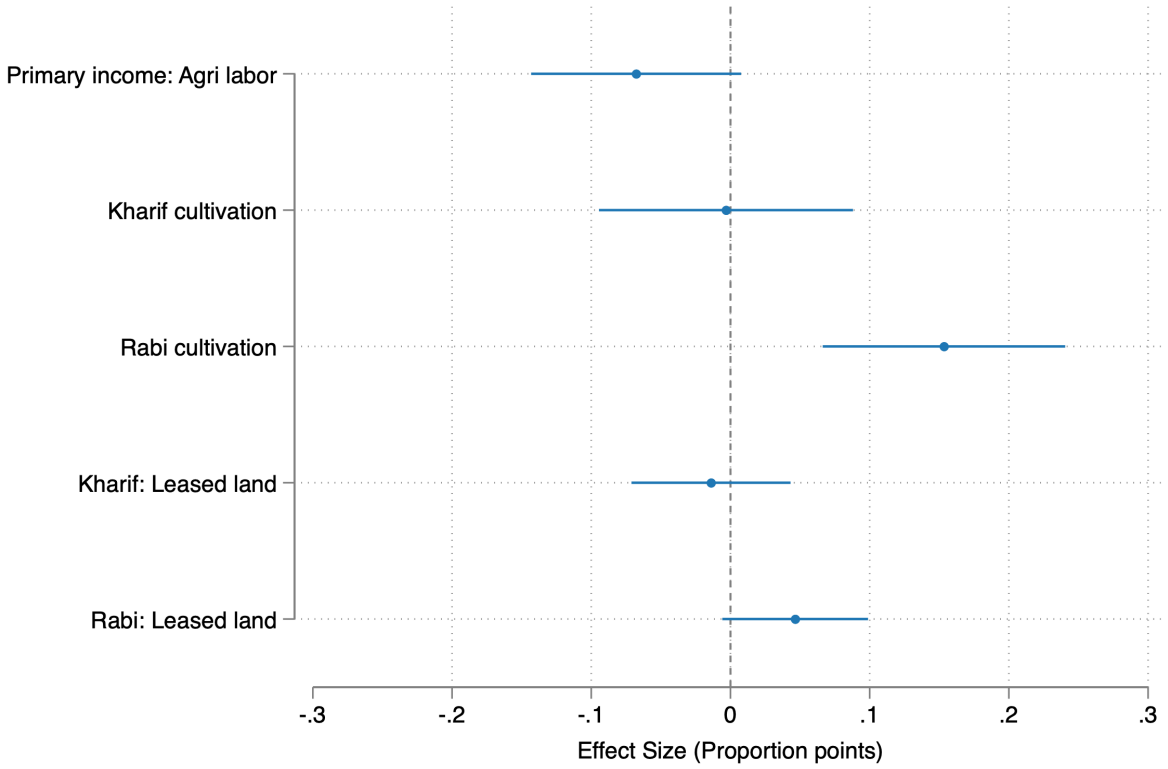
[25]These results are presented in tabular form in Tables A4 and A5 of the supplementary materials, along with the p-values from the wild cluster bootstrap (WCB) estimation, wherein standard errors are clustered at the constituency level. The WCB p-values present a picture of impacts similar to that in Figure 5 and Figure 6. The estimates computed without controls, presented in Tables A10 and A11, are quite similar to those in Figure 5 and Figure 6. The leave-one-out robustness check, presented in Figure A7, confirms the stability of the point estimates.

relative to comparison areas, the program led to a 40% decrease (17 percentage points) in whether Dalit respondents reported there being a lot of caste conflict in the village and a 29% decrease (10 percentage points) in whether non-Dalit respondents reported the same. That the reduction in reported caste conflict is significant for both Dalits and non-Dalits bolsters the inference that group-targeted wealth transfers need not result in *social* backlash.

This lack of a social backlash and reduced reporting of caste conflict is consistent with prior work suggesting that the treatment of disadvantaged groups improves as their command of productive resources increases (King and Smith, 2011; Wilson, 1987; Wright, 2010; Young, 1990). For instance, Dasgupta and Pal (2021) find a negative correlation between the collective resource endowment of Dalits and the practice of untouchability. Similarly, Bailwal and Paul (2024) note that when Dalits collectively own more land in a village, Dalit children are treated better at school and have improved learning outcomes. As Jodhka and Manor (2018) argue, material realities do exert a potent influence on inter-caste interactions.

In this vein, there are several ways in which the transfer of a productive asset may have brought about economic complementarities between Dalits and non-Dalits, leading to economic gains for all groups and contributing to a reduction in reported tensions. The presence of such complementarities is indicated by Figure 7 as well as Table A1 in the supplementary materials. These show that Dalit Bandhu had a large, positive effect on Rabi (winter) cultivation for *both* Dalits and non-Dalits.[26] While most farming households cultivate crops during the Kharif (monsoon) season, winter cultivation tends to be more constrained by lack of access to water as well as financial resources. In our comparison areas, 52% of sample households reported cultivating during the last Kharif season, while only 31% reported doing so during the last Rabi season. We find that Dalit Bandhu increased the likelihood of Rabi cultivation by about 58% (15 percentage points) for Dalit households, and by about 29% (11 percentage points) for non-Dalit households. Table A2 shows that reported income from Rabi crops increased by 41% for Dalits and by 32% for non-Dalits, though the latter estimate is quite imprecise. Overall, the assets

[26]The results in Figure 7 are presented in tabular form in Table A7 of the supplementary materials.



Notes: Analysis based on survey data from 1,784 Dalit households. The estimation follows Equation (1), with standard errors clustered at the village level. 95% confidence intervals are displayed in the figure. All dependent variables are binary. "Primary income: Agri labor" is whether respondents report that agricultural labor is their household's primary source of income; "Kharif cultivation" indicates whether the household undertook cultivation during the previous Kharif (monsoon) season; "Rabi cultivation" indicates whether the household undertook cultivation during the previous Rabi (winter) season; "Kharif: Leased land" and "Rabi: Leased land" indicate whether the household leased any land from others for the purpose of cultivation during the last Kharif and Rabi seasons, respectively.

Figure 7: Impact of Dalit Bandhu on Dalits' occupational status

provided by Dalit Bandhu were likely productive for both Dalits and non-Dalits.

Figure 7 also suggests Dalit Bandhu increased the extent to which Dalits reported leasing land from others for agricultural purposes during Rabi season by over 55%. This suggests that Dalits expand Rabi cultivation in part by leasing land, and to the extent that they lease land from non-Dalits, this is another way in which Dalit Bandhu may create economic gains for non-Dalits.

Thus, economic gains and complementarities spurred by the transfer of productive assets represent one potential reason why group-targeted wealth transfers need not result in social backlash.[27] Simultaneously, Figure 7 suggests that Dalit Bandhu also reduced a key source of Dalit subordination in village society—working as laborers for other castes (Harriss and Jeyaranjan, 2014; Witsoe, 2011). Relative to other groups, Dalits are disproportionately likely to derive their livelihood by working as agricultural labor. In our comparison areas, nearly half (46%) of Dalit respondents in our sample reported agricultural labor as their primary source of income, whereas only 25% non-Dalit households reported deriving their livelihood primarily from agricultural labor. Dalit Bandhu reduced the likelihood that Dalit households reported such labor as their primary source of income by nearly 15%. Since other castes often depend on Dalits for labor, the decline in labor supply may even strengthen Dalits' bargaining power (Maiorano et al., 2022).

