



DATA FOR DEVELOPMENT



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A monthly update of socio-economic developments in India by the  
IHDS research community.

**September 2023**

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IHDS DATA COMMUNITY RESULTS

# **(En-)‘lightening’ Children: Assessing the Impacts of Access to Electricity on Learning Achievement Levels**

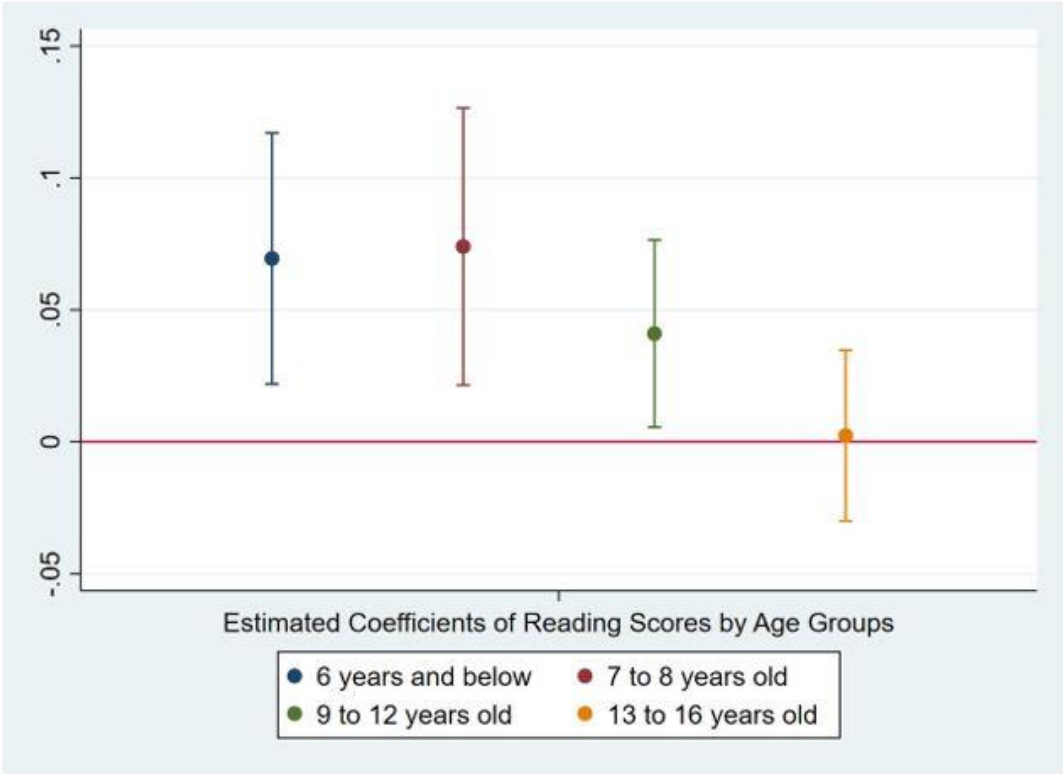
*By Somdeep Chatterjee, Shiv Hastawala, and Jai Kamal*



The welfare impacts of electrification are well documented in the literature, including the effects of electricity on school enrolment. However, the spillover effects of electrification on children's achievement levels are scarce. The authors of this paper use three complementary but distinct econometric models to establish a causal relationship between electrification and test scores using the India Human Development Survey (IHDS), a nationally representative household panel data from India. They find positive results irrespective of the choice of the econometric model, and these results seem to be mediated by changing time-use patterns of children with access to electricity. The authors first exploit the plausibly exogenous variation in access to electricity due to a universal electrification programme in the State of West Bengal in India and find positive effects of electrification on children's test scores. By age group, they find that younger cohorts benefit more in terms of their reading scores than

