

POVERTY SCENARIO IN INDIA

* SHERLY THOMAS

Introduction

No topic has been discussed more intensively than poverty and hunger and no subject has enjoyed greater publicity and unanimity. Yet the problem remains unsolved. With over 200 million people who are food insecure, India is home to the largest number of hungry people in the world, according to the findings of the India State Hunger Index (ISHI, 2008). The ISHI findings highlight the continued overall severity of the hunger situation in India. The global hunger index was based on three leading indicators: Prevalence of child malnutrition, rates of child mortality and the proportion of people who are calorie deficient. It is often said that one important cause for urban poverty in developing countries is rural poverty.

Poverty is widespread in India, with the nation estimated to have a third of the world's poor. According to a 2005 World Bank estimate, 41.6 percent of the total Indian population falls below the international poverty line of US\$ 1.25 a day (PPP, in nominal terms 21.6 a day in urban areas and 14.3 in rural areas). A recent report by the Oxford Poverty and Human

Development Initiative states that eight Indian states have more poor than 26 poorest African nations combined which totals to more than 410 million poor in the poorest African countries. According to a recently released World Bank report, India is on track to meet its poverty reduction goals. However by 2015, an estimated 53 million people will still live in extreme poverty and 23.6 percent of the population will still live under US\$1.25 per day. This number is expected to reduce to 20.3 percent or 268 million people by 2020. However, at the same time, the effects of the worldwide recession in 2009 have plunged 100 million more Indians into poverty than there were in 2004, increasing the effective poverty rate from 27.5 percent to 37.2 percent. According to a new UN Millennium Development Goals Report, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while India's poverty rate is projected to drop to 22 percent in 2015. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51 percent in 1990 to about 22 percent in 2015, is on track to cut poverty in half by the 2015 target date.

* Associate Professor in Economics, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore - 641043.

Theories of growth and distributional change have emphasized the role played by population shifts from the traditional rural sector to the modern urban sector. An influential model of this sort was sketched by Kuznets (1955) and later formalized by Robinson (1976), Fields (1980) and Anand Kanbur (1985) among others. This model attributes growth and distributional shifts to urbanization assuming that neither means income nor its distribution changes within each sector (Sharma and Kumar, 2009).

Table 1. Variability in hunger across the states

S.No	Extremely alarming serious in various states
1	Madhya Pradesh
2	Andhra Pradesh
3	Uttar Pradesh
4	Tamil Nadu
5	Rajasthan
6	West Bengal
7	Karnataka
8	Orissa
9	Maharashtra
10	Gujarat
11	Chhattisgarh
12	Bihar
13	Jharkhand
14	Punjab
15	Kerala
16	Haryana
17	Assam

India is home to the largest number of hungry people in the world. ISHI 2008 revealed the variability in hunger across the states in India. The situation of 17 states as per ISHI finding is given below.

The 2011 Global Hunger Index (GHI) Report ranked India 15th, amongst leading countries with hunger situation. It also places India amongst the three countries where the GHI between 1996 and 2011 went up from 22.9 to 23.7, while 78 out of the 81 developing countries studied, including Pakistan, Nepal, Bangladesh, Vietnam, Kenya, Nigeria, Myanmar, Uganda, Zimbabwe and Malawi, succeeded in improving hunger condition.

How poverty line is drawn?

In India, poverty is defined in terms of a minimum (subsistence) level of living rather than a reasonable level of living. Thus, minimum physical quantities of cereals, pulses, clothing etc. are determined for a subsistence level. These physical quantities are multiplied by their prices and converted into monetary terms, determining the per capita consumption/income for subsistence level. Persons whose income/consumption is below this determined figure are considered to be below the poverty line.

Hence, poverty line is based on the definition of a norm which takes nutritional requirements into account and all persons below the norm are classified as poor. The present basis of the estimation of poverty line is based on the desired requirements of calories of 2400 per person per day in the

rural areas and 2100 per person per day in the urban areas. The monetary expenditure per capita needed for meeting these calorie requirements is revised upward periodically taking into consideration the rise in the prices of consumption goods.