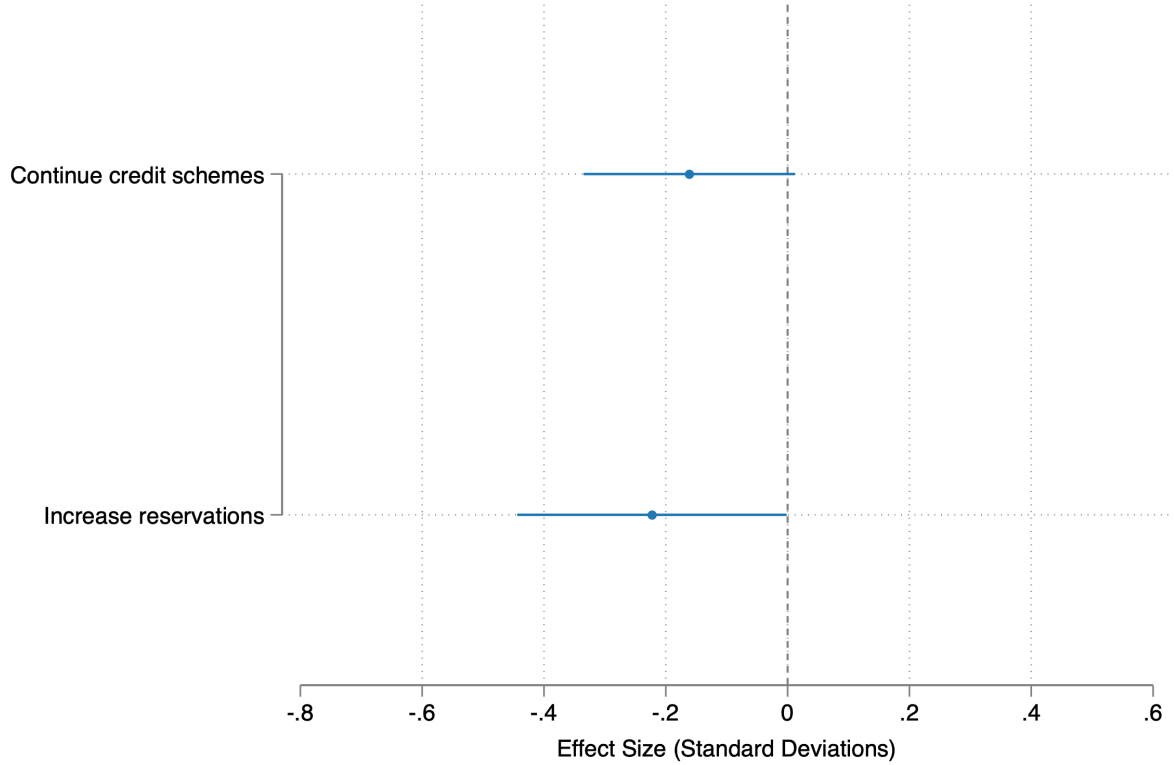
5.3 Policy Backlash

Although the data do not suggest social backlash, we do observe evidence a *policy* backlash provoked by group-targeted wealth transfers, as shown in Figure 8.[28] Relative to non-Dalits outside of Huzurabad, non-Dalits in Huzurabad were more opposed to expanding affirmative

[27] The economic gains for non-Dalits are perhaps also reflected in the positive, albeit relatively small, impact on non-Dalits' ownership of household assets shown in Table A13.

[28] These results are presented in tabular form in Table A6 of the supplementary materials, along with the p-values from the wild cluster bootstrap (WCB) estimation, wherein standard errors are clustered at the constituency level. With this model, the estimate for the reservations outcome remains statistically significant, though the estimate for the continue credit schemes outcome is no longer statistically significant using conventional thresholds. The estimates computed without controls, presented in Table A12, are quite similar to those in Figure 5 and Figure 6. The leave-one-out robustness check, presented in Figure A7, confirms the stability of the point estimates.

action for Dalits in government jobs and education, and to continuing government programs that provide loans at lower interest rates to Dalits. The decline in support for these policies is considerable: Support for expanding affirmative action is about 20% lower among non-Dalits in treated areas than in comparison areas, and support for continuing credit programs is 25% lower.



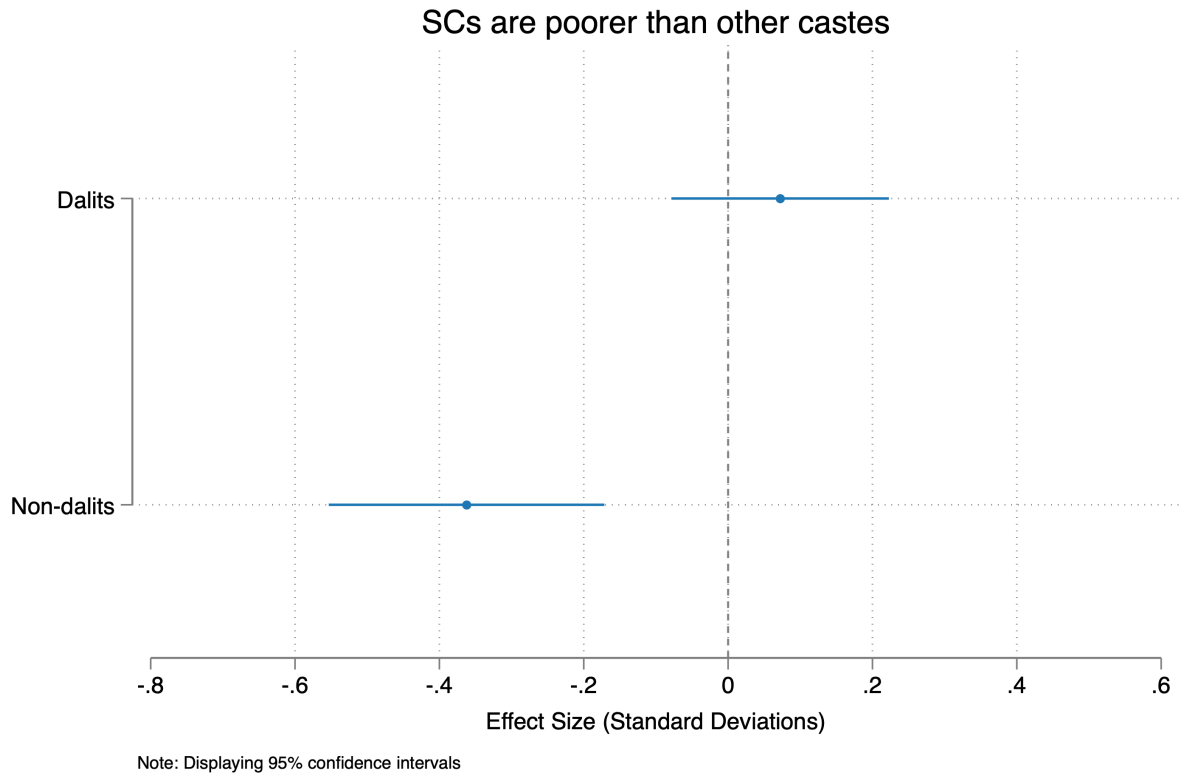
Notes: Analysis based on survey data from 1,400 Non-dalit households. The estimation follows Equation (1), with standard errors clustered at the village level. 95% confidence intervals are displayed in the figure. Both dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. "Continue credit schemes" is the extent to which respondents agree that government programs providing loans at lower interest rates to Dalits should be continued; "Increase reservations" is the extent to which respondents agree that reservations in jobs and universities for Dalits should be increased.

