
UNIT 5 RURAL POVERTY

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5.0 OBJECTIVES

After studying the unit, you should be able to:

- Define different concepts of poverty;
- Describe the millennium development goals;
- Describe and apply the measures of poverty;
- Explain the incidence and distribution of the rural poor in India;
- Outline the profile of the rural poor;
- Describe the strategies for poverty alleviation; and
- Describe implementation, monitoring and evaluation of the poverty alleviation programmes.

5.1 INTRODUCTION

Eradication of poverty has been one of the guiding principles of the planning process in our country. Improvements in the living standards of people and the provision of a decent standard of living have been prominent objectives of the successive five-year plans. Identification of the poor and initiation of specific programmes that address differential needs of people steeped in poverty have been the distinguishing features of all the five-year plans. The multi-dimensional nature of poverty in India has been increasingly recognized over time and the issue of poverty has also become a global concern especially since the last decade of the 20th century.

This unit introduces you to the concept of poverty and discusses the various ways of measuring poverty, the profile of the poor and the strategy adopted for poverty eradication in our country. The unit contains a brief description of the poverty in the global context. The definition of poverty not only covers the income or consumption measure of poverty but also encompasses other deprivations that the poor generally suffer from. The Millennium Development Goals adopted by the United Nations member countries in October 2000 incorporate some of these concerns. The national governments have defined poverty keeping in view the conditions obtaining in their respective countries. India was one of the first countries in the world to estimate people living below a clearly defined poverty line. As over 75 per cent of the poor in India reside in rural areas, this unit is devoted exclusively to the analysis of rural poverty in India

5.2 POVERTY IN THE GLOBAL CONTEXT

In every country there are groups of people who are categorized as poor in comparison to other groups. The discourse on poverty, however, relates to absolute levels of poverty. Most countries have defined a level of income or consumption which is necessary for a standard of living that is socially accepted as adequate. Countries have different notions of a decent standard of living. In such a situation, the need for a common definition of poverty to facilitate inter-country comparisons becomes necessary. The World Bank has estimated poverty based on *purchasing power parity* (PPP). The PPP takes into account price differences across the countries and allows international comparison of real output and income. The World Bank defined the poor as the people living on less than one US \$ per capita consumption per day at 1993 prices. On this basis 1.3 billion people or 29.6 per cent of the world's population was poor in 1990. There has been a considerable reduction in the incidence of poverty during 1990 to 1999. In 1999, 1.17 billion people or 23.2 per cent of the world's population was categorized as poor. South Asia, to which we belong, accounts for the majority of the world's poor. In 1999, 488 million South Asians, comprising 36.6 per cent of the population in South Asia had a per capita consumption expenditure of less than one US \$ per day. In our country in 1999, 34.7 per cent people survived on per capita consumption expenditure of less than one US \$ (World Bank 2002).

The monetary measures of poverty do not capture the deprivations and disabilities that the poor suffer. The concept of human poverty is, therefore, considered to cover more than the word *poor* may convey ordinarily. It includes health, education, sanitation and other aspects that have an impact on the living conditions of the people/poor. The international community in the 1990s had committed itself to achieving specific targets on the provision of health facilities, education and eradication of diseases. Conventions on environmental sustainability were also signed. In October, 2000, the heads of Governments of the United Nations Member-Countries committed themselves to eradicate "poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability".

The world community committed itself to achieve eight goals. These are known as the millennium development goals (MDG). Each goal has specific targets and has to be achieved by the year 2015. The MDGs are to:

- eradicate extreme poverty and hunger,
- achieve universal primary education,
- promote gender equality and empower women,
- reduce child mortality,
- improve maternal health,
- combat HIV/ AIDS, malaria and other diseases,

- ensure environmental sustainability; and
- ensure global partnership for development.

As a part of the global agreement, the developed countries have agreed to reduce debt and increase aid, trade and technology transfers to the poor countries so that the MDGs could be achieved. In March 2002 in Monterrey in Mexico and in September 2002 in Johannesburg, South Africa, the developed countries agreed to a framework for assistance to the poor countries in their fight against poverty. It is expected that the rich nations would facilitate greater resource transfer to the poor countries to achieve the MDGs.

