



DATA FOR DEVELOPMENT



Welcome to the India Human Development Survey Forum

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

April 2023

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IHDS DATA COMMUNITY RESULTS

Effects of Credit and Labor Constraints on Microenterprises and the Unintended Impact of Changes in Household Endowments: Use of Threshold Estimation to Detect Heterogeneity

By Bidisha Lahiri and Richard Daramola



Household entrepreneurship is undoubtedly an important pillar of resilience for households against economic fluctuations. On the other hand, public works programmes and social safety nets are implemented by governments of most countries across the world also to protect vulnerable families against economic hardships. The research question in this paper looks at the spillover effects of employment generation programmes, a common public policy, on microenterprises. The authors (i) create a theoretical/mathematical model that simultaneously considers the policy-induced effect on household enterprises of a tightening of labour constraints and relaxation of credit constraints, (ii) and use this theoretical model to generate the empirical specification and predictions. (iii) Further, they predict the effects to be heterogeneous across the

entrepreneurial households that are affected by the policy, and finally (iv) using data from IHDS, they consider the MGNREGA of India (which was the world's largest public works programme in 2015, according to the World Bank), as a case study to test all the hypotheses using recent rigorous empirical methods. The research in the paper finds support for the authors' model predictions, including the heterogeneity in effects between microenterprises operated by households of different income levels.