Figure 8: Policy backlash: Reduced support for other Dalit-targeted policies among non-Dalits

A plausible explanation for the observed policy backlash is that non-Dalits no longer perceive Dalits as a disadvantaged group, owing to the implementation of Dalit Bandhu. As Figure 9 shows, Dalit Bandhu prompted a significant decline in the extent to which non-Dalits perceived Dalits as poorer than the dominant OCs.[29] Relative to comparison areas, non-Dalits in treated areas were 28% less likely to agree that Dalits are poorer than OCs. This is relevant because non-Dalit support

[29]These results are in tabular form in Table A8 of the supplementary materials.

for policies aimed at improving the socioeconomic status of Dalits rests, to some degree, on Dalits' economic poverty relative to other groups. As shown in Table A15, based on data from non-Dalits in comparison areas, the belief that Dalits are poorer than OCs is strongly correlated with support for increasing affirmative action and continuing preferential credit programs for Dalits.



Notes: The dependent variable is measured on a 1-4 scale, and indicates the extent to which respondents agree that Scheduled Castes (SCs, or Dalits) are poorer than people from other castes. The estimate labeled "Dalits" is based on survey data from 1,784 Dalit households, while that labeled "Non-dalits" is based on survey data from 1,400 non-Dalit households.

Figure 9: Impact on the extent to which Dalits are perceived as poorer than OCs

Our analysis of the gap in asset ownership between Dalits and non-Dalits shows that Dalit Bandhu narrowed the economic gap between Dalits and non-Dalits, but the gap has not vanished entirely. Even in treated areas, there is a caste gap in ownership of 10 of the 12 assets comprising our index of household assets.[30] As previously discussed, there is also a big caste gap in ownership of land, a key indicator of inequality given the importance of land in an agrarian economy. Hence, Dalits remain relatively less prosperous despite the wealth transfer. Further, they overwhelmingly

[30]The only exception is cellphones, with or without internet access.

perceive themselves as such—in both treated and comparison areas, 89% of Dalit respondents agreed that they were poorer than OCs. Our findings show that even if reparations remedy historical inequalities only partially, they may lead relatively privileged groups to perceive sustained policy action to support disadvantaged groups as unnecessary.

6 Conclusion

What are the consequences of large, one-time transfers aimed at mitigating historic inequalities? While such reparations have been proposed globally, there are virtually no empirical evaluations of their social and political consequences. We present the first such evaluation. We leverage a unique natural experiment in Telangana in India to identify the effect of a program that provided Dalits with a productive asset worth approximately $12,000. Drawing on theoretical and empirical literature across the social sciences, we develop three competing hypotheses on the program's impact on Dalit well-being and inter-group relations: advancement, persistence, and retrenchment.

We find that the program improved Dalits' economic well-being and significantly reduced economic inequality, narrowing the caste gap in ownership of household assets. It also enhanced Dalits' views of government responsiveness. Consistent with the advancement hypothesis, the program increased Dalits' assertiveness in interacting with dominant groups and reduced the prevalence of caste conflict, as reported by both Dalits and non-Dalits. Our findings demonstrate that wealth transfers have the potential to advance the economic circumstances of a historically marginalized group and promote social concord.

However, we also find evidence in favor of the persistence hypothesis, in the null effects on support for caste-based norms like residential and social segregation of Dalits. While we find no evidence social backlash against Dalits, we do find a policy backlash in that non-Dalits become more opposed to state-subsidized credit and affirmative action for Dalits.

Although our analysis is not representative of India as a whole, it is also not based on an exceptional context that was already equitable before wealth transfers. Untouchability is certainly

less prevalent in Telangana than in northern and central India, suggesting that the norms of intercaste interaction in the state are generally less discriminatory (Thorat and Joshi, 2020). Nonetheless, when it comes to intercaste inequality more broadly, Telangana is by no means an outlier. For instance, an analysis of crimes against Dalits by Girard et al. (2023) ranks Telangana in the middle compared to other Indian states. In terms of intercaste disparity, Deshpande (2001) ranks Andhra Pradesh—which included Telangana until it was created as a separate state in 2014—near the middle of Indian states, as does Chakrabarti (2021) in a more recent analysis that considers income, literacy, and crimes against Dalits alongside untouchability.

The absence of social backlash in our findings merits further discussion. In addition to the economic complementarities that we discuss, several other factors may contribute to this outcome. For instance, while the wealth transfer significantly improved Dalits' economic circumstances, it did not lead to demands for changes in deep-seated social norms or residential patterns, which might have been more likely to trigger backlash. Importantly, the Dalit Bandhu program is not redistributive within the village context, unlike land redistribution policies that have a more apparent zero-sum quality. Furthermore, there was no concomitant decline in other welfare programs, such as *Rythu Bandhu*, which provide cash transfers based on land ownership and tend to benefit privileged castes more. These factors may have mitigated potential sources of intercaste tension.

While we do not observe social backlash, our findings suggest important general equilibrium effects, particularly in the form of reduced support for Dalit-specific programs among non-Dalits. This policy backlash is especially significant because a one-off wealth transfer, unlike ongoing programs, does not create a sustained constituency for its continuation. The persistence of social discrimination and inequality in access to education, jobs, and credit markets underscores the importance of continuing group-based policy interventions. The observed policy backlash could potentially undermine support for these complementary measures.

For policymakers, our findings underscore the need to proactively address policy backlash even in the absence of social backlash through targeted communications strategies or complementary

interventions. The divergence between social and policy outcomes also highlights the importance of evaluating multiple dimensions of the societal response rather than focusing exclusively on individual or household-level well-being. Future research should explore the longer-term evolution of social versus policy backlash, investigate strategies to mitigate policy backlash, and examine the applicability of these findings to other contexts of group-targeted redistribution.

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Supplementary materials

Tables

	(1) Kharif cultivation	(2) Kharif cultivation	(3) Rabi cultivation	(4) Rabi cultivation
Treated (Huzurabad constituency)	0.0183	0.0293	0.0967**	0.110***
	(0.0371)	(0.0373)	(0.0393)	(0.0378)
Female		-0.126***		-0.148***
		(0.0285)		(0.0298)
Age		-0.00464***		-0.00497***
		(0.00156)		(0.00140)
Highest class passed		0.00520		0.00617*
		(0.00336)		(0.00328)
Constant	0.566***	0.789***	0.384***	0.624***
	(0.0248)	(0.0970)	(0.0280)	(0.0908)
Observations	1,400	1,400	1,400	1,400
Comparison mean	0.566	0.566	0.384	0.384

Notes: Analysis based on survey data from non-Dalit households. The dependent variable in Columns (1) and (2) indicates whether the household undertook any cultivation during the last Kharif (monsoon) season, and the dependent variable in Columns (3) and (4) indicates whether the household undertook any cultivation during the last Rabi (winter) season. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A1. Impact of Dalit Bandhu on non-Dalits' likelihood of cultivation

	(1) Dalits: Crop income last Rabi (Rs.)	(2) Dalits: Crop income last Rabi (Rs.)	(3) Non-dalits: Crop income last Rabi (Rs.)	(4) Non-dalits: Crop income last Rabi (Rs.)
Treated (Huzurabad constituency)	4,750**	5,136**	8,935	10,126
	(2,017)	(2,003)	(6,746)	(6,741)
Female		-6,988***		-13,495***
		(1,837)		(3,891)
Age		-19.22		-14.11
		(98.77)		(209.9)
Highest class passed		351.3		1,230**
		(258.8)		(573.5)
Constant	12,495***	13,950**	31,620***	29,100**
	(1,483)	(6,183)	(4,104)	(13,541)
Observations	1,784	1,784	1,400	1,400
Comparison mean	12,495	12,495	31,620	31,620

