

IHD Research Programme on  
Aiming at Inclusive Development in Bihar

**Social and Economic Change  
in Rural Bihar and  
the Emerging Policy Framework**

Summary of the Main Findings

A Project Sponsored by

United Nations Development Programme



INSTITUTE FOR HUMAN DEVELOPMENT

New Delhi

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2012

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## 1. The Research Framework: Aims and Methods

This document presents a summary of the initial findings from a research programme on inclusive growth in Bihar, carried out by the Institute for Human Development, New Delhi.

The point of departure of this research lies in the results of two earlier projects. In 1981-83, a substantial research project on the dynamics of poverty and employment in rural Bihar was undertaken by the A.N.Sinha Institute, Patna, and the International Labour Organization. The project examined agrarian relations, agricultural development, labour markets, living conditions and the impact of state policies on the basis of data collected from a representative sample of villages and of households.

In 1998-2000, a second project, undertaken by the Institute for Human Development in New Delhi, returned to the same villages and again studied the patterns of livelihoods and economic development, and how they had changed in the intervening period, exploring in depth issues such as investment and growth, perceptions of change and institutions of governance.

This is therefore the third project in the series. Starting in 2009 there has been fresh data collection in the same 36 villages which had been covered in the earlier projects. Extensive community level and household data have been collected in these 36 villages (of which 12 studied further in-depth), originally selected in 1981 through a mix of random and purposive techniques. Research is under way which aims to answer some key questions:

- To what extent and in what ways has the population of rural Bihar participated in and benefited from India's development over the last 30 years? In particular, what has been the pattern in terms of income, employment and poverty reduction?
- How have the benefits been distributed between classes and castes, between regions, between men and women, between generations, between rich and poor? How is progress perceived by different groups?

- What have been the triggers to change in rural Bihar in recent decades? What have been the key social, economic and political dimensions of change? In particular, what changes have occurred in agricultural production and agrarian relations, in the pattern of growth, in the employment structure, in migration patterns and other aspects of social and economic behaviour, in the political environment and in the role of the State?
- What have been the main structural obstacles to faster and more inclusive growth: social relationships and hierarchies, governance shortfalls, economic constraints such as credit, technological factors, skills and education, infrastructure development or other factors?
- What has been the impact on people's lives of specific policy interventions aimed at reducing poverty, improving capability and raising productivity? What is the best way to design such policies and to identify the beneficiaries?
- The present summary of research findings cast light on some of these issues. This is only a first set of results while data collection is continuing. They are mainly based on data from village and household surveys carried out between November 2009 and February 2010. It also draws on data collected in earlier years, which makes it possible to explore not only the patterns and relationships observed in 2009-10, but also the changes over three decades.

This study focuses on rural areas where almost 90 per cent of Bihar's population live.

## **2. The Development Experience of Bihar**

The present state of Bihar, comprising about 3 per cent of the total geographical area of India and about 9 per cent of its total population (102 million as per the 2011 Census), is the most densely populated state of the country. However, with an urban population of just 11 per cent, it is the least urbanized among the major states of India.

Till recently, it was also among the slowest growing regions of the country. Although the growth rate of state's GDP has considerably

accelerated during the last six years, with the state economy growing at over 10 per cent per annum, the state continues to be among the economically most backward ones with one of the lowest per capita incomes and highest incidence of poverty in the country.

After Independence, like most other parts of India, the state inherited a largely agrarian, backward economy. While the abolition of the *zamindari* system liberated a large number of peasants from the most glaring exploitative agrarian system, it also led to mass eviction of peasants, and while the nature of land relations changed to some extent, the system was still semi-feudal.

The economic stagnation and widespread poverty, along with the existence of 'semi-feudal' production relations, on the one hand led to the heavy out-migration of agricultural labourers and poor peasants, mainly from north Bihar, to the developed north-west regions of the country; and, on the other, gave rise to the militant peasant movement in the southern plains of the state.

An important development since the 1980s, which accelerated from the early 1990s, was the rise of the middle castes. Over the years the middle castes ascended in power. This political empowerment without economic development was somewhat disjointed but played an important role in breaking the semi-feudal relations and changing the rural landscape.

