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RESEARCH

AN OFFBEAT ROUTE TO GROWTH

AVAILABILITY OF SANITATION FACILITIES CAN HELP RAISE PER CAPITA INCOME MORE THAN TRADITIONAL METHODS.

By Ashish Gupta

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HERE'S A LINK BETWEEN effluents and affluence. Better sanitation can bring about a higher growth in India's per capita income than setting up factories, banks, and schools.

According to a study by economists Anurag Banerjee and Nilanjan Banik, a 1% rise in closed drainage systems increased the per capita income between 0.96% and 2.58%, much higher than what's generated by development indicators such as providing tap water to households (between 0.16% and 1.30%); setting up factories (between 0.17% and 0.41%), opening banks (0.01% to 0.1%), or electrification (0.03% to 0.41%).

Banerjee and Banik's findings came from their research on how rising income in one district affects

neighbouring ones. The report, 'Is India Shining?', is to be published in the *Review of Development Economics*, a leading American journal on development issues faced by emerging economies.

Banerjee, reader at the School of Economics, Finance and Business, Durham University, and Banik, professor at Glocal University, Saharanpur,

studied the impact of development indicators, including sanitation, on district-level per capita income between 1999-2000 and 2004-05, and their effect on neighbouring districts. Data from 485 districts were included in the study.

The absence of proper sanitation could cause water stagnation, resulting in diseases such as

malaria and jaundice. "If people stay healthy," the economists say, "they can work harder and assimilate knowledge more efficiently, which translates into higher productivity and income growth."

There is an effect on the neighbouring districts also, where per capita income could rise by up to 0.1%.

For instance, a 1% increase each in human development markers such as sanitation, electrification, or drinking water facilities in the Bangalore urban district resulted in corresponding rises of 0.09%, 0.06%, and 0.01% in the per capita income of neighbouring Dharma-puri. On the other hand, a 1% increase in the number of factories helped raise

the per capita income by 0.03%.

Vinish Kathuria, associate professor of economics of the Shailesh J. Mehta School of Management at IIT Mumbai, says sanitation has been studied in the context of human development, but the paper's conclusions are not "an argument between growth or development, but [an argument for] growth and development". Steps such as setting up factories can be effective only if the workers are in good health, he adds.

The government has already committed to providing improved sanitation and water supply by 2015, so intensifying efforts to reach that goal faster should be the objective, believes Kathuria. ■