Notes: Analysis based on survey data. The dependent variable in Columns (1) and (2) is the reported income (in Rupees) from selling Rabi crops for Dalit households. The dependent variable in Columns (3) and (4) is the reported income (in Rupees) from selling Rabi crops for non-Dalit households. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A2. Impact of Dalit Bandhu on crop income last Rabi (winter) season

	(1) Subjective well-being	(2) Govt responsiveness	(3) Household assets	(4) Income generating assets
Treated (Huzurabad constituency)	0.147*	0.445***	0.0961***	0.0816***
	(0.0840)	(0.110)	(0.0305)	(0.0222)
Female	0.00657	0.0499	-0.0406*	-0.0132
	(0.0486)	(0.0490)	(0.0203)	(0.0120)
Age	-0.00164	0.00349	-0.00335***	-0.000875*
	(0.00149)	(0.00224)	(0.000925)	(0.000495)
Highest class passed	0.0167***	0.00443	0.0121***	0.00443***
	(0.00381)	(0.00534)	(0.00225)	(0.00154)
Constant	-0.0404	-0.197	-0.0236	-0.00678
	(0.0871)	(0.144)	(0.0606)	(0.0280)
Observations	1,784	1,784	1,784	1,784
WCB p-value	0.172	0.0100	0.0420	0.0680

Notes: Analysis based on survey data from Dalit households. Robust standard errors clustered at the village level in parentheses. WCB p-value refers to p-values computed using the wild bootstrap procedure, wherein standard errors are clustered at the level of the constituency. All dependent variables are standardized mean effects indices. The subjective well-being index includes five outcomes: Whether the household is economically better-off today relative to five years ago; whether it is better-off relative to two years ago; whether their standard of living is better relative to that of their parents when they were of a similar age; whether they are satisfied with the household's financial situation; and with their overall life situation. The index of government responsiveness includes two outcomes, both measured on a 1-4 scale: The extent to which respondents agree that the Telangana government is responsive to the problems of their community, and the extent to which they agree that people like them have benefited from the programs launched by the Telangana government. The index of household assets includes outcomes corresponding to household ownership of cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer. The index of income generating assets includes outcomes corresponding to household ownership of livestock, tractor/trailer, thresher, generator, tubewell, electric or solar pump, diesel pump, car, autorickshaw, thresher, mini tractor, harvester, auto trolley, paddy transplanter, power tiller, clay brick making unit, poultry farm, tent house/lighting sound system, mill for rice, flour and spice, vegetable pandal and shop. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A3. Impact on Dalits' well-being and views of government

	Voice opinion before upper castes	Other castes treat with respect	Should live in same neighborhood	Non-dalits would eat with dalits	Conflict between castes
Treated	0.167*	-0.0713	-0.0296	0.0484	-0.424***
	(0.0832)	(0.104)	(0.124)	(0.0926)	(0.0928)
Female	-0.189***	-0.100	-0.142***	-0.0394	0.0122
	(0.0589)	(0.0652)	(0.0513)	(0.0638)	(0.0538)
Age	0.00593**	0.00559**	-0.00662**	0.00739***	-0.00331
	(0.00279)	(0.00246)	(0.00281)	(0.00232)	(0.00301)
Highest class passed	0.0259***	-0.00690	0.00234	0.0105	-0.00981
	(0.00594)	(0.00694)	(0.00856)	(0.00728)	(0.00695)
Constant	-0.339**	-0.152	0.324*	-0.364**	0.198
	(0.147)	(0.180)	(0.172)	(0.155)	(0.186)
Observations	1,784	1,784	1,784	1,784	1,784
WCB p-value	0.0560	0.342	0.664	0.534	0.0260

Notes: Analysis based on survey data from Dalit households. Robust standard errors clustered at the village level in parentheses. WCB p-value refers to p-values computed using the wild bootstrap procedure, wherein standard errors are clustered at the level of the constituency. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is whether respondents feel comfortable voicing their opinions before dominant castes; Column (2) is the extent to which respondents agreed that people from other castes treated them with respect; Column (3) is the extent to which they agreed that lower castes should be allowed to live in the same neighborhoods as higher castes; Column (4) is the extent to which people of other castes would be willing to have a meal with a Dalit person; and Column (5) is whether there is a lot of conflict between people of different castes. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A4. Impact on intercaste relations (Dalits)

	Support SC sarpanch	Other castes treat with respect	Should live in same neighborhood	Non-dalits would eat with dalits	Conflict between castes
Treated	0.0316	0.00503	-0.166	-0.0104	-0.301***
	(0.0952)	(0.116)	(0.0987)	(0.0835)	(0.0862)
Female	-0.195***	-0.0899	-0.0853	-0.248***	-0.0563
	(0.0662)	(0.0551)	(0.0769)	(0.0570)	(0.0720)
Age	-0.00161	0.00663**	-0.00242	-0.00333	-0.00393
	(0.00209)	(0.00250)	(0.00268)	(0.00271)	(0.00244)
Highest class passed	0.00427	0.0134**	0.0149*	0.00865*	-0.0124**
	(0.00410)	(0.00599)	(0.00760)	(0.00462)	(0.00595)
Constant	0.118	-0.357**	0.0423	0.187	0.283
	(0.121)	(0.140)	(0.185)	(0.135)	(0.168)
Observations	1,400	1,400	1,400	1,400	1,400
WCB p-value	0.386	0.946	0.0780	0.594	0.0560

Notes: Analysis based on survey data from non-Dalit households. Robust standard errors clustered at the village level in parentheses. WCB p-value refers to p-values computed using the wild bootstrap procedure, wherein standard errors are clustered at the level of the constituency. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is whether respondents agreed that other non-Dalits would support a Dalit candidate for the head of the village assembly or sarpanch; Column (2) is the extent to which respondents agreed that people from other castes treated them with respect; Column (3) is the extent to which they agreed that lower castes should be allowed to live in the same neighborhoods as higher castes; Column (4) is the extent to which people of other castes would be willing to have a meal with a Dalit person; and Column (5) is whether there is a lot of conflict between people of different castes. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A5. Impact on intercaste relations (Non-Dalits)

	Continue credit schemes	Increase reservations
Treated (Huzurabad constituency)	-0.162*	-0.223**
	(0.0856)	(0.109)
Female	-0.131**	-0.0604
	(0.0634)	(0.0691)
Age	0.00161	0.00351
	(0.00233)	(0.00262)
Highest class passed	-0.00422	-0.0235***
	(0.00455)	(0.00354)
Constant	0.00476	0.0221
	(0.127)	(0.156)
Observations	1,400	1,383
WCB p-value	0.126	0.0300

Notes: Analysis based on survey data from non-Dalit households. Robust standard errors clustered at the village level in parentheses. WCB p-value refers to p-values computed using the wild bootstrap procedure, wherein standard errors are clustered at the level of the constituency. Both dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is the extent to which respondents agree that government programs providing loans at lower interest rates to Dalits should be continued; Column (2) is the extent to which respondents agree that reservations in jobs and universities for Dalits should be increased. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A6. Policy backlash: Reduced support for other Dalit-targeted policies among non-Dalits

