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This paper examines the transition in household environment condition (HEC) in India during 2004–2012 by using panel data from the India Human Development Survey (IHDS). Household Environment Condition (HEC) is defined as availability of basic necessities such as drinking water, sanitation facilities, housing conditions and use of cooking fuel. In particular, this study documents the movement of households into and out of poor HEC. The authors find that a higher proportion of the socially deprived classes, namely, STs, SCs, and OBCs, continued to be in or fall into poor HEC than the General Castes. The movement out of poor HEC (to middle and better-off HEC) was least observed among the under-privileged castes than the General Castes. Similarly, households in economically poor condition and those with illiterate and primary occupation household heads were entering into or remaining more in poor HEC than their counterparts. The findings based on multivariate logistic
regression models have reinforced the results from the bivariate analyses. From a policy perspective, the findings suggest the need for greater emphasis on ongoing programmes for the socially disadvantaged population to improve household living and environmental conditions in India.

Figure 2. Transition pattern in HEC during 2005 to 2011 by social groups. Note: HEC = household environment condition.

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Emerging Challenges in Rural Non-Farm Sector and Inequality in Rural India: Insight from the IHDS Survey

By Bisla Devi and Thiagu Ranganathan
This study emphasises the changing patterns of income diversification, and the various socio-economic and village-level factors affecting the non-farm earning opportunities across rural households in India. It assesses the determinants of inequalities arising in the non-farm sector earnings over the period 2004-05 to 2011-12, using nationally representative data from two rounds of the India Human Development Survey (IHDS). The Censored Least Absolute Deviation (CLAD) model is used to estimate the determinants of household non-farm income. The Gini and Field’s Decomposition have been used to decompose the total inequality by the factor’s contribution of different socio-economic and village-level characteristics. The authors find that income inequalities among the households emerging from factors like levels of education of the household head, landholdings, and population density on the land, are significantly high but also declining from 2004-05 to 2011-12, whereas the earning gaps based on gender, age, and geographical zones have increased. Overall, changes in non-farm income from 2004-05 onwards have been more in favour of the better-off households. The non-farm sector is also seen as a potential sector for augmenting income and reducing inequalities in rural areas.
Table 2: Determinants of (Log) Non-farm Income (yearly): CLAD Model

|                        | Coefficient (standard Error) | 2004-05 | P>| 2011-12 | P>|
|------------------------|-------------------------------|---------|---|---------|---|
| Log of Non-Farm Income |                               |         |   |         |   |
| Gender of the head     | -1.7295 (0.4507)              | 0.000   |   | -1.7879 (0.3508) | 0.000   |
| age                    | 0.0882 (0.0177)               | 0.000   |   | 0.1905 (0.0218) | 0.000   |
| age squared            | -0.001 (0.0002)               | 0.000   |   | -0.0002 (0.0003) | 0.000   |
| Primary education      | 0.4916 (0.1688)               | 0.004   |   | 0.731 (0.1062)   | 0.000   |
| Secondary education    | 1.192 (0.1673)                | 0.000   |   | 1.1312 (0.0958)  | 0.000   |
| higher secondary       | 1.8845 (0.2193)               | 0.000   |   | 1.5088 (0.1193)  | 0.000   |
| graduate and above     | 2.8234 (0.246)                | 0.000   |   | 2.3655 (0.1295)  | 0.000   |
| OBC                    | -0.0139 (0.0573)              | 0.000   |   | -0.2108 (0.0283) | 0.011   |
| SC                     | -0.0418 (0.0905)              | 0.000   |   | 0.3924 (0.0769)  | 0.000   |
| ST                     | 0.2565 (0.109)                | 0.000   |   | 0.3784 (0.0980)  | 0.000   |
| Household size         | 0.2193 (0.0194)               | 0.000   |   | 0.287 (0.0164)   | 0.000   |
| marginal               | -1.7782 (0.153)               | 0.000   |   | -1.1703 (0.0726) | 0.000   |
| small                  | -7.4112 (0.5058)              | 0.000   |   | -2.4869 (0.1816) | 0.000   |
| semi medium            | -8.4473 (0.2452)              | 0.000   |   | -6.0097 (1.084)  | 0.000   |
| medium                 | -8.6609 (0.3223)              | 0.000   |   | -8.3632 (0.3276) | 0.000   |
| large                  | -8.1058 (0.6012)              | 0.000   |   | -6.3851 (2.4006) | 0.000   |
| population density     | -1.0514 (0.1517)              | 0.000   |   | -0.8085 (0.1495) | 0.000   |
| village yield          | -0.00000598 (0.00000384)      | 0.019   |   | -0.0000021 (0.000001) | 0.9840 |
| eastern zone           | -0.0273 (0.0333)              | 0.000   |   | -0.0398 (0.0562) | 0.485   |
| western zone           | -0.2159 (0.096)               | 0.016   |   | -1.2798 (0.1908) | 0.000   |
| southern zone          | -1.0584 (0.157)               | 0.000   |   | -0.1129 (0.0311) | 0.174   |
| constant               | 6.387 (0.527)                 | 0.000   |   | 4.4725 (0.5054)  | 0.000   |
| observations           |                               | 1.79    |   | 1.71    |   |

Note: the gender, age, and education level are characteristics of the household head, whereas other variables are characteristics of the household.

Table 4: Field inequality decomposition: socio-economic and demographic factors' contribution to the total inequality

| Fields          | 2004-05 | 2011-12 |
|-----------------|---------|---------|
| Female          | 3.38    | 9.30    |
| Age (of head)   | 1.25    | 6.51    |
| Education of the head | 23.67  | 13.98   |
| Caste           | 4.42    | 2.29    |
| Household Size  | 7.28    | 15.89   |
| Landholdings    | 38.29   | 27.37   |
| population Density | 7.26   | 2.62    |
| Village Yield   | -0.05   | 0.00    |
| State Zones     | 14.50   | 22.02   |
| Total           | 100.00  | 100.00  |
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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 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 3 is in development and expected to be in the field in 2021.

IHDS 3 has been jointly organised 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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