Based on the foreign procedure, the poverty line for a household worked out to Rs 6,400 per annum for the rural sector and Rs 7,300 per annum for the urban sector in 1984-85 at 1984-85 prices. In other words, poverty line for a household worked out to Rs 533.5 per month for the rural areas and Rs 611 per month for the urban areas. Or, Rs 17.70 per day for rural households and Rs 20.36 per day for urban households. Assuming that an average household consist of five members, the figures turned out be Rs 3.55 per capita per day for rural areas and Rs 4.07 per capita per day for urban areas. According to this definition, nearly 3.7 percent of the people in the country were living below the poverty line in 1984-85.

The government increased the annual household income/expenditure for computing poverty line to Rs 11,060 at 1991-92 prices during Eighth Five Year Plan (1992-97). Earlier, the income for the purpose was Rs 6,400 at 1984-85 prices. In this connection, the Eighth Plan observed, "views vary on the concept of poverty line and the method of estimating poverty. However, irrespective of the concept and measurement, there is evidence that poverty

is on decline since the middle of the seventies. In 1987-88, as per the official methodology, around 30 per cent of the population was poor. Assuming that by 1991 poverty proportion declined to 27 per cent, even then about 230 million people were poor and not capable of providing bare essentials of existence... the target is to eliminate poverty by the turn of the century."

Poverty estimates

There has been no uniform measure of poverty in India. The Planning Commission of India has accepted the Tendulkar Committee report which says that 37 percent of people in India live below the poverty line. The Arjun Sengupta Report (from National Commission for Enterprises in the Unorganised Sector) states that 77 percent of Indians live on less than Rs.20 a day (about \$0.50 per day). The N.C. Saxena Committee report states that 50 percent of Indians live below the poverty line. A study by the Oxford Poverty and Human Development Initiative using a Multi-dimensional Poverty Index (MPI) found that there were 645 million poor living under the MPI in India, 421 million of whom are concentrated in eight North Indian and East Indian states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal. This number is higher than the 410 million poor living in the 26 poorest African nations. The states are listed below in increasing order of poverty based on the Multi-dimensional Poverty Index.

Table 2. Multi-dimensional poverty index (MPI)

MPI rank	States	Population (in millions) 2007	MPI	Proportion of poor %	Average intensity %	Contribution to overall poverty %	Number of MPI poor (in millions)
—	India	1,164.7	0.296	55.4	53.5	-	645.0
1	Kerala	35.0	0.065	15.9	40.9	0.6	5.6
2	Goa	1.6	0.094	21.7	43.4	0.0	0.4
3	Punjab	27.1	0.120	26.2	46.0	1.0	7.1
4	Himachal Pradesh	6.7	0.131	31.0	42.3	0.3	2.1
5	Tamil Nadu	68.0	0.141	32.4	43.6	2.6	22.0
6	Uttarakhand	9.6	0.189	40.3	46.9	0.5	3.9
7	Maharashtra	108.7	0.193	40.1	48.1	6.0	43.6
8	Haryana	24.1	0.199	41.6	47.9	1.3	10.0
9	Gujarat	57.3	0.205	41.5	49.2	3.4	23.8
10	Jammu And Kashmir	12.2	0.209	43.8	47.7	0.7	5.4
11	Andhra Pradesh	83.9	0.211	44.7	47.1	5.1	37.5
12	Karnataka	58.6	0.223	46.1	48.3	4.2	27.0
13	Eastern Indian States	44.2	0.303	57.6	52.5	4.0	25.5
14	West Bengal	89.5	0.317	58.3	54.3	8.5	52.2
15	Orissa	40.7	0.345	64.0	54.0	4.3	26.0
16	Rajasthan	65.4	0.351	64.2	54.7	7.0	41.9
17	Uttar Pradesh	192.6	0.386	69.9	55.2	21.3	134.7
18	Chhattisgarh	23.9	0.387	71.9	53.9	2.9	17.2
19	Madhya Pradesh	70.0	0.389	69.5	56.0	8.5	48.6
20	Jharkhand	30.5	0.463	77.0	60.2	4.2	23.5
21	Bihar	95.0	0.499	81.4	61.3	13.5	77.3