	(1) Primary income: Agri labor	(2) Kharif cultivation	(3) Rabi cultivation	(4) Kharif: Leased land	(5) Rabi: Leased land
Treated (Huzurabad constituency)	-0.0678*	-0.00321	0.153***	-0.0140	0.0465*
	(0.0372)	(0.0450)	(0.0430)	(0.0282)	(0.0258)
Female	0.0130	-0.106***	-0.0837***	-0.0313**	-0.0151
	(0.0274)	(0.0261)	(0.0212)	(0.0154)	(0.0127)
Age	-0.00348**	-0.00326**	-0.00212	-0.00232**	-0.00130*
	(0.00132)	(0.00153)	(0.00140)	(0.000887)	(0.000760)
Highest class passed	-0.0214***	0.00229	0.00353	0.00236	0.00314*
	(0.00254)	(0.00323)	(0.00359)	(0.00222)	(0.00175)
Constant	0.742***	0.655***	0.366***	0.249***	0.125**
	(0.0700)	(0.0863)	(0.0934)	(0.0565)	(0.0476)
Observations	1,784	1,784	1,784	1,783	1,782

Notes: Analysis based on survey data from Dalit households. The dependent variable in Column (1) is whether respondents report that agricultural labor is their household's primary source of income. Column (2) indicates whether the household undertook cultivation during the previous Kharif (monsoon) season, and Column (3) indicates whether the household undertook cultivation during the previous Rabi (winter) season. Columns (4) and (5) indicate whether the household leased any land from others for the purpose of cultivation during the last Kharif and Rabi seasons, respectively. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A7. Impact of Dalit Bandhu on Dalits' occupational status

	(1) Dalits: SCs are poorer	(2) Non-dalits: SCs are poorer
Treated (Huzurabad constituency)	0.0721	-0.362***
	(0.0744)	(0.0941)
Female	-0.138**	-0.235***
	(0.0520)	(0.0557)
Age	-0.00129	0.000431
	(0.00233)	(0.00255)
Highest class passed	-0.000936	-0.0155*
	(0.00727)	(0.00807)
Constant	0.118	0.174
	(0.151)	(0.174)
Observations	1,784	1,400

Notes: Analysis in Column (1) is based on survey data from Dalit households, while that in Column (2) is based on non-Dalit households. The dependent variable is measured on a 1-4 scale, and indicates the extent to which respondents agree that Scheduled Castes (SCs, or Dalits) are poorer than people from other castes. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A8. Impact of Dalit Bandhu on the extent to which Dalits are perceived as poorer than OCs

	(1) Subjective well-being	(2) Govt responsiveness	(3) Household assets	(4) Income generating assets
Treated (Huzurabad constituency)	0.142	0.450***	0.0883**	0.0792***
	(0.0855)	(0.111)	(0.0338)	(0.0241)
Constant	1.04e-08	-1.83e-08	-0.105***	-0.0210
	(0.0494)	(0.0566)	(0.0169)	(0.0128)
Observations	1,784	1,784	1,784	1,784

Notes: Analysis based on survey data from Dalit households. All dependent variables are standardized mean effects indices. The subjective well-being index includes five outcomes: Whether the household is economically better-off today relative to five years ago; whether it is better-off relative to two years ago; whether their standard of living is better relative to that of their parents when they were of a similar age; whether they are satisfied with the household's financial situation; and with their overall life situation. The index of government responsiveness includes two outcomes, both measured on a 1-4 scale: The extent to which respondents agree that the Telangana government is responsive to the problems of their community, and the extent to which they agree that people like them have benefited from the programs launched by the Telangana government. The index of household assets includes outcomes corresponding to household ownership of cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer. The index of income generating assets includes outcomes corresponding to household ownership of livestock, tractor/trailer, thresher, generator, tubewell, electric or solar pump, diesel pump, car, autorickshaw, thresher, mini tractor, harvester, auto trolley, paddy transplanter, power tiller, clay brick making unit, poultry farm, tent house/lighting sound system, mill for rice, flour and spice, vegetable pandal and shop. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A9. Impact on Dalits' well-being and views of government (without controls)

	Voice opinion before upper castes	Other castes treat with respect	Should live in same neighborhood	Non-dalits would eat with dalits	Conflict between castes
Treated (Huzurabad constituency)	0.160*	-0.0680	-0.0430	0.0524	-0.424***
	(0.0858)	(0.104)	(0.130)	(0.0925)	(0.0924)
Constant	1.14e-08	-1.16e-08	-1.54e-09	-8.15e-09	5.26e-09
	(0.0546)	(0.0592)	(0.0595)	(0.0655)	(0.0732)
Observations	1,784	1,784	1,784	1,784	1,784

Notes: Analysis based on survey data from Dalit households. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is whether respondents feel comfortable voicing their opinions before dominant castes; Column (2) is the extent to which respondents agreed that people from other castes treated them with respect; Column (3) is the extent to which they agreed that lower castes should be allowed to live in the same neighborhoods as higher castes; Column (4) is the extent to which people of other castes would be willing to have a meal with a Dalit person; and Column (5) is whether there is a lot of conflict between people of different castes. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A10. Impact on intercaste relations (Dalits, without controls)

	Support SC sarpanch	Other castes treat with respect	Should live in same neighborhood	Non-dalits would eat with dalits	Conflict between castes
Treated (Huzurabad constituency)	0.0123	-0.00373	-0.172	-0.0340	-0.308***
	(0.0961)	(0.115)	(0.107)	(0.0845)	(0.0857)
Constant	-1.16e-08	-1.38e-08	1.22e-08	4.17e-09	-1.25e-08
	(0.0517)	(0.0605)	(0.0728)	(0.0424)	(0.0583)
Observations	1,400	1,400	1,400	1,400	1,400

Notes: Analysis based on survey data from non-Dalit households. All dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is whether respondents agreed that other non-Dalits would support a Dalit candidate for the head of the village assembly or sarpanch; Column (2) is the extent to which respondents agreed that people from other castes treated them with respect; Column (3) is the extent to which they agreed that lower castes should be allowed to live in the same neighborhoods as higher castes; Column (4) is the extent to which people of other castes would be willing to have a meal with a Dalit person; and Column (5) is whether there is a lot of conflict between people of different castes. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A11. Impact on intercaste relations (Non-Dalits, without controls)

	Continue credit schemes	Increase reservations
Treated (Huzurabad constituency)	-0.177**	-0.235**
	(0.0837)	(0.114)
Constant	-4.89e-10	0
	(0.0469)	(0.0546)
Observations	1,400	1,383

Notes: Analysis based on survey data from non-Dalit households. Both dependent variables measured on a 1-4 scale, where 1=Strongly disagree and 4=Strongly agree. The dependent variable in Column (1) is the extent to which respondents agree that government programs providing loans at lower interest rates to Dalits should be continued; Column (2) is the extent to which respondents agree that reservations in jobs and universities for Dalits should be increased. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A12. Policy backlash: Reduced support for other Dalit-targeted policies among non-Dalits (without controls)

	(1) Subjective well-being	(2) Govt responsiveness	(3) Household assets	(4) Income generating assets
Treated (Huzurabad constituency)	-0.0817	0.0126	0.0517*	0.0190
	(0.0611)	(0.0811)	(0.0288)	(0.0200)
Female	-0.140***	-0.187***	-0.0714***	-0.0242
	(0.0471)	(0.0613)	(0.0192)	(0.0148)
Age	-0.00278	0.00138	-0.00419***	-0.00156***
	(0.00169)	(0.00242)	(0.000891)	(0.000562)
Highest class passed	0.0179***	0.00180	0.0106***	0.00529***
	(0.00405)	(0.00481)	(0.00320)	(0.000928)
Constant	0.0594	-0.00383	0.0272	0.0232
	(0.102)	(0.142)	(0.0650)	(0.0348)
Observations	1,400	1,400	1,400	1,400