Check Your Progress I

- Note:** a) Write your answers in the space provided.
b) Check your answers with the possible answers provided at the end of the unit.

1) What is the definition of poverty accepted internationally?

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2) What are the Millennium Development Goals?

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5.3 CONCEPT AND MEASURES OF POVERTY

Poverty has different meanings for different people. The perception of poverty differs from person to person. Let us look at some of the more important concepts of poverty.

5.3.1 Relative and Absolute Poverty

The discussion on poverty is generally confined to *absolute poverty*. Absolute poverty is measured against a pre-determined level of living that families should be able to afford. Consumption of food grains, vegetables, milk products and other items that are necessary for a healthy living and access to other non-food items are included in the absolute minimum consumption basket. These standards are then converted into monetary units and defined as the poverty line. People with consumption expenditure below this threshold are considered poor. The relative position of a person or household does not matter. The one-dollar consumption expenditure per capita in PPP dollars is an absolute poverty line accepted internationally. In our country the Planning Commission works out poverty lines for urban and rural areas respectively every year.

Relative poverty considers the over all income distribution and the position of a household within that distribution. The relative position of one group of people is compared with another group. The concept of relative poverty can be extended to other countries as well. In fact, in one of the first studies of poverty in India, Dadabhai Naoroji in his book '*Poverty and Un-British Rule in India*' published in 1871, indicated that India was a very poor country in comparison with Britain. United States of America had a per capita income of US\$ 35060 in 2003. United Kingdom, on the other hand, had a per capita income of US\$ 25250. United Kingdom would be considered poor in comparison with United States. Relative poverty is more closely associated with the issues of inequality. The income or consumption of the last quintile of the population could be compared with the income of the richest quintile. The last quintile population would be termed poor even though on absolute poverty definition none of the people in the last quintile group may be poor. Per capita income of a country could also be used to identify the poor. Persons with per capita incomes of half the country's per capita income could be termed as poor even though they may be in a position to afford the minimum basket of goods and services that may represent the poverty line. This again reflects concerns of equality. *Relative poverty* is thus different from *absolute poverty*, which looks more at a household's consumption, or income available for it to meet its minimum consumption needs.

5.3.2 The Dimensions of Poverty

Income or consumption is one of the main determinants of poverty, which, however, is related to factors other than income or consumption. People who have low incomes or consumption suffer from other deprivations as well which affect their well-being. The health status of the poor, their poor nutrition, illiteracy, social exclusion, vulnerability and lack of opportunities to develop their abilities all form parts of the broader picture/meaning of poverty. Without these basic amenities, peoples' ability to participate in the economic process and contribute to their own well-being and the welfare of the society is adversely affected. Studies show that the poor are more prone to diseases, which adversely affect their earning capacity. Lack of education compels people to take up low paid menial jobs. The poor, therefore, get caught in a vicious cycle. As they are poor, they cannot afford health care when they fall ill. And when they fall ill, they cannot work. Their incomes go down and their poverty becomes deeper. The World Development Report 2004 (World Bank 2004) identified freedom from illness and freedom from illiteracy as the two most important ways the poor can escape poverty. The poor are excluded from political decision making processes and subjected to exploitation and discrimination. They do not possess the ability to fight the entrenched groups. Any strategy that seeks to address long-term poverty, therefore, has to take into account these dimensions of poverty. Mere provision of income or consumption would not make a major impact on the status of the poor if they continue to be subjected to social and economic discrimination. The Governments have recognized the multi-dimensional nature of poverty. The millennium development goals discussed in Section 5.2 reflect different dimensions of poverty. In India, the State Governments and the Central Government have stepped up substantially the allocations for the provision of health, education and other facilities to the poor. Role of education in promoting the welfare of the poor has been recognized by enacting the right to education as a fundamental right in our country. The Sarva Shiksha Abhiyan launched in the year 2001 is a pointer that other dimensions of poverty are considered as important as the monetary measures of poverty.