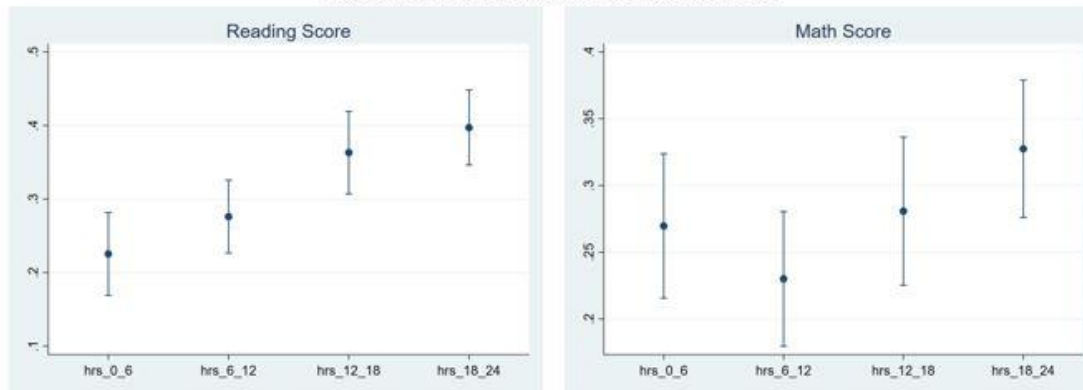
older cohorts. Then, to ascertain the external validity of these results, they replicate them over a nationally representative sample using fixed effects and instrumental variables estimation and find similar results. At the intensive margin, they find that access to more hours of electricity positively affects test scores. They identify an increase in time spent by children on study-related activities as the potential channel for these results.

Figure: Impact of SGA on Standardized Reading Scores by Age Group



Notes: All points represent coefficients from different regressions of reading test scores and includes demographic controls and district fixed effects. Vertical lines represent 95% confidence intervals.

Figure: Effect of Electricity Hours on Test Scores



Note: No village fixed effects (There is not enough variation within village). Test Scores are standardized.

[Full Article Here](#)

**Somdeep Chatterjee** is a faculty member in the Economics group at the Indian Institute of Management (IIM) Calcutta. Prior to joining IIM Calcutta, he worked as a faculty member at IIM Lucknow. He has also held faculty positions at FLAME University and the University of Manchester. He has been a Non-Resident Fellow at the Centre for Development Economics and Sustainability at Monash University, and a Fellow of the Global Labor Organization. His research is in the domain of applied microeconomics, and he has published his work widely in leading international journals, including the *Journal of the European Economic Association*, *Economic Development & Cultural Change*, *Economica*, *Public Choice*, and *World Development*, among others. He has a PhD in Economics from the University of Houston. In January 2023, he was awarded the prestigious “Prof M.J. Manohar Rao Award” for young economists by The Indian Econometric Society in recognition of his research contributions.

**Shiv Hastawala** is an Economics PhD student and a Graduate Teaching Assistant at the State University of New York at Binghamton, USA. He is a development economist with a focus on India. His research interests include political economy, labour economics, and education economics. He has previously concluded an assignment as a Research Associate at the Indian Institute of Management Lucknow as part of a consultancy project, which was an impact evaluation of an ICT intervention in primary education.

**Jai Kamal** is an Assistant Professor in the Economics area at Indian Institute of Management (IIM) Jammu. Prior to that, he was a Junior Research Fellow at UNESCO-Mahatma Gandhi Institute of Education for Peace and Sustainable Development, where he was working on the *Inclusive Wealth Report*. His research focuses on the effect of government policies on educational and labour market outcomes. He has published in reputed journals such as *Public Choice* and the *Journal of Human Capital*. He holds a PhD in Economics from IIM Lucknow and an MBA from the University of Delhi.