Notes: Analysis based on survey data from Non-dalit households. All dependent variables are standardized mean effects indices. The subjective well-being index includes five outcomes: Whether the household is economically better-off today relative to five years ago; whether it is better-off relative to two years ago; whether their standard of living is better relative to that of their parents when they were of a similar age; whether they are satisfied with the household's financial situation; and with their overall life situation. The index of government responsiveness includes two outcomes, both measured on a 1-4 scale: The extent to which respondents agree that the Telangana government is responsive to the problems of their community, and the extent to which they agree that people like them have benefited from the programs launched by the Telangana government. The index of household assets includes outcomes corresponding to household ownership of cellphone, bicycle, electric fan, cooler, air conditioner, television, motorcycle, mixer/grinder, refrigerator, washing machine and computer. The index of income generating assets includes outcomes corresponding to household ownership of livestock, tractor/trailer, thresher, generator, tubewell, electric or solar pump, diesel pump, car, autorickshaw, thresher, mini tractor, harvester, auto trolley, paddy transplanter, power tiller, clay brick making unit, poultry farm, tent house/lighting sound system, mill for rice, flour and spice, vegetable pandal and shop. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A13. Impact on Non-dalits' well-being and views of government

Asset	**Frequency**
Vehicle (4-wheel)	115
Tractor trailer	91
Milch animals	76
Harvester	39
Shop construction	36
Auto trolly	28
Shop (e.g., welding, tailoring, electrical, painting, etc.)	20
JCB machine	16
Paddy transplanter	12
Tent house / Lighting and sound system	11
Auto (3-wheel)	10
Mini tractor	10

Table A14. Dalit Bandhu assets received by at least 10 beneficiary households

	(1) Continue credit schemes	(2) Increase reservations
SCs are poorer	**0.244*** **	**0.217*** **
	(0.0485)	(0.0468)
Female	-0.0206	-0.0439
	(0.0491)	(0.0457)
Age	-0.000536	0.00412
	(0.00184)	(0.00260)
Highest class passed	-0.00119	-0.0148**
	(0.00459)	(0.00674)
Constant	2.216***	1.999***
	(0.168)	(0.213)
Observations	732	725

Notes: Analysis based on survey data from non-Dalit households in comparison areas. The variable "SCs are poorer" is measured on a 1-4 scale, where 1=Strongly Disagree and 4=Strongly Agree, and indicates the extent to which non-Dalit households agree that Dalits are poorer than dominant groups (OCs). Both dependent variables are measured on the same 1-4 scale, and capture support among non-Dalits for policies designed to improve Dalits' socioeconomic circumstances. Robust standard errors clustered at the village level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A15. Support for policies for Dalits is correlated with the belief that Dalits are poorer than OCs

