

## How the socio-economic fabric has changed

Ishan Bakshi looks at the key findings under four broad categories - intergenerational mobility, health, gender and the National Rural Employment Guarantee Scheme

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Despite a rich statistical heritage, paucity of data hinders policymaking in India. Most national surveys, such as the ones carried out by the National Sample Survey Office (NSSO), tend to focus on a single theme. Further, these surveys typically provide snapshots of society only at a particular point of time.

By comparison, the India Human Development Survey (IHDS), carried out jointly by the National Council of Applied Economic Research (NCAER) and the University of Maryland, collects information on a plethora of socio-economic indicators such as income, employment, education, health, well-being and other parameters. Further, IHDS is a panel data-set. This allows study of the same households over time. The first round, in 2004-05, covered 41,554 households. In 2011-12, the second round re-interviewed 83 per cent of the original households, with an additional sample of 2,134 households. With data from the latest round in the public domain, researchers are beginning to explore various aspects of socio-economic changes India has seen over the past decade. *Ishan Bakshi* looks at the key findings under four broad categories - intergenerational mobility, health, gender and

the National Rural Employment Guarantee Scheme.

## **INTERGENERATIONAL MOBILITY IN INDIA**

### **Does the apple fall far from the tree?**

Conventional wisdom has it that rigid caste structures prevent children from switching to occupations different from their parents'. But a new paper titled Rags to Riches: Intergenerational Occupational Mobility in India suggests the reality is more nuanced.

At the all-India level, about 40 per cent of sons born to fathers employed as labourers are engaged in occupations ranked higher in social status than their fathers. About a third of those born to parents in low-skilled occupations are now engaged in occupations ranked higher than those of their fathers.

While these estimates suggest considerable occupational mobility, the scenario isn't so rosy for those involved in many other occupations. Less than one in five sons born to farmers is now engaged in better-paying occupation. Further, children born in scheduled castes and scheduled tribes are less likely to move up the occupation hierarchy and more likely to witness a sharp fall than those born in upper-caste households.

At the aggregate level, the authors - Kunal Sen, Anirudh Krishna and Vegard Iversen - find a fairly high degree of occupational mobility in India, with mobility rates higher in urban than rural areas. The logic is straightforward: In urban areas, individuals are more likely to have greater opportunities for switching jobs.

The authors also find mobility rates higher among forward castes than the backward castes. This could be because forward caste households are more likely to be better educated than lower-caste households.

It is possible that the low levels of mobility the authors find among certain social groups is a consequence of two factors. First, children in these households have lower levels of education; second, sluggish job creation over the past decade means that despite an improvement in education, individuals find it difficult to switch to better occupations.

## LIKE FATHER, NOT LIKE SON

IF FATHERS ARE ENGAGED IN A PARTICULAR OCCUPATION, WHAT OCCUPATIONS ARE THE SONS ENGAGED IN?

### Occupational mobility at all India level (%)

Father's occupation	SON'S OCCUPATION					
	Agricultural & other labourers	Lower skilled occupations	Higher skilled occupations	Farmers	Clerical & other workers	Professionals
Agricultural & other labourers	58.6	13.6	8.0	5.3	10.1	4.5
Lower skilled occupations	14.6	50.0	11.3	2.5	12.8	8.8
Higher skilled occupations	11.5	15.4	42.5	4.0	15.3	11.3
Farmers	32.2	9.7	7.7	32.4	10.7	7.4
Clerical & other workers	7.4	12.0	14.7	3.8	48.1	14
Professionals	8.9	9.0	14.1	6.5	23.9	37.6

### Occupational mobility for forward castes (%)

Agricultural & other labourers	43.1	13.9	10.4	7.9	17.6	7.1
Lower skilled occupations	7.7	40.9	14.8	3.4	17.5	15.7
Higher skilled occupations	7.2	15.5	34.9	7.5	19.5	15.6
Farmers	21.7	8.8	8.2	37.1	13.8	10.4
Clerical & other workers	3.5	10.8	13.6	4.0	49.4	18.8
Professionals	4.3	6.8	11.5	7.2	28.7	41.5

### Occupational mobility for Scheduled Tribes (%)

Agricultural & other labourers	67.5	12.5	3.7	7.1	6.8	2.5
Lower skilled occupations	30.4	41.9	9.1	0.2	6.1	12.4
Higher skilled occupations	20.9	18.0	38.9	6.1	9.2	7.0
Farmers	51.1	7.0	4.9	25.7	6.7	4.6
Clerical & other workers	18.9	10.0	17.4	4.2	34.5	15.2
Professionals	24.2	10.0	9.8	8.2	12.1	35.7