Source: The Oxford Poverty and Human Development Initiative

Estimates by NCAER (National Council of Applied Economic Research) show that 48 percent of the Indian households earn more than Rs. 90,000 (US\$1,825.2) annually (or more than US\$ 3 PPP per person). According to NCAER, in 2009, of the 222 million households in India, the absolutely poor households (annual incomes below Rs. 45,000) accounted for only 15.6 percent of them or about 35 million (about 200 million Indians). Another 80 million households are in income levels of Rs.45,000– 90,000 per year. These numbers also are more or less in line with the latest World Bank estimates of the “below-the-poverty-line” households that may total about 100 million (or about 456 million individuals). The World Bank estimates that 80 percent of India’s population lives on less than \$2 a day which means a higher proportion of its population lives on less than \$2 per day as compared with sub-Saharan Africa.

Little difference is evident in consumption levels between the poor and a large section of the middleclass, especially in rural areas. The median rural person in India lives on Rs. 15 per day (with a purchasing power parity, or PPP, of \$1.30), spending only Rs. 3 each day more than a person on the official Indian rural poverty line. India’s poverty line is very low by international standards, and 80 percent of the rural population lives below the median developing-country poverty line of Rs. 22 (PPPS2) a day. Two qualitative surveys show that most Indians think of themselves as poor. Moreover, when the definition of

poverty is expanded to include other dimensions of well-being, such as access to education, health care, and basic infrastructure, then poverty clearly continues to affect more than half of India’s population. Inequality is on the rise, raising concerns that India’s history of social stratification may be excluding groups from the development process.

Programmes to eradicate poverty

According to the World Bank, the role of the state is to provide the right institutional and macroeconomic environment in order to make enterprises work in a competitive and efficient way. The empowering of the entrepreneurial sector is the main guarantee for ensuring sustained and long term growth. According to the World Bank, sustained economic growth is the most effective way to improve the income of the poor. Coupled with appropriate public policies such as expanding the access of the poor to land, credit and other productive inputs, rapid decline in poverty will be consistent with sustained growth.

The government of India, in its policy proclamation entitled ‘the national agenda for governance’ has given a high priority to the elimination of the hunger and has declared that it will ensure food security for all and create a hunger free India in the next five years. This avowed statement might be a tall order, given the time span specified. However, planning and development efforts in India have always concentrated on

economic improvement with social stability. Towards the objective of building a welfare state, and within the broad framework of the five year plans, the various projects and schemes have addressed the issues of poverty and employment generation.

Poverty alleviation and employment generation schemes have been in operation for several years. From April 1999, several schemes that were operating have been integrated into the Swarnajayanti Swarozgar Yojana. It is conceived as a holistic programme of micro enterprises covering all aspects of self employment. The objective is to provide the rural poor with income generating assets, through a mix of bank credits and government subsidy. While the scheme is conceptually very good, proper implementation of the programme will be dependent on the grassroot level planning and the effective utilization of the natural resources of the area.

It has further been demonstrated that increasing food production globally or even nationally will not solve the problem of poverty and malnutrition, but agricultural development in regions where poverty is predominantly local will help. The United Nations hot spring conference as far back as 1943, proclaimed the first cause of hunger and malnutrition is poverty; and the first cause of poverty is lack of work. Hence the statement of Mahatma Gandhi: 'to the poor and hungry, God is bread and appears in the promise of work. No discussion on livelihoods opportunities will, therefore, be complete without an analysis of productive employment opportunities.

In India, the provision of employment has been extensively used as a tool of entitlement protection for many centuries. From the fourth century BC when the ancient Indian political economist, Kautilya, wrote his Arthashastra, there has been emphasis on public relief works, particularly at the time of famine. After independence in 1947, many schemes were sponsored by the central Government, beginning with the Rural Manpower programme in 1960. However, the most important programme at the state level is the Maharashtra Employment Guarantee Scheme (EGS), introduced in 1972.