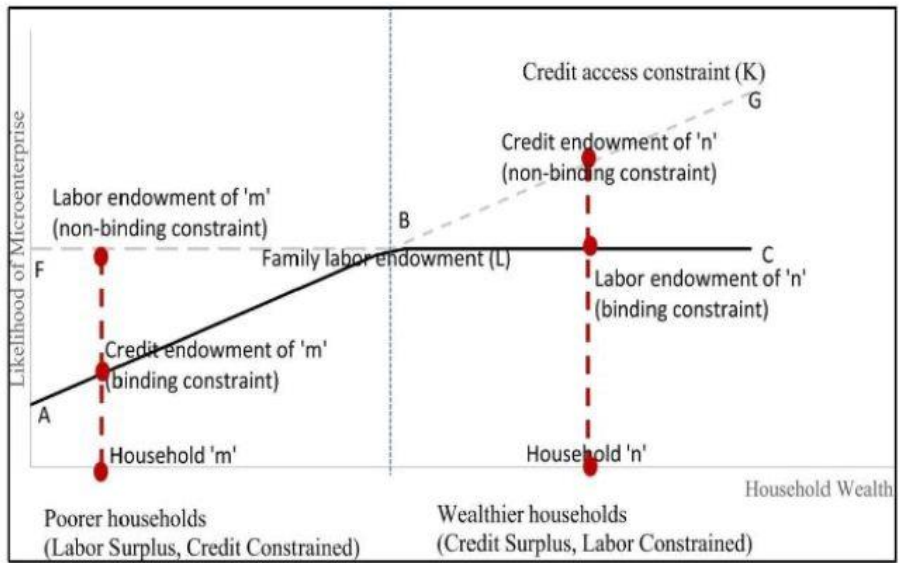


Fig 1: Initial Capital & Labor constraints

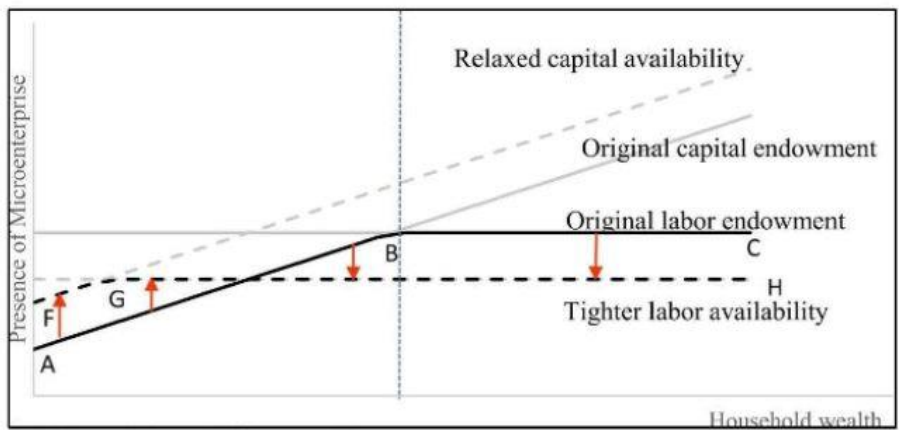


Fig 2: Change in Capital & Labor constraints

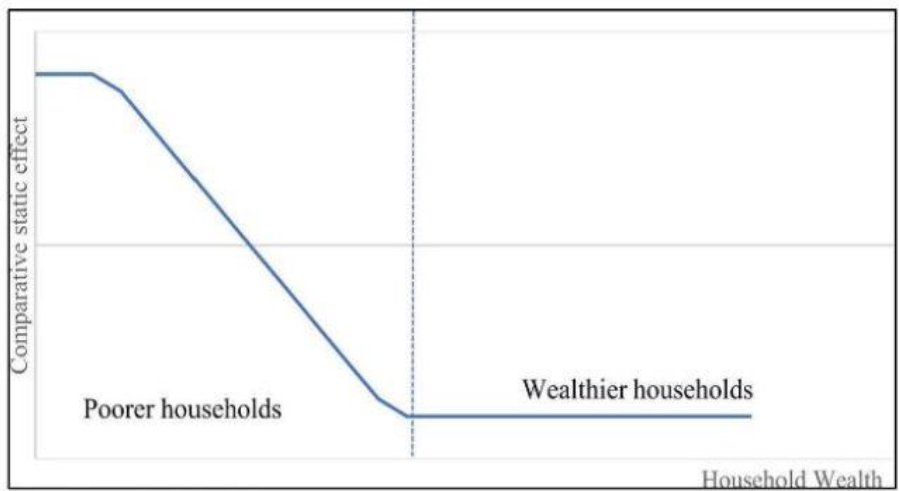


Fig 3: Comparative static effects

[Full Article Here](#)

Bidisha Lahiri is an Associate Professor of Economics at the Oklahoma State University, with her roots in Kolkata, India. She obtained her doctorate from UNC-Chapel Hill, and her Master's degree from the Indian Statistical Institute. Bidisha has always been passionate about economic aspects surrounding International Trade and Development, either separately or in conjunction. Her research has looked at India, Bolivia, USA, Vietnam, and currently China and Indonesia. Her work can be characterised as examining pressing economic issues in the context of economic theory, and testing the hypotheses using the latest econometric techniques. Bidisha is enthusiastic about making students find Economics exciting and rewarding. She is always on the lookout for new co-authors who share her interest in doing good economic research.

Richard Daramola is a member of the Economics Department at the University of Northern Iowa, where he teaches and advises undergraduate students. He has a PhD in Economics, two Masters' degrees in Mathematics, and one Master's degree in Economics. He obtained his PhD from Oklahoma State University, where he specialised in Applied Economics and Development Economics. Richard's research empirically analyses policies and interventions promoting economic development, particularly in low-income countries. He is passionate about his research to promote social welfare and inform policy decisions that can help improve people's lives in low-income countries.

Returns to Relationships: Social Capital and Household Welfare in India



By Jaya Jha and Edward Kelley

Sociological scholarship, economic theory, and empirical studies all indicate that interpersonal relationships are valuable productive assets and deserve to be formally incorporated into the study of human development. This paper employs the India Human Development Survey (IHDS) to examine the impact of different dimensions of social capital on multiple proxies for household welfare. Social capital in the form of memberships in local community organisations and social network connections has a statistically and economically significant association with household consumption expenditures, physical asset ownership, and the probability of a household living in poverty. Households that are members of any formal community organisation are expected to have higher monthly per capita consumption expenditures than households without any memberships. Estimates of a similar magnitude are observed when modelling a household's stock of physical assets, a longer-term indicator of economic welfare. These indicators of social capital are also significantly associated with lower odds of a household living below the poverty

line. Organisational memberships and social networks are also associated with considerably higher odds of a household assessing its own economic situation positively. Overall, social capital is a catalyst for increasing household welfare along multiple dimensions, and, therefore, a critical area of focus for economists, sociologists, development practitioners, and policymakers.