Over the last five to six years the image of the state has changed for the better, thanks to a turnaround in the growth rate and significant improvement in law and order. The improvement in economic growth of the state can primarily be attributed to the considerable rise in the growth rates of sectors such as transport and communication, trade and construction.

Due to the higher growth rates achieved by the secondary and tertiary sectors, there have been significant shifts in the sectoral distribution of the state's output. Agriculture contributes only to about a fifth of the total GSDP, while it employs more than 62 per cent of the total workers in the state. Industry and services comprised the remaining 80 per cent

(20 and 60 per cent, respectively) of the GSDP, and employ 16.6 per cent and 21.6 per cent of the workforce, respectively.

The state has a very low work participation rate (WPR) according to the National Sample Survey, primarily because of the lower work participation rate of women. Our survey shows that this female WPR is grossly underestimated but there remain considerable social and institutional barriers against women's work in Bihar in some sections of the society.

The per capita development expenditure in the state is about half of the all India average, though the state's Plan expenditure has considerably increased in recent years. The low per capita income and non-diversification of the economy have led to extremely low labour productivity in the state, making it one of the lowest in the country. The per worker productivity of workers in Bihar was just half of the all-India figure, while in agriculture, it was two-thirds of the all-India average.

The incidence of poverty, as per the estimates by the Expert Group Methodology, declined from 62.2 per cent in 1983 to 55.0 per cent in 1993-94 and further to 41.4 percent in 2004-05. The tentative estimates from the recent NSSO 66th Round survey of 2009-10 show that in spite of the high growth achieved during the last five years or so, the level of poverty (using the Tendulkar methodology) continues to be about 54 per cent as against 32 per cent for India as a whole. Apart from the very high level of poverty, the state also performs poorly in terms of most of the other social and human development indicators.

Bihar has witnessed significant social, economic and political transformation during the last three decades or so. While progress has been uneven, there has been some social and political empowerment of the poor, more so among those belonging to middle castes, and considerable decline in poverty as well, although still more than half of the population continues to be poor.

The recent spurt in growth along with improved law and order and move towards strengthening governance and institutions has generated a great deal of optimism in the state and among other stakeholders. The

challenge is to sustain this high growth led by a select few, rendering it more diversified and inclusive by overcoming the massive development, infrastructure, resource and institutional deficits. The state, centre and other stakeholders have to work with a clear vision and a well-crafted strategy, based on objective analysis and hard facts, for achieving this goal.

### 3. Characteristics of the Villages Studied

The 36 villages under study are spread over seven districts of Bihar, three situated in the south of the Ganges (Gaya, Nalanda and Rohtas) and four in the north (Araria, Gopalganj, Madhubani and Purnia). Chosen originally to reflect the social, economic and technological diversity of the plains of Bihar, important differences are noticeable between villages, especially between regions but also among villages within the same region: in terms of population size, density of population, class and caste structure, land ownership pattern, accessibility, literacy rate, labour market structure and facilities endowment. Electricity supply, drainage and sanitation remain three major black spots.

Agriculture remains the primary source of employment within the villages but Bihar is known to suffer from the vagaries of the weather. Droughts and floods are recurrent and can have devastating effects on people, livestock and the village economy. The relatively stagnant Bihar agriculture has not been able to provide enough employment for a growing population. The search for employment opportunities outside agriculture has been rising, be it through migration or commuting from the village. The incidence of migration varies widely across villages. The proportion of “migrant households” (households that had had at least one member working outside the village in the course of the year previous to the interview) ranges from 26% and 86%.

Two indices - a development index and a remoteness index - have been computed to assess the overall situation of the villages. The better-off villages were mostly located in Rohtas and Gopalganj, the least well-off in Madhubani, Purnia, Araria and Gaya. Nalanda villages belonged to the middle range.

#### **4. The Social and Agrarian Framework: Caste, Class, Land and Assets**

Historically Bihar's exploitative agrarian relations bore much responsibility for rural stagnation and poverty. They are inextricably linked with caste, class and landholding – the three major, visible dimensions of inequality in rural Bihar. Class, caste and land all have distinctive impacts on economic behaviour, with class the strongest factor overall.