5.3.3 Vulnerability and Poverty

Vulnerability refers to the possibility that a person or a family that may be non-poor today could fall into the trap of poverty in future. Even within the groups of poor people, persons who may only be marginally poor may fall into chronic poverty. The concept of vulnerability can be analyzed at different levels. It could be studied at the

level of single households. Also, the analysis could be area specific, or extended to the national and international levels. A family's ability to tide over external shocks determines whether the family is vulnerable or not. For example, in a household, which may be marginally above poverty line, illness or death of the primary breadwinner of the family could have severe implications for the family's standard of living. At the regional level, people residing in the drought prone, flood prone and the desert areas could be termed as vulnerable. A drought could wipe out the productive assets of a family and push it into poverty. Vulnerability could arise from both expected and unexpected quarters. Agricultural labourers experience vulnerability in the lean agricultural season when employment opportunities are limited. This is an example of expected vulnerability situation. Sudden floods, droughts or earthquakes represent unexpected shocks. At the international level, vulnerability is associated more with the political and economic developments than any other factors. Many countries that depend exclusively on single crops have experienced large fluctuations in their income. Such fluctuations have led to impoverishment of people whatever the country. The poor are much more vulnerable to such external shocks than the non-poor.

Vulnerability analysis enables communities and Governments to devise approaches to reduce the risk of vulnerability. Social security schemes and public works programmes are some of the major strategies adopted by the Governments to provide protection to the people.

5.3.4 Measures of Poverty

The most common measure of poverty is to count the number of persons below the poverty line and express it as a percentage of total population in the country (or region). This is known as the *head-count measure* of poverty or *head count ratio* (HCR). While this measure is simple and readily understandable, its main weakness is that it gives equal weight to all the poor irrespective of their distance from the poverty line. The marginally poor and the very poor are treated equally in the head-count ratio.

Amartya Sen has suggested a measure (popularly known as *Sen's measure of poverty*), which removes the above weakness of the head-count measure. His measure takes into account not only the number of the poor, but the intensity of poverty as well. The intensity of poverty is reflected by a concept known as *the poverty gap*, which shows how far a poor person falls short from the poverty line. In other words, it is the difference between the poverty line and the income of the poor. Sen's index is a weighted sum of the poverty gaps of all the poor, the weights being such that less poor persons get lower weight than those who are poorer. This measure is normalized so that it lies between 0 and 1. This means that the index is on an ascending scale between 0 and 1. A higher value of Sen's index implies a higher incidence of poverty. This index can be higher or lower for the same head-count measure of poverty depending upon the distribution of the poor between less and more poor.

Illustrative Examples: Let us now take up some illustrative examples pertaining to various measures of poverty.

Example 1: Head Count Ratio

The following data relates to the distribution of persons by monthly per capita income classes. If the poverty line for two hypothetical cases A and B is Rs. 100 and Rs. 105 per capita respectively, the percentage of the poor can be estimated as follows:

Per Capita Income class (Rs.)	Percentage of persons
0 – 40	1.7
40-60	8.4
60-80	10.9
80-100	17.3
100-120	16.0
120-150	12.5
150-200	15.1
200-400	11.8
400 & above	6.3

In case A, when the poverty line is Rs. 100, the first four income classes will be below the poverty line. The percentage of the poor in the population or the HCR would be 38.3 (1.7 + 8.4 + 10.9 + 17.3).

In case B, when the poverty line is Rs. 105, while the first four income classes will clearly be below the poverty line, a part of the fifth class will also be below the poverty line. If we know how the per capita income is distributed in this class, we can directly find out the proportion of persons below the poverty line in this class.

This information, however, is not available to us. Therefore, we make a simple assumption *that per capita income is evenly distributed within this class*. This means that 10 per cent of the difference between Rs. 100 and Rs. 120 (i.e. Rs. 2) corresponds to 10 per cent of the persons in the class, 20 per cent of the difference (i.e. Rs. 4) would correspond to 20 per cent of the persons in the class and so on. In this manner a poverty line at Rs. 105 includes Rs. 5 from the income class Rs. 100-120 or 25 per cent of the range. The corresponding proportion of the poor in the class Rs. 100-120 will be 25 per cent of 16 per cent, i.e., 4 per cent. Now, the proportion of population below the poverty line comes to be 38.3 + 4.0 = 42.3 per cent.