Figures

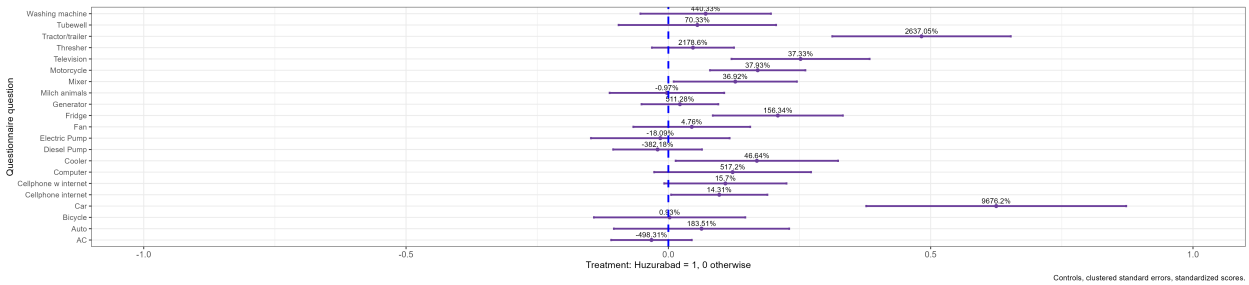


Figure A1: Impact on Dalit asset ownership

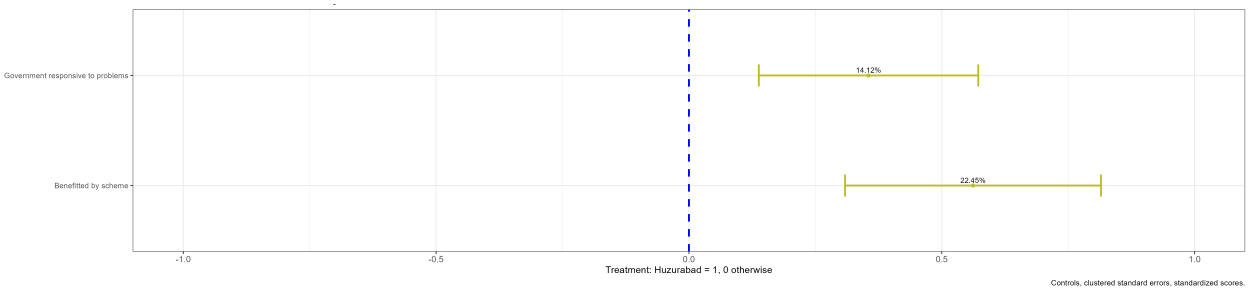


Figure A2: Impact on Dalits' views of government responsiveness

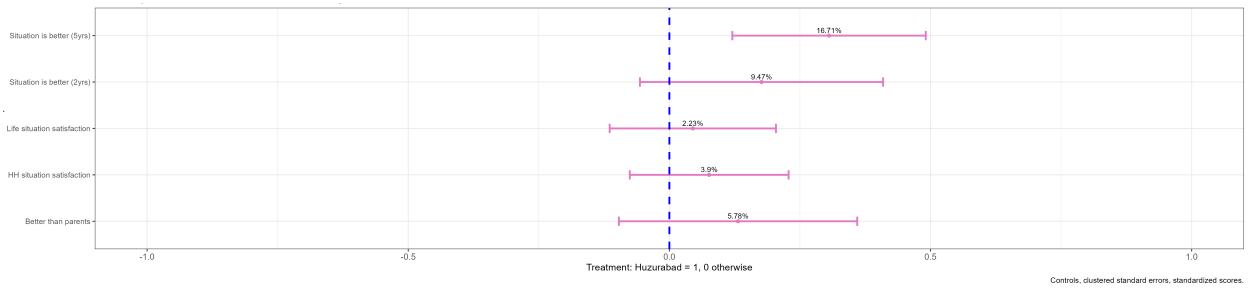


Figure A3: Impact on Dalits' subjective well-being

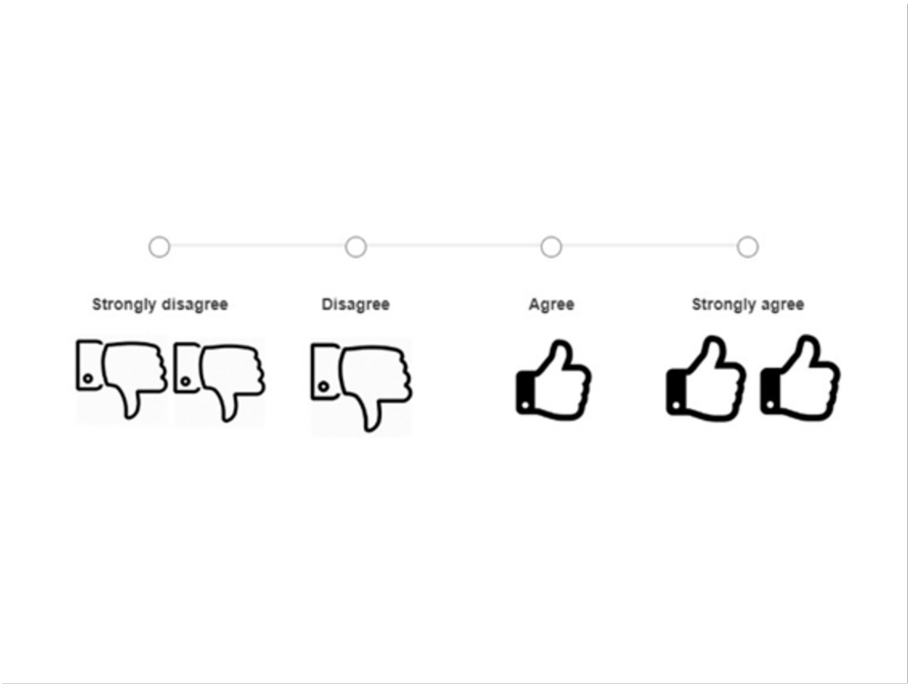


Figure A4: Image for agree/disagree questions

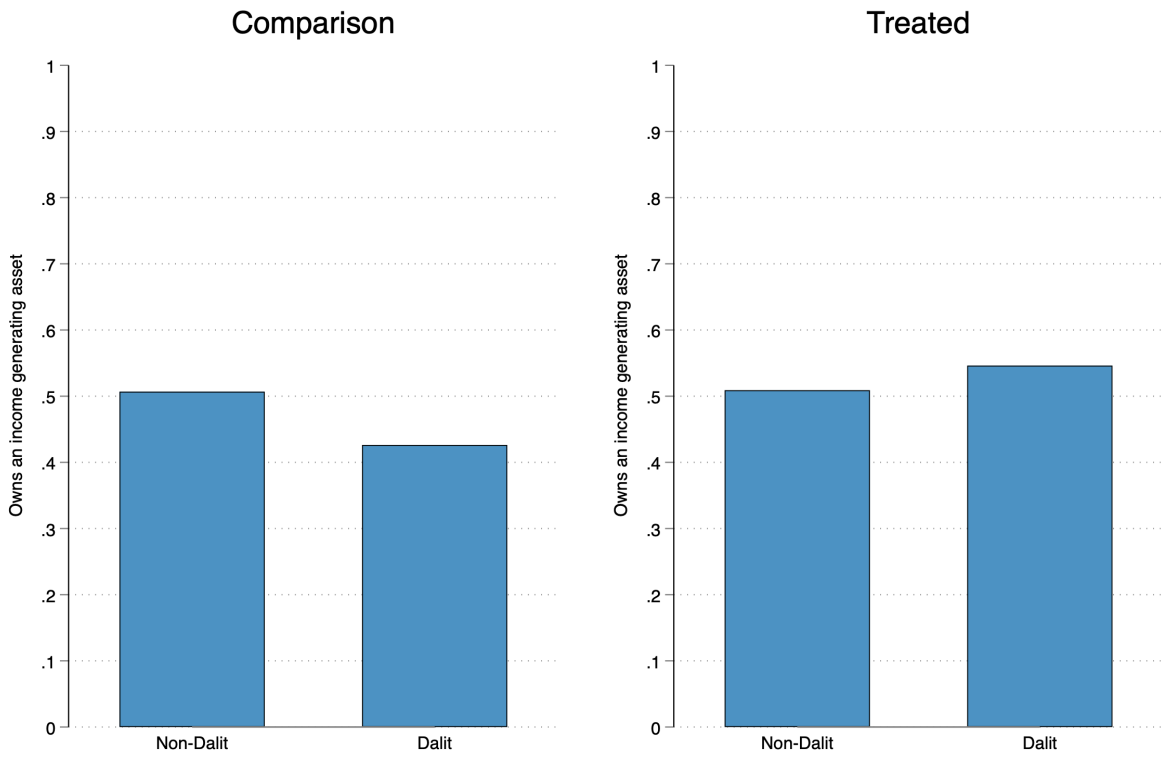
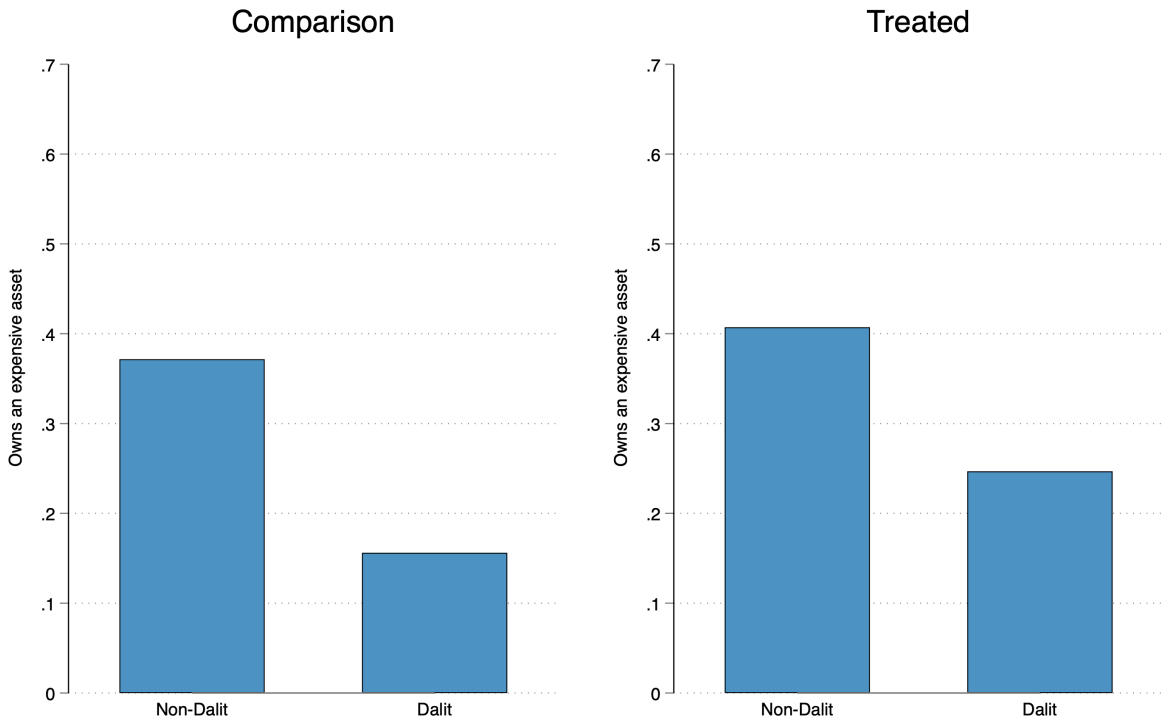


Figure A5: Caste gap in ownership of at least one income generating asset



Note: 'Expensive asset' includes AC, washing machine, fridge and computer.