Source: Kurnat Sen, Anirudh Krishna & Vegard Nerssen, *Rags To Riches: Intergenerational Occupational Mobility in India*

Note: Due to rounding off, some figures may not add up to 100

Other studies based on NSS data also find considerable mobility in India. Viktoria Hnatkovska and her co-authors find the probability of switching occupations between two generations increased from 32 per cent in 1983 to 41 per cent in 2004-05. For scheduled castes and Scheduled Tribes, the authors estimate the probability has gone up from 30 per cent to 39 per cent over the same period; for the others, it has increased from 33 per cent to 42 per cent. Though the two surveys aren't entirely comparable, the results do suggest that at the aggregate level, occupational mobility has increased in India over the past decade.

## Income mobility in India

While the notion that India is a highly immobile society resonates strongly in public discourse, new research suggests intergenerational income mobility in India is similar to levels observed in some developed economies. Abdul Mohammed estimates that in rural India parents pass on roughly half their economic advantage to their children. What this means is that if A earns Rs 1,00,000 more than B, then on average, A's children will earn Rs 50,000 more than B's. As mobility in urban areas is likely to be higher, aggregate mobility at the all-India level is likely to be similar to existing levels in the US and the UK, though significantly lower than Scandinavian countries such as Denmark, Norway and Finland.

## HEALTH

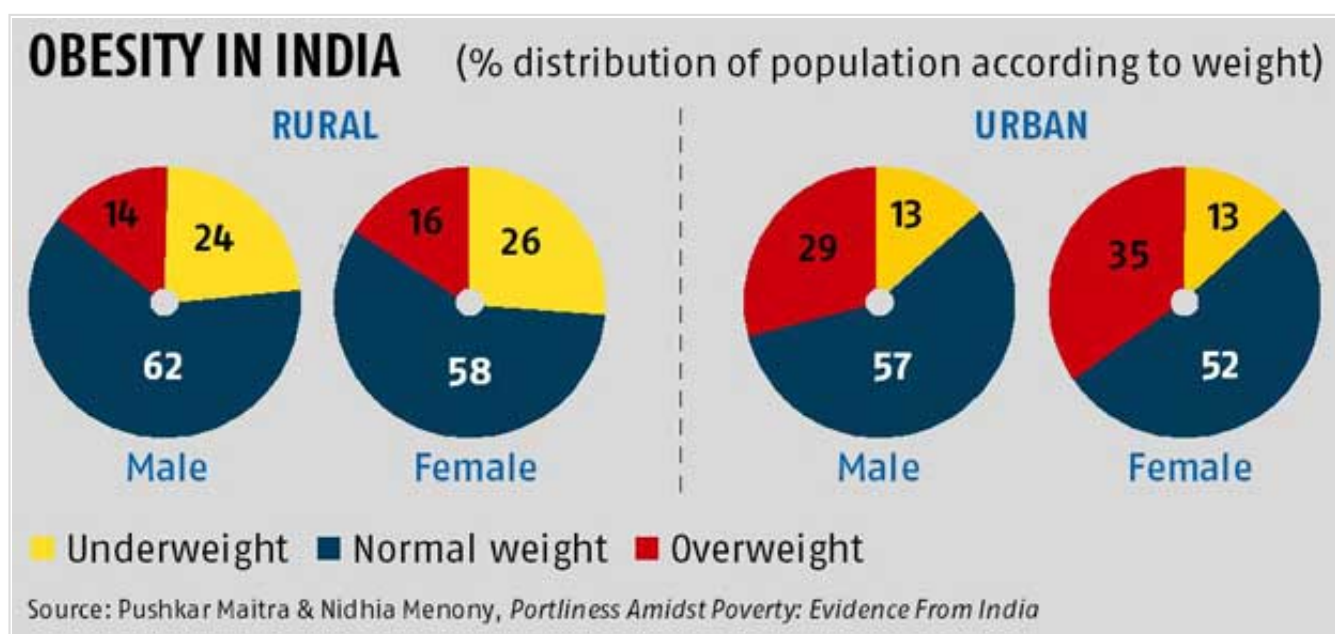
### Portliness amidst poverty

While public discourse on health in India largely revolves around issues of under-nutrition and malnutrition, research by Pushkar Maitra and Nidhia Menony shows the proportion of people overweight or obese in India is substantial and growing.