Example II: Poverty Gap Ratio (PGR)

The HCR does not distinguish between persons below the poverty line with different incomes or consumption levels. In a situation where consumption of every person below the poverty line increases but still remains below the poverty line, the HCR would not register any change even though the income/consumption of the poor has improved. This can be captured by the Poverty Gap Ratio (PGR) which reflects the depth of poverty. PGR can be obtained by multiplying Income Gap Ratio (IGR) by the HCR. Income gap ratio is the average distance of the people below the poverty line expressed as a percentage of the poverty line. It indicates the depth of poverty.

In the above example, we do not have any information about the per capita income of each individual under different income classes. We could take the midpoint of the class interval as the average income of that class and compute the average income of people below poverty line. If we take the poverty line as 105, the average income of people below the poverty line would be $(Rs.20 \times 1.7 + Rs.50 \times 8.4 + Rs.70 \times 10.9 + Rs.90 \times 17.3 + Rs.102.5 \times 4) / 42.3 = Rs.75.27$.

The IGR would be $= 1 - XP/X^* = (105 - 75.27)/105 = Rs. 28.31$

Where XP $=$ the average income of the poor

And X* $=$ the poverty line

The IGR would, therefore be 28.31 per cent. If we multiply this by the HCR of 42.3 per cent, we would get the poverty gap ratio (PGR), which would be 11.98 per cent.

This indicates that on average, incomes of the persons below the poverty line would have to be increased by 11.98 per cent if they have to move out of poverty.

Example III: Sen’s Index

The PGR also does not fully reflect the severity of poverty. This is best captured by Sen’s Index. For simplicity let us consider a society with only 6 persons with monthly income as given in column I below. It may be pointed out that we will not actually derive Sen’s index but only point out its relevance through this example.

Monthly Income (Rs)	Poverty gap	Weight	Weighted poverty gap
(1)	(2)	(3)	(4)
70	30	3	90
80	20	2	40
90	10	1	10
130			
150			
200			

It can be easily seen that if the poverty line is Rs. 100, three persons or 50 per cent of the population will be below the poverty line. But from column 2 one finds that the gap between the poverty line and the income of each of the three poor persons is widely different, which reflects the relative intensity of poverty experienced by them. It is this difference that Sen’s index attempts to incorporate in the measure of poverty. It is done by simply not treating all the three persons as equal, but rather by giving more weight to the poverty of the person who is the poorest and the least to the one who is only marginally poor. Thus, in our example the poorest person has a weight of 3 and the least poor of 1 (column 3). Now multiplying the poverty gap with the weight, one obtains the weighted poverty gap. In our example the sum of weighted poverty gaps is 140.

If we were now to change the income of the poorest person from Rs. 70 to Rs. 60, the head-count measure will still show that 50% of the population is below the poverty line, but Sen’s index will change. The poverty gap for the poorest person will increase from 30 to 40 and the weighted poverty gap from 90 to 120. The sum of weighted poverty gaps for the three persons will correspondingly rise to 170. Thus, contrary to the head-count measure, Sen’s measure will indicate an increase in poverty.

5.4 ESTIMATION OF POVERTY IN INDIA

In the previous section, you studied the various measures of poverty. Let us now look at the estimates of poverty that are made in our country.

5.4.1 Estimation of Poverty

Planning Commission estimates the incidence of poverty based on National Sample Survey Organisation’s (NSSO’s) consumer expenditure surveys. The NSSO has been conducting yearly surveys on different themes since 1951-52. Close to 1,30,000 sample households are surveyed every year. A consumer expenditure schedule to obtain time series data on consumer expenditure is canvassed every year for around 25,000 households out of the total households surveyed. This is referred to as ‘thin sample’. The Government of India does not use the data collected from thin samples for estimating poverty, as the sample size at the State level is too small for any meaningful poverty estimates. Beginning 1973-74, however, every five years detailed

consumer expenditure schedule is canvassed for all the 1,30,000 sample households. The Planning Commission brings out data on the proportion of population below the poverty line and also the depth and severity of poverty based on the consumption expenditure reported in these quinquennial surveys.

