



INDIA HUMAN DEVELOPMENT SURVEY

March 2017

Welcome to the India Human Development Survey Forum - a monthly update of socio-economic developments in India by the IHDS research team.

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IHDS: Serving Data Needs for Policy Discourse

Misallocation of resources and “exclusion errors” in leading Centrally-sponsored programmes like MGNREGS and PDS, as a result of which the genuine poor are unable to access their benefits, claims the *Economic Survey 2016-17*.

The *Economic Survey 2016-17* uses IHDS to argue for Universal Basic Income (UBI). The Survey uses data from the IHDS extensively to evaluate the value of public subsidies and the possibility of curtailing them through the provision of UBI. Highlighting the prohibitive costs of running a large number of Centrally-sponsored schemes and programmes, such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and Public Distribution System (PDS), the Survey estimates the targeting efficiency of these programmes.

Targeting Error	PDS (for each of Rice, Wheat and Kerosene)	MGNREGA
Out of system leakage	Actual allocation minus Total quantity of PDS received by all beneficiaries Source: Economic Survey of India 2015-16	Imbert and Papp (2014)
Incidence (top 60%)	Incidence of total volume of PDS for each of rice, wheat and kerosene on top 60% in the survey Source: IHDS 2011-12	Share of MGNREGA income received by the top 60 % in the survey Source : IHDS 2011-12
Exclusion error	Proportion of those in bottom 40% in the survey who do not receive PDS item Source: IHDS 2011-12	Proportion of those in bottom 40% in the survey who do not have a MGNREGA Card Source : NSS 2011

With the data pointing to large-scale misallocation of resources, the *Economic Survey* argues that the poorest areas of the country including many districts in Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh and Karnataka, receive a less-than-equal share of resources as compared to their richer counterparts. Such misallocation leads to “exclusion errors”, whereby the genuine poor are unable to access the benefits of welfare programmes.

Based on IHDS (2011-12), the Survey pinpoints the exclusion of the bottom 40 per cent and 65 per cent of the population from the PDS and MGNREGS, respectively. Using both waves of IHDS (2004-05 and 2011-12), the *Economic Survey* also calculates the fiscal implications of UBI and its effect on poverty and vulnerability (as shown in Figure 2). It concludes that the maximum bang-for-buck UBI figures for poverty reduction and vulnerability are Rs. 600 and Rs. 3,000 per capita per year in 2011-12, which go up to Rs. 840 and Rs. 4,200, respectively, after adjusting for inflation in 2016-17. This translates to only about 2.2 per cent of the GDP, falling further to 1.6 per cent of the GDP if the top 25 per cent of the population is excluded. This level of UBI could reduce the poverty rate to 9 per cent and vulnerability to 7.5 per cent.

Thus, the *Economic Survey* cites IHDS data on welfare schemes to bolster the argument of introducing UBI in lieu of such schemes.

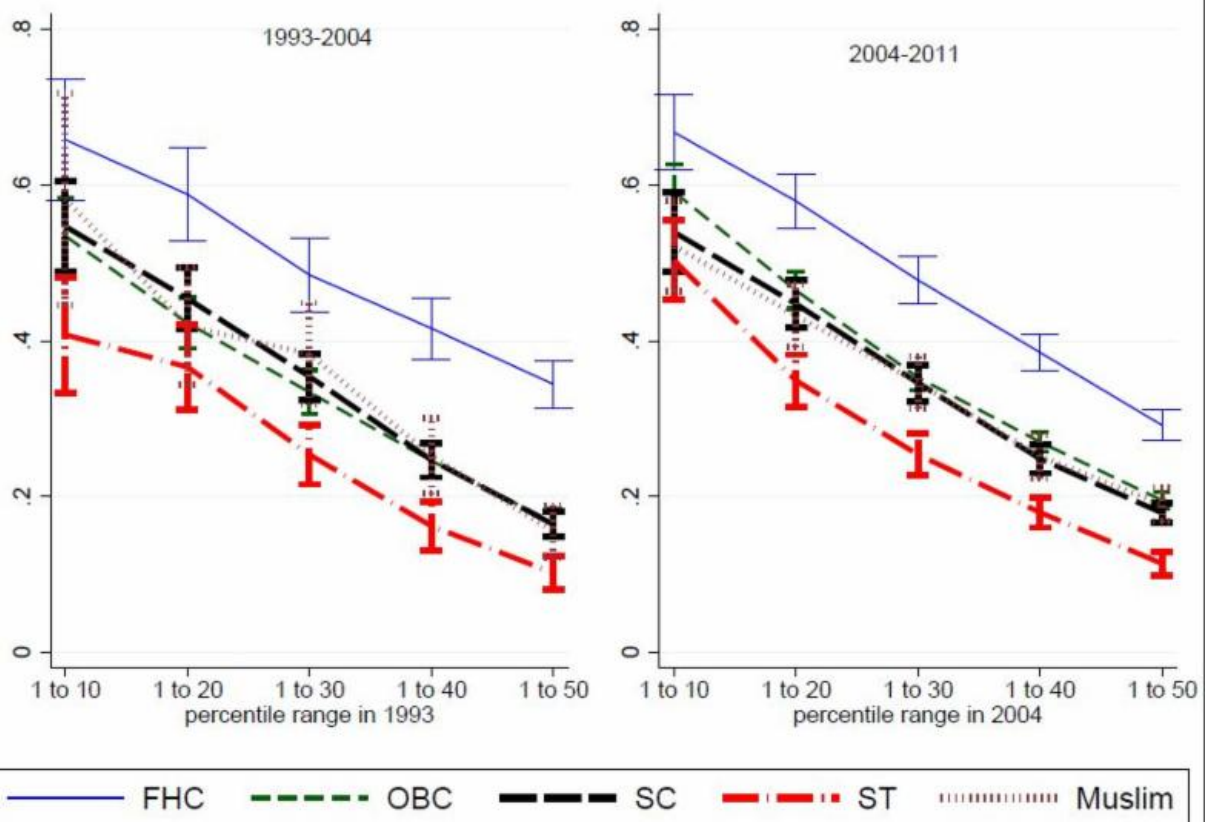
A closer look...