Table 5. Effects of formal group memberships on a household's probability of being in poverty (odds ratios)

Variables	(Model 1) Indicator of Membership	(Model 2) Total Memberships	(Model 3) Organization Type	(Model 4) Individual Memberships
Membership in Any Formal Community Organization	0.705 *** (0.028)			
Total Number of Memberships Affiliated to Household		0.842 *** (0.017)		
Indicator of Memberships in Any <i>Bonding</i> Organization			0.701 *** (0.040)	
Indicator of Membership in Any <i>Bridging</i> Organization			0.834 *** (0.038)	
Member: Youth Club/Sports Group/Reading Room				0.792 * (0.103)
Member: Union/Business/ Professional Group				0.717 ** (0.096)
Member: Self-Help Group				0.957 (0.050)
Member: Credit/Savings Group				0.837 *** (0.055)
Member: Religious Group/Social Group/Festival Society				0.769 *** (0.053)
Member: Caste Association				0.789 *** (0.058)
Member: Development Group				0.718 * (0.131)
Member: Agricultural Cooperative				0.609 *** (0.074)
Highest Years of Education Attained by Adult in Household	0.931 *** (0.003)	0.932 *** (0.004)	0.931 *** (0.004)	0.932 *** (0.004)
Indicator of Land Ownership	0.584 *** (0.022)	0.586 *** (0.022)	0.586 *** (0.022)	0.593 *** (0.022)
Observations	41,036	40,991	39,985	41,034
Region, District, and Year FE	YES	YES	YES	YES
Additional Controls	YES	YES	YES	YES
Pseudo R-squared	0.257	0.258	0.257	0.258
Log Likelihood	-15,421	-15,396	-15,097	-15,398

Note: Clustered (village-level) standard-errors in parentheses; * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

[Full Article Here](#)

Jaya Jha is the Boone Assistant Professor of Economics and a Core Faculty member in South Asian Studies at Davidson College in North Carolina. Her research areas include economic growth and development, macroeconomic aspects of international trade, and applied time series analysis. She is examining publication trends in development economics, women's labour force participation in India, and child malnutrition in Rwanda. She has previously explored the complementarity and substitutability between public and private investment in Pakistan, and the intertemporal dynamics of US agricultural export demand. She holds a PhD in Applied Economics (University of Minnesota), an MA in Economics (University of Pune), and BA (Honours) in Economics (University of Delhi). She teaches macroeconomics, development, growth, and forecasting, and mentors undergraduate research projects.

Edward Kelley is a healthcare strategy professional currently working in the consumer experience organisation of a large U.S. health plan. He graduated from Davidson College with a Bachelor's degree in Economics (with high honours) and Minor in Data Science. At Davidson, he conducted research for a senior thesis on social capital in rural India, a project which included a two-week trip to India led by Dr Jaya Jha. He has also published research in Applied Economic Letters and has sought out research and analytics-related roles in his professional career.

IHDS DATA IN THE NEWS



OP-ED FROM ANUPMA MEHTA AND SANJIB POHIT. “The Challenge of Gender Access to Clean Water”. *The Pioneer*, March 29, 2023. [Link.](#)



OP-ED FROM DAMINI MEHTA: “Sub-par Wage Hike, Declining Allocation: Double Whammy for MGNREGS”. *The Daily Guardian*, March 31, 2023. [Link.](#)

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Recent publications from IHDS users:

Chatterjee, P. and A. Dubey. 2023. “The Role of Women’s Empowerment on Child Nutrition in India: A Longitudinal Analysis”, *Environment, Development and Sustainability* (2023), DOI: <https://doi.org/10.1007/s10668-023-03183-3>. [Link.](#)

Kumar, D., B. Pratap, and A. Aggarwal. 2023. "Children's Early Foundational Skills and Education Continuation in India: Heterogeneous Analysis by Caste, Gender and Location", *World Development Perspectives*, Volume 30, June. [Link](#).

Agte, P. and A. Bernhardt. 2023. "The Economics of Caste Norms: Purity, Status, and Women's Work in India", *Working Paper*. [Link](#).

Borkar, A.R. and R.V. Vikhar. 2023. "Understanding the Inter-Caste Marriage Story in India", *Journal of Emerging Technologies and Innovative Research*, 10(3): c29-c34. [Link](#).

George, M.S., T. Niyosenga, and I. Mohanty. 2023. "Does the Presence of Health Insurance and Health Facilities Improve Access to Healthcare for Major Morbidities Among Indigenous Communities and Older Widows in India? Evidence from India Human Development Surveys I and II", *PLoS One*, 18(2): e0281539. [Link](#).

Tyagi, Malvika, Deepak Kumar, and M.A. Hussain. 2023. "STEMming the Dowry Tradition: Empowering Girls in India", *Available at SSRN 4385778*. [Link](#).

Azam, M. 2023. "Health Effects of Fuel Transitions in India: Evidence from Panel Data", IZA Institute of Labour Economics *Discussion Paper Series No. 15852*. [Link](#).

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ihds.umd.edu



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 RO1HD041455 and R01HD061048. Additional funding is provided by The Ford Foundation, IDRC and DFID.

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