In the last 30 years there has been substantial change in the class pattern. Attached agricultural labour, which accounted for one-sixth of all households in 1981 have virtually disappeared. While landlords are in sharp decline, casual agricultural labour and poor peasants are increasing.

The overall pattern of landholding is changing. In the last 3 decades, landlessness has increased but remains concentrated among Scheduled castes, OBC I and lower Muslims. At the same time, the overall distribution of land has become less unequal, but more than half of the rural population remains landless.

Among Forward castes, those who were previously landlords have diversified towards non-agricultural occupations; middle castes have gained land relative to upper castes and maintained their position overall; and backward and scheduled castes have benefited from the end of bonded labour but only a few have become small cultivators. Many Yadav households have increased their landholdings, and have moved up from the categories of marginal farmer and landless. Some Kurmi and Brahmin households have moved down, while others have broadly maintained status quo.

The proportion of land leased has remained stable in the last 30 years, at about one-quarter, but fewer households are leasing in, so the average amount of land they lease has increased. Leasing in of land remains widespread among those owning small plots of land, especially very small plots, and constitutes a significant fraction of the area they cultivate. Tenancy increasingly reflects market relationships and the

strength of the middle castes rather than semi-feudal exploitation, although sharecropping persists as the dominant mode.

Upper castes lease in little land, but middle castes, especially the Yadavs, lease in a great deal, reflecting their importance in agricultural production and growth. While the proportion of households renting in land has fallen for the population as a whole, about a fourth of Scheduled Castes and OBC I households still rent in land.

Overall household assets in rural Bihar are extremely low. Land accounts for 70 to 80 per cent of all wealth, and housing most of the rest. There are large differentials in asset holding by class, work status, education and the age and sex of the household head; differentials by caste and region are smaller.

Over the last 30 years average asset holdings have increased for all caste/community groups, but proportionately gains are largest for Scheduled Castes, OBC I and Yadavs, and smallest for upper castes and middle castes other than Yadavs. These differences among castes in the long term change in asset holdings are greater than differences between classes, on average; so the caste pattern of asset inequality is changing faster than the class pattern.

There has been a substantial increase in domestic assets, and land values have risen, but much less increase in productive assets and livestock. Some assets such as bicycles and mobile phones are found in all population groups, reflecting changes in life-styles.

Access to credit is very strongly related with existing household assets. Credit flows are very weak – an average loan of only Rs 9500 per household. Loans, especially institutional loans, like assets in general are highly concentrated on richer households.

## **5. The Labour Market, Employment and Wages**

The labour market in rural Bihar has changed significantly over the last 30 years. From a stagnant, semi-feudal environment in which much labour suffered from various degrees of bondage, it has moved towards

a more open, market driven system, in which labour migration to other parts of India has both reduced local relationships of dependency and provided new opportunities.

Growing pressure on land has meant that more households depend on wage labour. Local opportunities have remained limited and local labour markets have been slow to expand. Yet, shortage of labour has emerged in some places and at some times of the year, with consequent pressure on wages, and new forms of organization such as contract labour are growing in importance.

Overall, labour force participation rates are high – 94% for men and 64% for women, using a wide definition of labour force participation rate, and 81% for men and 37% for women, using a narrow definition.

While men's labour force participation continued at the same high level during the last 30 years, the structure of their employment has diversified as migration generates not only casual but also a great deal of regular work in both industry and services. The level of women's labour force participation has increased but the structure of their employment has only marginally changed. In the villages their economic activities remain rooted in agriculture and animal husbandry. Caste and class are much stronger determinants of women's labour force participation than men's participation.

The decline in the importance of agriculture as an occupation was already observed between 1981 and 1999, when the share of agriculture declined from 81% to 74%. This trend has clearly accelerated in the last decade and led to changes in the structure of overall employment. Between 1981-82 and 1998-99 there had been an increase in the proportion of casual workers mainly at the cost of self-employment. Between 1998-99 and 2009-10 the proportion of casual workers stabilized at almost half of the total workforce, while the share of self-employment continued to decrease and regular non-agricultural employment, facilitated by migration, jumped up.