Income Mobility in India over Two Decades

Using the nationally representative IHDS longitudinal survey, Azam examines income mobility among rural (urban) Indian households over the periods 1993-2004 and 2004-2011. He finds mobility estimates that mirror the social hierarchy: Forward Hindu Caste (FHC) households experienced the highest (lowest) upward (downward) mobility. Considerable gaps between FHC households and households from the disadvantaged social groups remain in upward/downward mobility even after controlling for household characteristics. He finds lower conditional gaps in both upward/downward mobility in rural India for the disadvantaged groups (except for Muslims) over the period 2004-11 as compared to those for the period 1993-2004. For Muslims, the gaps in downward mobility increased over the period 2004-11 as compared to those over the period 1993-2004.

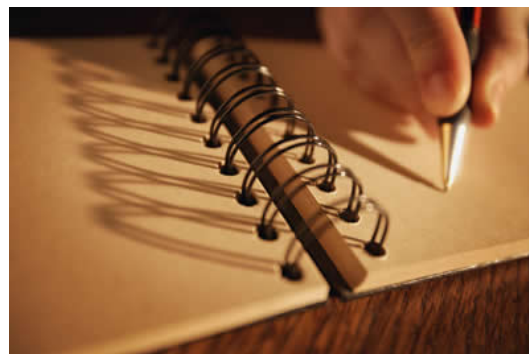
Mehtabul Azam is an Assistant Professor of Economics at the Oklahoma State University and a Research Fellow at the Institute for the Study of Labor (IZA), Germany. He obtained his PhD in Economics from Southern Methodist University, USA, and MA in Economics from Delhi School of Economics, India. His primary interests are in the fields of labour and development economics, covering topics like skills, education, mobility, poverty, social protection, and programme evaluation. He has also worked on numerous policy issues for the World Bank, International Labour Organization (ILO), and International Food Policy Research Institute (IFPRI).





IHDS in the News

- Desai, Sonalde, "Drawing up a Diet Plan", *The Hindu*, February 1, 2017. [Link](#)
- Mehta, Anupma, "Is UBI the USP of this year's Economic Survey?", *The Indian Economist*, 22 February 2017. Accessed online at [Link](#)
- Kundu, Tadit, "Husbands, Not Mother-in-laws, Might be Behind Son Preference in India", *Live Mint*, February 20, 2017. [Link](#)
- S., Rukmini, "HuffPost Insight: Most Indian Households Spend Way Beyond Their Means on Weddings", *The Huffington Post*, February 17, 2017. [Link](#)
- Garg, Lavanya, "65% Indian Women are Literate, 5% Have Control over Choosing Their Husband", *Hindustan Times*, February 13, 2017. [Link](#)
- Press Trust of India, "Janani Scheme Led to Rise in Usage of Health Services: Govt.", *Business Standard*, February 3, 2017. [Link](#); Same article also published in *Outlook*. [Link](#) and in *India.com*. [Link](#)
- _____, "Deoghar in Jharkhand to Get an AIIMS says Minister Kulaste", *newkerala.com*: February 3, 2017. [Link](#)
- The Editors, "India's Unique Brand of Populism Does Little to Tackle Inequality", *World Politics Review*, January 24, 2017. [Link](#)
- Butt, Dawar N.H., "Pakistan Can Incentivize Social Change through Policy", *Asia Times*, January 20, 2017. [Link](#)



Recent Publication using IHDS

- Desai, Sonalde and Debasis Barik, 2017, *Landed Lives: Land Ownership in Rural India and Intra-Household Exchanges*. Working paper. Available [here](#)
- Government of India (2017). "Universal Basic Income: A Conversation with and within the Mahatma". *Economic Survey 2016-17*, published January, 2017. Accessed



About IHDS

The India Human Development Survey (IHDS) is a nationally representative, multi-topic survey of 41,554 households in 1503 villages and 971 urban neighbourhoods across India. The first round of interviews was completed in 2004-05; data are publicly available through ICPSR. A second round of IHDS re-interviewed most of these households in 2011-12 (N=42,152) and data for the same can be found here.

IHDS has been jointly organised by researchers from the University of Maryland and the National Council of Applied Economic Research (NCAER), New Delhi. Funding for the second round of this survey is provided by the National Institutes of Health, grants R01HD041455 and R01HD061048. Additional funding is provided by The Ford Foundation, IDRC and DFID.



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