India has the third highest number of obese and overweight people in the world, after the US and China. The authors find at an all-India level, 23 per cent of adult women and 19 per cent of adult men are overweight or obese. It should not come as a surprise that the urban numbers are larger. In urban areas, 35 per cent of adult women and 29 per cent of adult men are either overweight or obese, as compared to 16 per cent and 14 per cent, respectively, in rural areas.

In urban areas, women in Punjab, Jammu & Kashmir, Haryana and Himachal Pradesh show the highest rates of overweight, with 50 per cent of women in urban Punjab either overweight or obese. In rural areas, the highest proportion of this population was observed in Kerala, Punjab, Jammu and Kashmir and Himachal Pradesh.

The authors, who used body mass index (BMI) to measure obesity, find BMI significantly higher for married men in both rural and urban areas. BMI is higher among more educated individuals, especially women, belonging to more affluent households.



The authors also find an increase in the number of hours spent watching TV and the presence of household help are significantly related with increased BMI. This suggests a sedentary lifestyle correlates well with overweight and obesity. Interestingly, the study also finds access to piped water and a flush toilet, indicative of higher income, associated with higher BMI.

## Improving sanitation

Simply building latrines will not be enough to put an end to the practice of open defecation in India. A study by Chloe Leclere finds individual characteristics such as gender empowerment, health beliefs, wealth and social identity significantly impact latrine use. This implies policies should also focus on "nudging" people to make better choices. What is equally important is the presence of village/district level infrastructure. For example, an improvement in the main source of water availability in a village increases the chances of households owning proper sanitation.

## GENDER

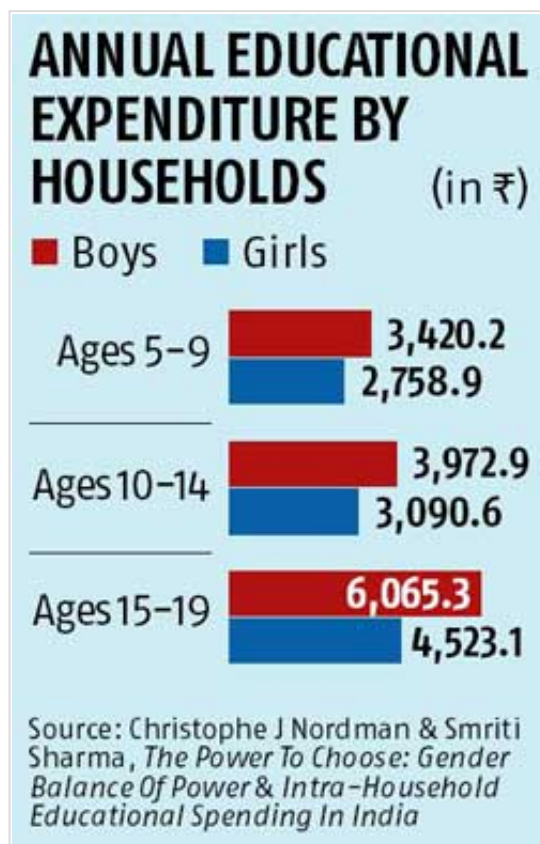
### Bargaining for girls' education

It is well known that when it comes to education, households in India prefer to spend more on boys than on girls. This is probably a consequence of the patriarchal society we live in. But, what if adult

women in the household begin to contribute more to household income? Do they get a greater say in household decisions? And, does this lead to an increase in spending on educating girls?

According to a new paper, *The Power To Choose: Gender Balance Of Power & Intra-Household Educational Spending In India*, by Christophe J Nordman and Smriti Sharma, spending on girls education is tied to how much women members matter in households' decision-making. The authors find greater women bargaining power has a significant impact on girls' educational expenditure in urban areas. But, the relationship does not hold in rural areas.

In urban households, women typically have lower bargaining power in household decisions. This is largely because women's share of household income is significantly lower in urban areas than rural areas. Women labour force participation rates in urban areas are lower than rural areas. But, as labour force participation increases and women begin to contribute more to household incomes, the intra-household dynamics change, with women getting more say in household decisions.



The study finds in urban Hindu households, women have greater bargaining power than households of other religions. The authors find across all caste groups, more women bargaining power leads to greater educational spending on girls. This relationship is especially strong among upper castes, scheduled castes and scheduled tribes, as compared to other backward classes (OBCs). For upper-caste households, a one per cent increase in women education share within a household leads to a four per cent increase in bargaining power.

