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Rural ICE

Bibek Debroy | Business Standard | July 2, 2015 21:46 pm

In the concluding part of the series, the author uses India's Consumer Economy data to demonstrate 'rural' is not a homogeneous entity

"Still it is an error to argue in front of your data. You can find yourself insensibly twisting them round to suit your theories." That's Sherlock Holmes/ Arthur Conan Doyle in The Adventure of Wisteria Lodge. Census 2011 tells us there are 641,000 villages in India (not all are necessarily inhabited). The population-wise distribution of villages isn't available from Census 2011 yet. But we have numbers from Census 2001. Of the almost 600,000 villages in Census 2001, almost 4,000 had a population more than 10,000 and almost another 15,000 had population between 5,000 and 10,000. Simultaneously, just over 45,000 had population less than 100 and a similar number had population between 100 and 199. Rural and urban have Census definitions. But surely, there is a difference between a village with population of 10,000 and one with population of 100. There will be divergences in development and deprivation. Whatever be the development indicator, there may be little difference between a village with population of 10,000 and a smaller town, especially if it is a Census town. If inclusion, however defined, is targeted at villages with population more than 2,000, what does it do? It may reduce the deprivation distance between such villages and "urban", but also increase deprivation distance between such a village and one with a population of 100.

Therefore, "rural" is not one homogeneous basket. In years since 1991, it may well be the case that the development story has been one of increased integration of larger villages into expanding urban agglomerations, while smaller villages still remain marginalised. Thus, tarring with an aggregate bush can be misleading. In the earlier piece, I described the ICE (India's Consumer Economy) survey for 2014. In this piece, I will focus on what ICE reveals about rural India. To recap, on the basis of an index, rural is divided into three categories - developed rural, emerging rural and under-developed rural. Developed rural is the top quartile, emerging rural is the third quartile and under-developed rural is the first and second quartiles. Let's take some findings now. First, all rural isn't deprived. Consider households in top 20 per cent of India's income distribution: 55 per cent is urban, but 45 per cent is rural. However, if you take the bottom 20 per cent of the income distribution, 83 per cent is rural and 17 per cent is urban. Second, as there is movement up the development ladder, one expects share of food in consumption expenditure will decline. To use one indicator, one expects share of education in consumption expenditure will increase.

For towns with population less than one million, share of food in consumption expenditure is 50.6 per cent. For developed rural, it is 51.1 per cent and for under-developed rural, it is 65.2 per cent. There is little to distinguish developed rural from these towns. For these towns, share of education in consumption expenditure is 6.2 per cent. But for developed rural, share of education in consumption expenditure is 8.9 per cent. I had certainly not expected such a high share for education. Third, take something like average annual household income: It is Rs 2.7 lakh for the developed rural (a figure higher than for the towns I mentioned), Rs 1.7 lakh for emerging rural and Rs 1.3 lakh for the under-developed rural area. Fourth, rural conjures up an image of agricultural pursuits. In developed rural, 25.1 per cent of households report themselves as salaried. (The figure is 8.8 per cent for under-developed rural.) Salaried is clearly better than near-subsistence level farming. Only 6.9 per cent of developed rural households are pure farm households (no income from non-farm activities). The figure is 25.4 per cent for under-developed rural. Fourth, take a development indicator like a toilet within the premises. It is 87 per cent for developed rural and 31 per cent for under-developed rural; 28.3 per cent of developed rural households are graduates, with 12.1 per cent for under-developed rural. About 33.5 per cent of developed rural households have life insurance products. The figure is 16.4 per cent for under-developed rural. About 56.2 per cent of pure farm households have colour television sets, with a figure that is 28 per cent for agricultural labour households.

Fifth, rural households were asked about what worries them. Across the slices of developed rural, emerging rural and under-developed rural, the number one reason for worry was personal or family health. Sixth, since the expressions "farm" and "non-farm" households have been used, 43 per cent of pure farm households and 32 per cent of non-farm households have debt. What's more interesting is the composition of this debt; 45 per cent of pure farm households have debts contracted from the informal market; 70 per cent of non-farm households have debts contracted from the informal market and 81 per cent of agricultural labour households have debts contracted from the informal market. About 70.5 per cent of rural households have saving accounts with banks. But the figure is 74.4 per cent for pure farm households and 47 per cent for agricultural labour households. Despite bank accounts and postal savings accounts, 72.6 per cent of rural households keep their savings in the form of cash at home. (This figure is almost invariant across all types of rural households.)

What does this deluge of numbers mean? For a start, we should stop thinking of "rural" as a homogeneous entity. It isn't, and in all probability, divergences within "rural" have increased over time. Also, it would be interesting to use ICE to work out cross-classifications based on population sizes of villages and on their spatial/geographical distribution. I don't have those ready tables. But it is an issue worth probing.

The writer is a member of the National Institution for Transforming India Aayog. These views are personal