At the national level, Jawahar Rojgar Yojana (JRY) and Employment Assurance Scheme (EAS) is the important programme in rural areas. An important role was envisaged for the panchayats (local councils) in JRY's implementation. The funds are directly given to panchayats. In terms of person days of employment created, India's rural public work programmes are the largest in the world. The JRY reached around a billion person days in recent years. JRY was revamped in 1990 as the Jawahar Gram Samridhi Yojana (JGSY). Given the complementarity of the JGSY and EAS, they were revamped and merged as the Sampoorna Grameen Rozgar Yojana (SGRY) in 2001. One of the important achievement of the UPA government in the centre is the enactment of the National Rural Employment Guarantee Act 2005. NREGS was introduced in 200 identified districts in the year 2006. This programme is renamed

as Mahatama Gandhi National Rural Employment Guarantee Programme which provides employment to millions of people and thereby improve their living standards.

Agriculture development

Indian economy is primarily dependent on agriculture as a whopping proportion of 65.4 percent of the population still depends on agriculture. All the programmes initiated by the government to improve agricultural production should be brought to the forefront and all efforts need to be carried out to accelerate the development of this sector. This includes land reforms, bringing more lands under cultivation, improving the irrigation facilities, using better techniques to boost production, enhancing the marketing strategies and establishing storage structures for the agricultural produce. This would help provide employment for the rural folks in a great measure and improve their livelihood. This also helps to increase food production and ensure securities which enable us to remove poverty and hunger from our midst.

The problem of eliminating hunger, reducing poverty, enhancing livelihood opportunities and improving the quality of life requires the understanding inventiveness and interaction of farmers, industrialists, agricultural scientist, educators, environmentalists, health care workers and policy makers who share a commitment to development and change.

The government has embarked several anti-poverty programmes since the beginning of plan periods. In many states free distribution of rice, clothes and many

other items are quite rampant. Further pulses and cereals are given at a much reduced rates. All these makes the able bodied poor, reluctant to go for work. It makes them feel comfortable and safer. In the long run, this kind of protection and help rendered by the government becomes a big burden to the state exchequer and also nullifies the impact of good asset endowed with them - labour.

The World Bank states that the poor must end being an object of states protection and intervention and become a subject of their own economic mobility. They must become rational economic persons able to take individual choices (as for example: to work or to have another child, in the case of the mother, to have another child or to increase the income of the family etc.) in order to enhance their income and economic opportunities. The role of the state is to construct the right environment, either by safety net for the extreme poor or by investing infrastructure and human capital by which the poor could develop their new market oriented rationality and exploit the opportunities afforded by labour market. Thus, according to this point of view, the role of the state will remain important, not in terms of being economically responsible in providing the right environment(which must also be compatible with the interests of the non poor) with the aim to help the poor to, by themselves brake the vicious circle of their poverty. The Indian Constitution set the stage for almost unparalleled affirmative action and other forms of positive actions. These have been translated into laws, programs, and procedures. Yet the combination to identity

politics, inflexibility of the very systems that seek to promote inclusion and the attendant poor implementation has resulted in patchy impact, affecting some groups more than others. To state the real challenge is to state a truism—that the implementation of policies and of reforms of institutions is the key to ensuring that growth becomes more equitable.

USAID's response

In recognition of India's unique position as an emerging global power – one that is on the forefront of the fight against hunger – USAID is launching a new partnership that brings together the capabilities of the U.S. and India to address poverty and hunger in India and around the world. A radical transformation of the agricultural sector is needed – one that copes with climate change and food security and transitions towards sustainability. As the world renowned Indian scientist Professor M.S. Swaminathan recently said, "Novel solutions and technological advances must

be married with ecological thinking to drive a truly sustainable agricultural revolution." For the production growth needed to ensure food security, USAID will help improve agricultural technologies and innovations that reach smallholder farmers, including those innovations that address climate change. Better focused and more cost-effective interventions that accelerate the development and deployment of new technologies and sustainable food systems will be introduced.

Conclusion

The government of India, in its policy proclamation has given a high priority to the elimination of the hunger and to ensure food security for all. This can be achieved only by generating more jobs and bringing more land under cultivation. When agricultural production increases this will bring a great boost to the whopping population resulting in economic progress of the economy.

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