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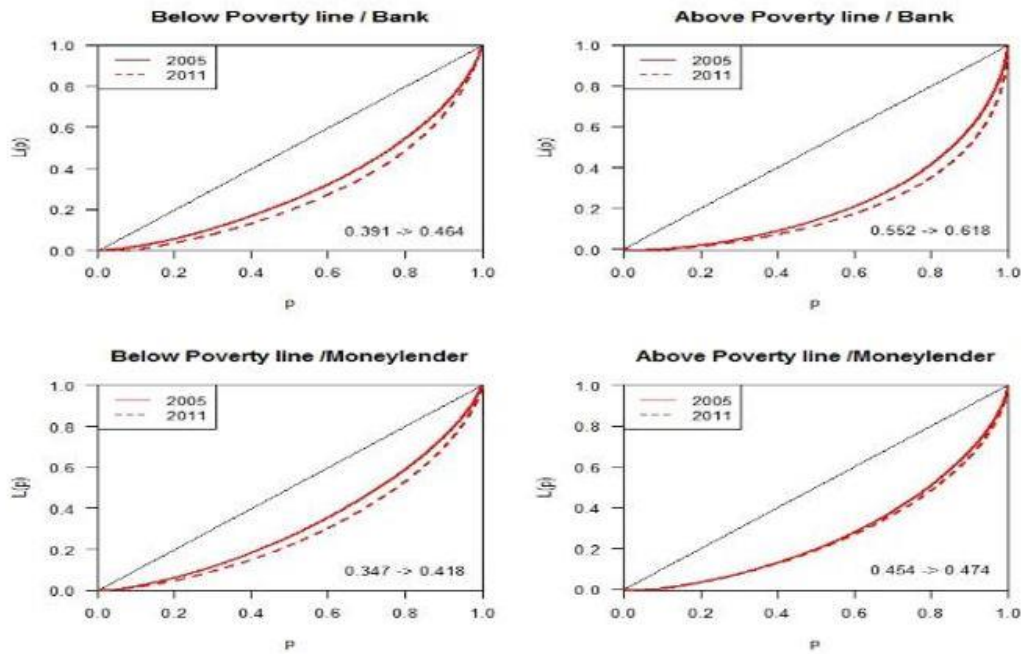
# Finance, Growth and Inequality: Does Source of Finance Matter?