In rural areas, lower caste households, scheduled tribes and OBCs exhibit greater women bargaining power than upper-caste ones. While this could seem surprising, the authors contend this is because "low-caste women experience greater autonomy and control over household resources, and attitudes towards women are more likely to be liberal as compared to upper-caste women who face greater restrictions on mobility and decision-making."

### **Patriarchal versus liberal families**

Discrimination in the job market alone does not account for differences in pay across genders. A new study by Sukanya Sarkhel and Anirban Mukherjee finds women from liberal families tend to work and earn more than those from patriarchal families. Women born in patriarchal families are more likely to face strong cultural constraints in joining the labour force and are, thus, likely to work less. This difference is not found among men workers.

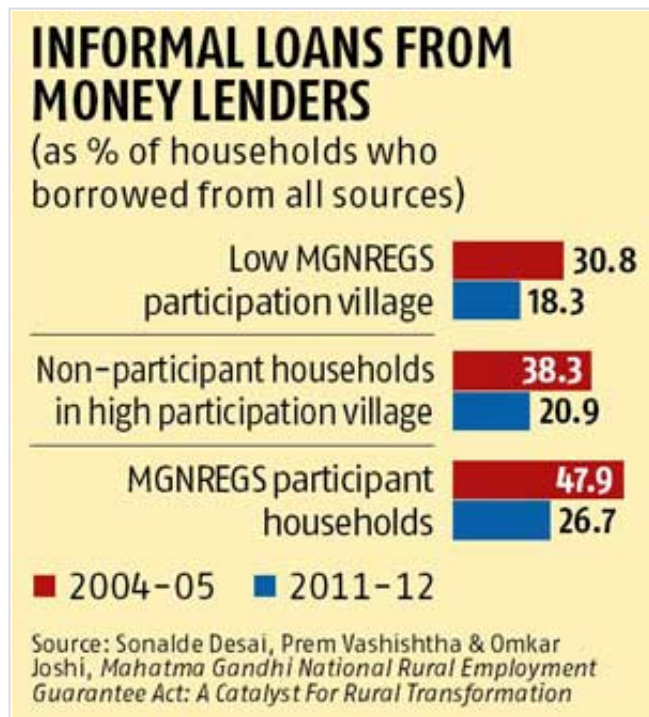
## **NREGS**

### **The unintended welfare implications**

While National Rural Employment Guarantee Scheme (NREGS), a social security scheme, was designed primarily to provide employment during times of stress, the scheme has ended up improving household welfare in unintended ways.

For one, NREGS may have reduced the dependence of rural households on high interest loans from moneylenders. Data captured in IHDS show while 48 per cent of households participating in NREGS obtained loans from moneylenders in 2004-05, this was down to only 27 per cent in 2011-12.

Researchers Sonalde Desai, Prem Vashishtha and Omkar Joshi find the difference between loans taken from moneylenders by NREGS participants against those who did not participate in the scheme was as great as four percentage points. The authors also find while credit from formal sources of finance rose for all households, for those who participated in NREGS, it rose from 24 per cent in 2004-05 to 34 per cent in 2011-12. It is likely once all NREGS workers open a bank account and learn to operate the formal financial system, the share of formal credit could witness a steady rise.



The other unintended benefit has been that children from NREGS households are more likely to be better educated not only in terms of attaining higher levels of education but also showing an improvement in their learning outcomes. The authors find in 2004-05, NREGS households spent four hours less a week on educational activities "than those in low intensity villages and one hour less than their non-participating neighbours." But, by 2011-12, these households had bridged the gap.

While the intuitive explanation would be that NREGS income is likely to be spent on education, based on the data collected, the authors discount this and offer an alternative explanation. They say it is possible NREGS helped reduce child labour.

### Impact of NREGS on wage growth

On the debate as to whether NREGS has influenced wage growth, Desai and co-authors present evidence to support the claim that it has contributed both directly and indirectly to wage growth. States with higher levels of implementation, such as Chhattisgarh and Rajasthan, have experienced had higher wage growth than low implementation states such as Bihar, Gujarat and Maharashtra. The authors find wage growth for men in states with medium level of participation about 3.5 per cent higher than in states with low NREGS participation. In states with higher participation, wage growth is about seven per cent higher. The authors also argue NREGS has a far greater indirect impact on wages, by "improving the bargaining position of workers".