Education plays a role in opening up employment opportunities. From primary education onwards it is associated with occupational

diversification but secondary education does not make much difference. It is only at the higher levels of education that there is a significant growth of better paid modern service, professional and white collar occupations, for both men and women.

Child labour is still a concern though school enrolment has increased substantially especially among girls. Young people face difficulties in initial labour market access. It is only in the 25 to 39 age group that a broad based occupational structure emerges.

Wage structures in rural Bihar are complex, and they are becoming more diverse. Real daily wages have been multiplied by a factor of between two and three over the last thirty years. For men, the total rupee-equivalent daily wage is now mostly close to Rs 100 (a little lower than the statutory minimum wage being paid in NREGA work in 2011). The gap between men and women wages varies across villages but has narrowed in some villages.

While there have been some dramatic changes in wage levels, there has been less change in wage institutions such as payments in kind or as a share of the crop. There has been a tendency towards an equalization of the daily wage and harvest share across districts (the highest increases have been registered where they were previously the lowest) though their variations remain fairly substantial.

## **6. Migration**

The migration from rural Bihar is high and has steadily increased in the 30 year time period under study. The proportion of migrant workers to total workers increased from 15.7% in 1998-99 to 25.5% in 2009-10.

The incidence of migration is higher for the backward districts of North Bihar, in comparison with the better off districts of south Bihar. However, there are significant differences in the duration of migration, work status and occupational profiles of migrant workers of the two regions.

Migration is predominantly for work, overwhelmingly to urban areas outside the state. Migration for work is predominantly male; female migration for work is negligible. Migration streams are dominated by young men. Almost three quarters of migrant workers belong to the age group 15-35.

The 2009-10 survey reveals that the duration of migration varies significantly among migrant workers. More than half of all migrant workers migrate for a period greater than 8 months. Another 43 per cent of the migrant workers migrate for three to eight months. Only 6 per cent of the workers migrate for a duration of less than 3 months.

The nature of migration has moved from seasonal to longer term overtime. The proportion of long term workers has increased in the migration stream from 40.0 per cent to 48.6 per cent from 1998-99 to 2009-10. At the same time, the proportion of households with temporary migration increased from 19.4 per cent in 1981-83 to 22.6 per cent in 1998-99 to 35.0 per cent in 2009-10.

Among socioeconomic groups, the incidence of migration is the highest among Muslims, followed by the forward castes, OBC I, SC/ST and OBC II, respectively. By class, migration tends to be higher among non-agriculturalist and landlord households. Ownership of land, and the size of the land owned has a bearing on migration. Migration tends to be higher among the landless in poorer districts, as well as among large landowners in the better off districts.

Household size varies significantly between migrant and non-migrant households. Across all caste, class and land categories, migrant households have more members than non-migrant households. The difference is most marked by caste, for upper caste, by class, for landlords, and by land size owned, for large landowners, which also had the highest intensity of migration.

Almost three-fifth of the total migrant workers have little or no education. At the same time, the incidence of migration is the least for illiterate workers, and it keeps increasing with higher educational attainments.

Wage work is undertaken by almost 95 per cent of the migrant workers. Casual wage labourers form a majority of the migrant workers, closely followed by regular wage workers. Work status of migrant workers varies significantly with the duration of migration. Short term migrants are predominantly casual wage labourers, while long term migrants are regular wage labourers.

Cultivation, construction and work in industry are the three main occupations, which engage more than half of the migrant workers from rural Bihar. There are significant district wise variations in the occupation of migrant workers. A major bulk of migrants from Madhubani and Purnia engage in agricultural work.

Migrants sending remittances is a near universal phenomenon, and the amount of remittance depends on the number of migrant members per household, the type of activities undertaken and the duration of migration. As expected, the amount of remittance sent increases as one moves from the backward to the better off districts, and as one moves up the caste ladder.