*By Pranab Kumar Das, Bhaswati Ganguli,  
Sugata Marjit, and Sugata Sen Roy*

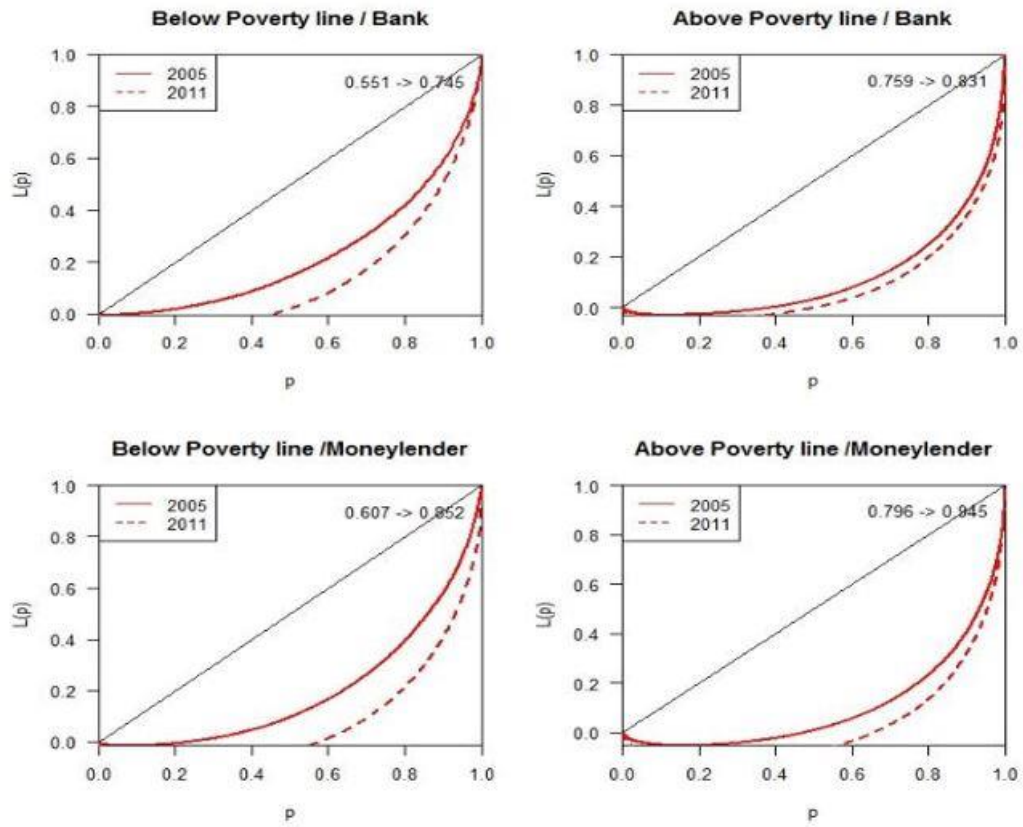


Using data from two rounds of the India Human Development Survey (IHDS), this study aims to assess the role of the sources of finance in the growth process and the outcome of income and assets on inequality. The most important result of the paper is that the source of loans—formal (banks) or informal (moneylenders)—has no impact on the rate of growth of household assets and income. The difference for the respective rates of growth lies only in the level, i.e. the intercept term in a regression on income or asset of the succeeding round of the survey on the preceding round across main sources of

borrowing and across poverty groups. Inequality of income increases independent of the source of borrowing, though the poor households are, in general, worse off. This questions the conventional wisdom regarding policies aimed at financial inclusion. The non-effect of the rate of growth across the sources of borrowing is due to the fact that the interest rate for the informal sector is the marginal cost of borrowing. This result can be generalised for any number of sources of borrowing.



**Fig. 5.** Change in inequality of income by source of loan & poverty line for all households



**Fig. 6.** Changes in inequality of income by major sources of loans and poverty line for agriculture households



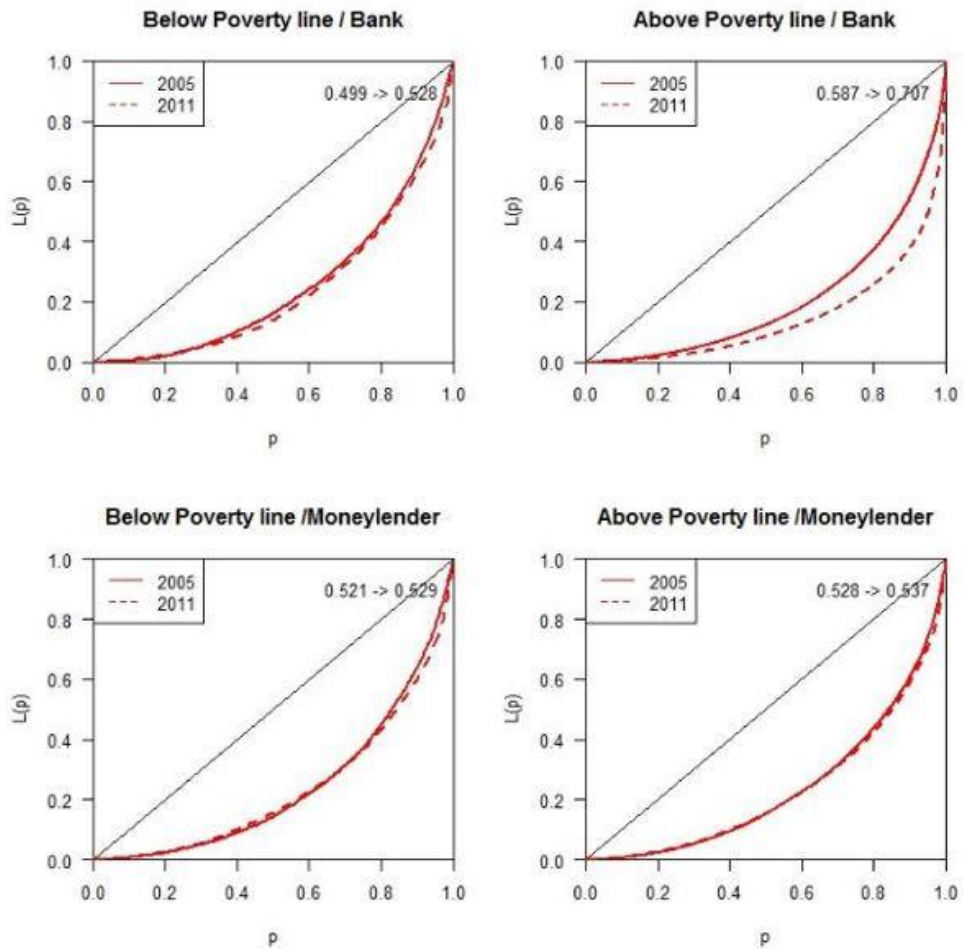


Fig.7. Change in inequality of income by source of loan and poverty line for business and industry