Figure A6: Caste gap in ownership of at least one of four household assets

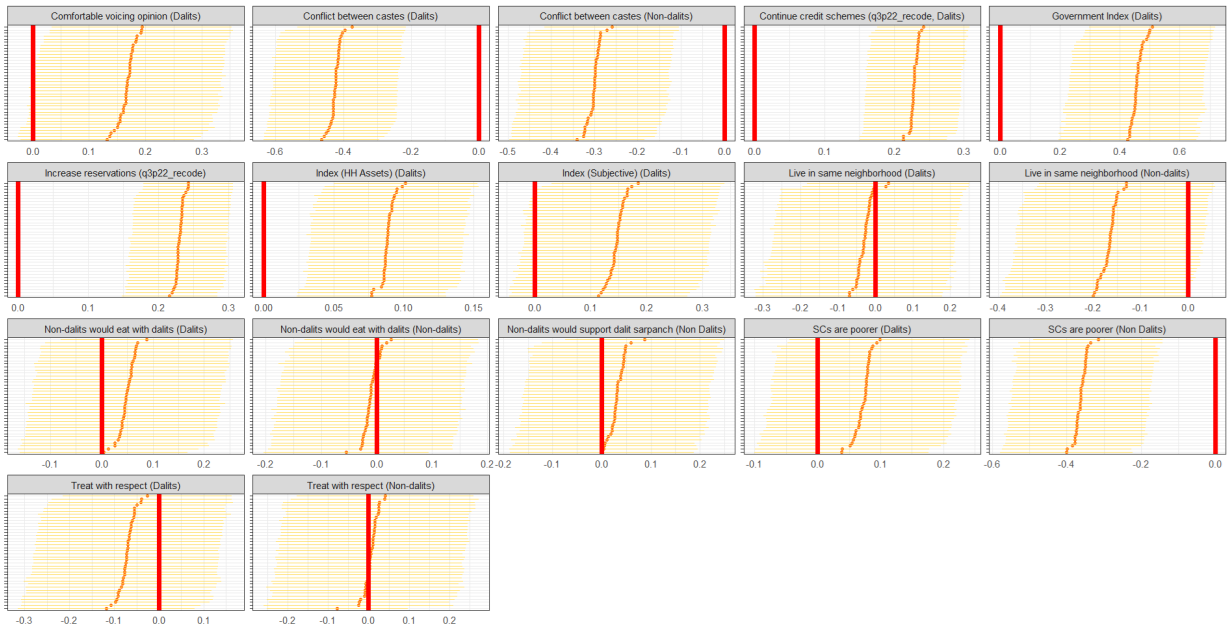


Figure A7: Robustness check leaving one village out at a time

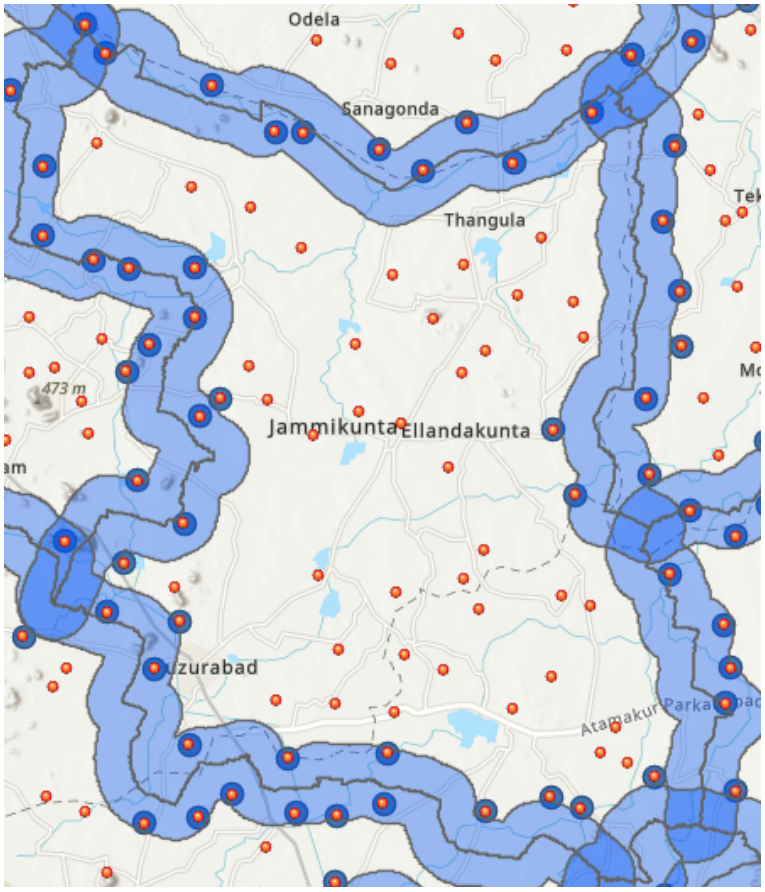


Figure A8: Location of sample villages along the border of Huzurabad constituency

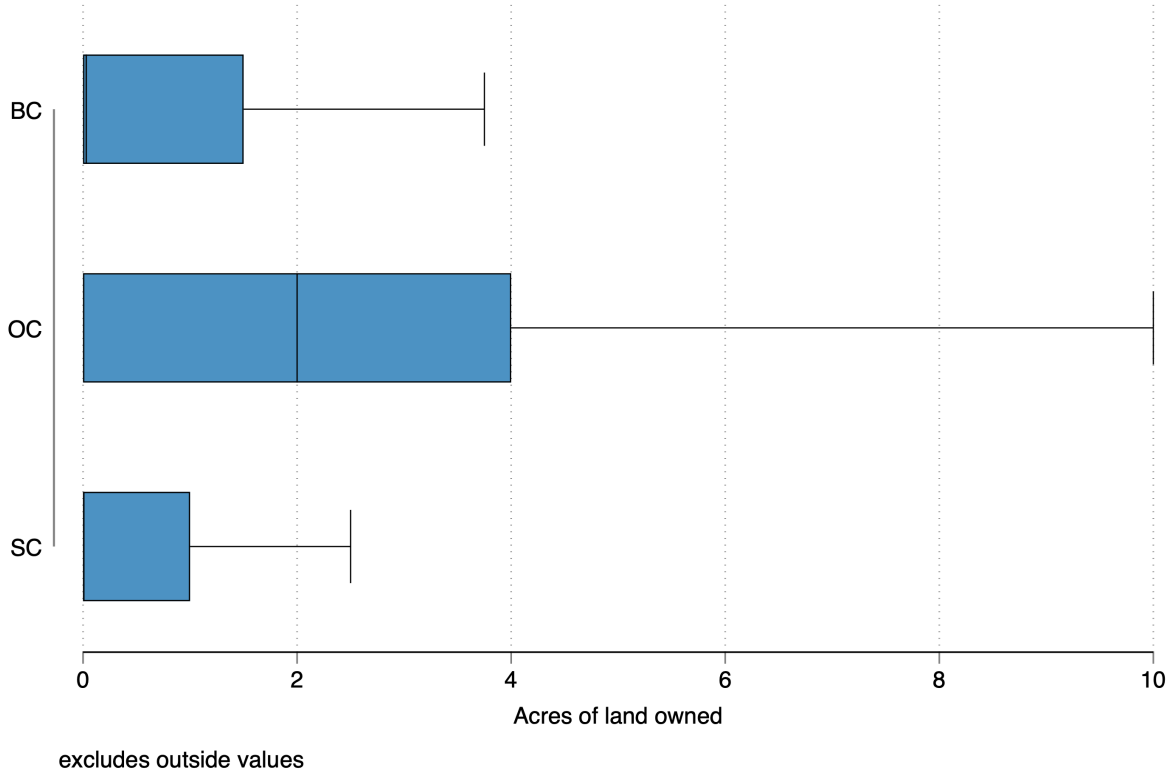


Figure A9: Land ownership by caste category, based on survey data