Male migration has brought about several changes in the work women do – within and outside their household. They now undertake more agricultural, as well as non-agricultural work, which includes management of farms and animal husbandry. At the domestic front, the burden of their household tasks have increased, and they have become more involved in making decisions in the household, and managing household finances and remittances. At the same time, they face barriers in both accessing credit, and getting credit on favourable terms in the absence of their men.

Male migration has been quite a catalyst in enhancing women's mobility, especially in some conservative communities. Women are more mobile today than they have been in the past. While migration of men has brought about profound changes in women's lives in rural Bihar, patriarchy and caste continue to be institutions which define and govern them in a fundamental way.

## 7. Living Conditions, Exclusion and Poverty: Facts and Perceptions

The living environment in rural Bihar remains poor, with over half of houses still *kaccha*. Still, there have been significant improvements in housing over the last 30 years, mostly among upper classes and in more advanced regions.

About 80% of the surveyed households did not have an electricity connection, and even the most advanced districts reported only one-third of the total households with electricity connections, with class as the strongest marker of access.

As noted earlier, sanitation remains a black spot in the survey villages. Open defecation is the norm and only a small minority of the households have toilets. Again, both caste and class are markers of access.

Drinking water facilities have improved and most people now have adequate access to handpumps. At the same time, there is some seasonal distress in some villages, and households have to resort to using alternative sources of water such as wells and ponds.

There is widespread social exclusion, which is most visible in exclusion from land of lower caste groups. Scheduled Caste households average 81% landless, and OBC I, 65%. Livestock, on the other hand, is more widely distributed.

Households with mainly older members are particularly vulnerable to exclusion and to adverse inclusion (excessive work), and women remain excluded from many domains. Female headed households report higher proportions of exclusion from land and livestock.

Less than half of households report employment shortfalls as a major problem. This relatively positive view reflects access to employment through migration. However migration for work is confined to men, and opportunities are segmented between the landless and illiterate, who migrate for casual wage work, and better off groups who obtain regular employment.

Schooling has improved greatly at primary level, where enrolment differences between socio-economic groups and between girls and boys are now small. But the differences re-emerge at secondary level, and in the regularity of schooling, where upper castes in particular do significantly better.

There is widespread perception of improvements in income, employment and living conditions over the last decade, similar for all caste and class groups except for housing where the sense of improvement is stronger among better off groups. The perception of this improvement is much stronger than 10 years ago, and especially compared with the early 1980s when the majority of people perceived deterioration rather than improvement. There is much less agreement about improvements in health conditions, reported negatively by a substantial minority.

In order to identify poor households for policy targeting, multidimensional measures of poverty are needed rather than simple measures of consumption and calorie intake. However, the existing multidimensional BPL measure is extremely inaccurate and unreliable.

Village level indicators of poverty, such as distance from various facilities, vulnerability to crisis, agricultural output, land quality, household size, and caste, among others, can provide a useful guide to needs and deprivations of the populations concerned and offer an alternative to individual poverty measures for targeting purposes.

## **8. State Interventions and Functioning of Some Social and Economic Programmes**

There has been a considerable expansion in social and economic programmes, both centrally sponsored and state government initiated, over the years. These programmes cover employment generation, pensions, public distribution system, health and sanitation, housing, education, special schemes for girls etc.

The two employment generation programmes - NREGS and SGSY – have done very poorly. Not only the volume of employment generated

under NREGS is extremely low (about 14 days of employment for males and 11 for females), but work is also irregular. The impact of SGSY is extremely small, limited to only in one district of Purnia (and that too in a few villages) and to a smaller extent in Nalanda.

The old age and widow pension schemes, which are targeted to BPL households, have some real impact on substantial group of the population (close to 30% of BPL/AAY households are getting the benefit). The leakages are also small in the programme. There is huge demand for this programme among non-BPL households who consider themselves poor. Clearly, the programme needs to be expanded. Even half of poor households with eligible household members have not received the pension.

There has been significant improvement in the TDPS after the introduction of food coupon system in the state since 2007. The poorest (AAY) households have been targeted rather well (almost two-third) as compared to the poor (BPL) households (one-fourth). However, the concerns with regard to quantity and irregularity of foodgrains supply particularly in case of BPL households remain.