[Full Article Here](#)

**Pranab Kumar Das** has been working at the Centre for Studies in Social Sciences, Calcutta, since 1992. His areas of teaching and research are banking and finance in macroeconomic models, in theory and empirical application. He has been a visiting faculty in many Indian and foreign universities. He was awarded the Economic and

Social Research Council-Indian Council of Social Science Research (ESRC-ICSSR) Fellowship, and has received research grants from several government and international agencies. He was appointed as a Country Expert for a joint World Bank and Ministry of Finance, Government of India, project on fiscal modelling for India during 2019-20. He has published in reputed journals and also edited a book published by Orient Blackswan.

**Bhaswati Ganguli** is currently a faculty member at the Department of Statistics at the University of Calcutta, India. She has served as a research expert on several collaborative projects including: Modelling the effect of short-term exposure to air pollution and its effect on mortality (Health Effects Institute); influential value detection for generalised linear mixed models with an application to lung cancer incidence among mine workers (National Institute of Health, USA); and probabilistic risk assessment of alternative routes for arsenic exposure (Indo-UK research partnership). She has been an active user and teacher of the statistical software package, R, and has co-authored a package, SemiPar, for semiparametric regression modelling. She received her PhD in Biostatistics from Harvard University, USA, specialising in spatial modelling with applications to environmental data.

**Sugata Marjit** is currently Distinguished Professor at the Indian Institute of Foreign Trade. He was the RBI Professor of Industrial Economics and Director at the Centre for Studies in Social Sciences, Calcutta and First Sukhamoy Chakravorty Professor at Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi. He is also a former Vice Chancellor of the Calcutta University. He has held Visiting Professorial positions at renowned universities across the globe. His areas of research are international trade, macroeconomics, political economy and development economics. He has more than 200 papers in top-rated journals and numerous books to his credit. He was awarded the Mahalanobis Gold Medal and the A.L. Nagar Fellowship, the top honours of the Indian Econometric Society.

**Sugata Sen Roy** is Professor at the Department of Statistics, University of Calcutta. He has also been a Visiting Professor at several Indian and foreign universities and institutes. His research interests are primarily in the areas of Time Series Analysis, Regression Analysis, Survival Analysis, Development Statistics, Applied Multivariate Analysis, and Functional Data Analysis. He has been actively involved in several collaborative projects and has served as consultant for various agencies and institutes. He has a BSc with major in Statistics from Presidency College, Kolkata, and an MSc and a PhD in Statistics from the University of Calcutta.

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## IHDS DATA IN THE NEWS



**OP\_ED FROM A. MEHTA:** The G20 agenda for bridging the gender digital gap. *The Pioneer*. September 13, 2023. [Link](#).

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**Recent publications from IHDS users:**

Nandwani, B. and P. Roychowdhury. 2023. "Rural Roads Infrastructure and Women Empowerment in India", GLO *Discussion Paper No. 1320*. Global Labor Organization. [Link](#).

Rawat, S. 2023. "Inequality of Opportunity in Changing Access to Employment in India: A Panel Study", *The Indian Journal of Labour Economics*, 1-26. August 31. [Link](#).

Ranganathan, T., and A. Mendonca. 2023. "Does Being Educated More Than the Spouse Give Women Higher Autonomy? Findings from India", *The Indian Journal of Labour Economics*, 1-21. August 29. [Link](#).

Tandel, V., A. Dutta, S. Gandhi, and A. Narayanan. 2023). "Women's Right to Property and the Child Quantity-Quality Trade-off: Evidence from India", *Journal of Population Economics*, 1-37. August 29. [Link](#).

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## 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 neighborhoods 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 again through ICPSR. IHDS 3 is currently in the field.

IHDS 3 has been jointly organized by researchers from the University of Maryland, the National Council of Applied Economic Research (NCAER), Indiana University and the University of Michigan. 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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