Rural areas of Bihar in general suffer from relatively high mortality and malnutrition, particularly among women and children and wide prevalence of several kinds of diseases, but ironically there is acute lack of health infrastructure notwithstanding some increase in the number of health sub-centers. However, the private hospitals and private qualified allopathic doctors have considerably penetrated along with the chemist shops and quacks. Not only are the facilities poor, the services from the existing facilities are very unsatisfactory except the services of low level professionals (nurses and anganwadi workers). The Janani Suraksha Yojana under NRHM has done relatively better although one third of the pregnant women still go to private doctors for check-ups. Institutional delivery is still low in Bihar compared to other states, although over the last decades deliveries at home have declined and those at institution (both government and private) have increased. The food supplements programme for young children (ICDS) has done poorly with only 38% children being benefited.

As already noted, rural Bihar has hardly any sanitation facilities, and open defecation is the norm. Ironically, a meagre 6% of the households have availed subsidy for construction of toilets under the TSC. Another major sanitation concern is drainage with only 7% of the village hamlets having *pucca* drainage, notwithstanding the improvements over the years because of some public works programme in recent years. The conflicts over drainage are common in rural areas.

The hand pumps have shown considerable expansion as a source of drinking water, both public and private (largely the latter). However, several villages face acute problems of quality in drinking water with higher presence of iron than the specified limit.

The Indira Awas Yojana's coverage during the last five years was 12% with more than two-thirds of the construction completed. Although the programme is clearly working, the low coverage particularly in some regions is a matter of concern apart from near universal practice of 'commission' from the PRIs.

Some innovative programmes for girls have worked rather well, although still the coverage is small because of their introduction in recent years. In particular the girls' cycle scheme seems to have helped in increasing the enrolment of girls in secondary schools.

There has been considerable expansion in literacy over the years with now over 60% of the population being literate, although Bihar still remains the least literate state in the country. School infrastructure has expanded considerably with all villages (except one) having a primary school. The enrolments in lower grades for both boys and girls have increased to significantly high levels. Consequently, literacy rates of the lower age groups have sharply improved even for backward castes, lower classes and women. The SSA and Mid-day meal schemes seem to have contributed to this expansion. However, still about 8% of the children between 6 to 14 years are not attending school and 16% are enrolled but not regular. Another major concern is the quality of education. There is acute shortage of classrooms and number of teachers as well as widespread teacher absenteeism.

## 9. Emerging Perspectives for Policy

The findings from the survey offer some perspectives for both policy and research. The first perspective, for policy, is that notwithstanding improvements in poverty and levels of living, the productive capacity of the local economy remains very low. This lack of an overall perspective on rural development needs to be addressed urgently. It needs to incorporate efforts to devise effective programmes for the development of irrigation, and for ensuring regular supply of electricity to all parts of the state. Further, these efforts need to be actively complemented by a larger flow of institutional credit, particularly for smaller farmers.

Second, given the extremely small size of farm holdings, there is need to develop a suitable strategy to ensure crop and livelihood diversification. In the medium and long terms, there should be a strategy for the transfer of labour from agriculture to non-agriculture activities, both in the villages and urban areas. Thus, there should be a strategy to develop the market towns and small towns as important centres with stronger linkages with rural areas in the form of markets, processing of agricultural products and services.

Third, related to the aforementioned point, given the high levels of tenancy in the state, effective security of tenure must be ensured, so that tenants have an incentive to invest in agriculture, and have access to credit.

Fourth, given that such a high number of people from the state out-migrate, and migration has been a key driver of social and economic development in rural Bihar, special policy attention needs to be given to migrant workers.

Fifth, in view of the relatively unsatisfactory performance of the various social and economic development programmes, there is a need to restructure and reorient them to streamline and optimize their functioning. Our results show that cash transfer programmes such as the schemes for providing bicycles and uniforms to girl students,

pensions and the Indira Awas Yojana perform better than the rest of the programmes, which are implemented by different agencies at varied levels, albeit their limitations in targeting.

The study shows that the distinction between 'poor' and most of the 'non-poor' is artificial and there are enormous errors of both exclusion and inclusion where the determinants of poverty are concerned. Thus, given the widespread poverty in rural Bihar, programmes like the pension scheme and PDS need to be universalized, albeit with some very obvious and transparent indicators to identify groups that do not need to be covered. A scheme for universalization which takes into account the concerned areas and populations could also be devised. This will help enhance the effectiveness of these programmes as well as significantly check leakages.

Sixth, while there have been major advances in enrolment in primary education, the issue of secondary education now deserves policy emphasis, along with higher and technical education. Quality in education needs to be accorded serious attention by increasing the number of qualified teachers and checking teacher absenteeism, as well as enhancing school infrastructure.

Seventh, in a context where improvements in health have been far less satisfactory than those in education, health, nutrition and sanitation deserve special policy attention. The public health system in rural areas has more or less collapsed. The rural population, for the lack of better options, is heavily dependant on the private health care system, which poses a burden, especially on the poor.

Eighth, in the backdrop of a patriarchal society, where women's participation in the economic sphere has been severely restricted, special focus needs to be given to gender equality and women's empowerment.

## **10. Perspectives for Future Research**

The overall state of knowledge on Bihar mirrors the economic backwardness of the State. Many important issues for future research are highlighted in this study.

More needs to be known about the reasons for the slow growth of agriculture, the lack of innovation and the role of credit and land markets. The weakness of non-agricultural development is also not well understood, for there appear to be many poorly exploited opportunities for diversification of livelihoods.

There are also questions about the slow urbanization process. How is the village economy and society connected with urban areas? Connections through migration, trade, finance and other services need to be explored if a balanced development path is to be achieved.

The labour market and migration raise many puzzles. More needs to be known about the interaction between local and distant labour markets, and the employment strategies of different groups of the population. How are out-migrants integrated into destination, mainly urban labour markets? Under what conditions, and with what skills and other resources, do migrants return?

Skill and qualification is a key issue. Unequal access to and quality of schooling and training is insufficiently studied, especially its links with employment and production.

Wages reflect a mix of market, institutional and social factors. Understanding wage differentials better, between regions, between activities, between regular and casual work, between men and women, is critical to understanding the distribution of the benefits from development.

There is controversy over the pattern of female participation in the labour force and in society. Issues such as the change in social norms, the neglect of the girl child and the recent increase in dowry need to be studied in depth. Evaluations of special schemes related to girls are also required.

While poverty has been much studied, there remains a need for better indicators and better measurement. And relatively little research has been done on social exclusion, involving discrimination and deprivation among particular groups, defined by caste or community, sex, age and other factors. This concerns asset ownership, production, labour, education and many other issues.

Finally, more satisfactory and convincing research into policy effectiveness is needed. Too much policy analysis neglects the influence of underlying social and economic relationships. Among specific issues, policies to improve health and nutrition need much more research attention from medical, economic, social, anthropological and anthropometric perspectives.

Underlying the analysis of policy is the question of governance, and the design of institutions for policy implementation. Weak state and non-state institutions are an important cause of poor governance and poor delivery of government programmes. How can they be strengthened?

Finally, there are methodological issues to be addressed. Many of the research questions highlighted by this report call for a multidisciplinary research strategies, as well as the use of advanced empirical techniques, such as greater reliance on time use surveys or, as in this study, longitudinal studies of individuals, households and villages.

Better research and better policy choices need better statistical systems. In Bihar, data related to key issues such as workforce participation, migration, agricultural input and output, land ownership and tenancy, among others, are often problematic. Improved knowledge is critically dependent on improved data.



The Institute for Human Development (IHD), a leading centre for studies on labour markets, livelihoods and human development, aims to contribute to the building of a society that fosters and values an inclusive social, economic and political system, free from poverty and deprivations. Towards achieving its goal, it engages in analytical and policy research, teaching and training, academic and policy debates, networking with other institutions and stakeholders, and publication and dissemination of the results of its activities. The major themes of current work of IHD are: poverty, inequality and well-being; labour markets and employment; social protection; women and children; marginalized social and economic groups and lagging regions; and governance and institutions for human development.

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