Estimation of poverty has evolved over the years. Refinements in estimation procedures have been made. The Task Force set up by the Government in 1979 defined poverty line as per capita expenditure level which provides average daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas. These requirements were based on age and sex specific calorie and nutritional requirements worked out by the Indian Council of Medical Research. There is some provision for non-food expenditure as well. Health, education and other facilities are treated as public goods to be provided by the State. The poverty line does not provide for expenditure on these services. The monetary equivalent of the poverty line consumption basket was worked out by using the 28th round (1973-74) NSSO data relating to household consumption expenditure. And Rs.49.09 per capita per month in rural areas and Rs.56.64 per capita per month in urban areas were defined as the poverty line in 1973-74.

Two important steps in estimating incidence of poverty are: i) the identification of the basket of goods and services that constitute the minimum consumption to be above poverty, and then ii) the computation of the cost of this food basket at current market prices. The per capita consumption in money terms that would allow a person to access the basket of goods and services that is defined as minimum requirement constitutes the poverty line. The Task Force used a uniform poverty line for all the States. The Planning Commission also felt the need to adjust NSSO consumption distribution to bring it in line with consumption estimates obtained from National Accounts of Statistics (NAS) released by Central Statistical Organisation (CSO). Many economists regarded the Task Force methodology as inappropriate and misleading. Also, the adjustment procedure, the choice of price deflators and application of the same poverty line for all the States were specifically questioned.

In September 1989, the Planning Commission constituted an Expert Group to examine the methodology used for estimating the extent of poverty and to redefine the poverty line. The Group submitted its Report in 1993 (Planning Commission 1993). It was accepted by the Government in 1997. The Expert Group did not redefine the poverty line. The poverty line recommended by the Task Force in 1979 was left unchanged. However, it made two major departures in the estimation procedures. Adjustment of NSSO Consumption Survey estimates to the per capita expenditure obtained from NAS was given up. The Expert Group also recommended the use of State specific poverty lines as against national poverty line for rural and urban areas as prices differ considerably across the States. Consumer Price Index for agricultural labourers and Consumer Price Index for industrial workers were used for updating rural and urban poverty lines. The incidence, depth and severity of poverty based on Expert Group recommendations were estimated for earlier quinquennial surveys as well.

The basket of goods and services that constitute the poverty line in our country is very limited. Our poverty line is one of the most narrowly defined poverty lines. Studies show that many households regress back into poverty because of the expenditure that they have to incur on health facilities. The definition of poverty line, therefore, requires modification as the present poverty line expenditure barely takes care of the survival needs of the population.

Incidence of poverty is estimated for rural and urban areas separately. Incidence of poverty among vulnerable groups such as the scheduled castes and the scheduled tribes is also calculated State-wise with rural-urban breakup. The Government of India does not release gender-disaggregated data on incidence of poverty, though many researchers have used the survey data to work out estimates of poverty among female-headed households.

5.4.2 Incidence of Poverty in India

The first attempts at estimating poverty in India were made by a Working Group set up by the Planning Commission, which quantified the minimum food and non-food consumption expenditure necessary for healthy living in 1962. Dandekar and Rath in their pioneering study of Poverty in India in 1971 estimated per capita expenditure of Rs. 15 per month in rural areas at 1960-61 prices as the poverty line. As mentioned earlier, the Government of India adopted Expert Group methodology for estimating poverty in 1997. This methodology was adopted by Ozler et. al. (*Reported in Dev, 1997*) to calculate the incidence of poverty in India since 1951. These estimates are based on household consumer survey expenditure data. Incidence of poverty in rural areas fluctuated greatly during the 1950s and 1960s. Poverty increased from 47.37 per cent in 1951 to 64.24 per cent in 1954-55, dropped to 45.40 per cent in 1960-61 and rose again to over 64 per cent in 1966-67.

Table 5.1: Indices of Poverty and Inequality

Year	HCR Ratio		Poverty Gap Index		Squared Poverty Gap		Lorenz Ratio	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1983	45.7	40.8	12.32	10.61	4.78	4.07	0.2976	0.3303
1987-88	39.1	38.2	9.11	9.94	3.15	3.60	0.2983	0.3537
1993-94	37.3	32.4	8.45	7.88	2.78	2.82	0.2819	0.3394
1999-2000	27.1	23.6	5.20*	5.20*	-	-	0.2595	0.3420

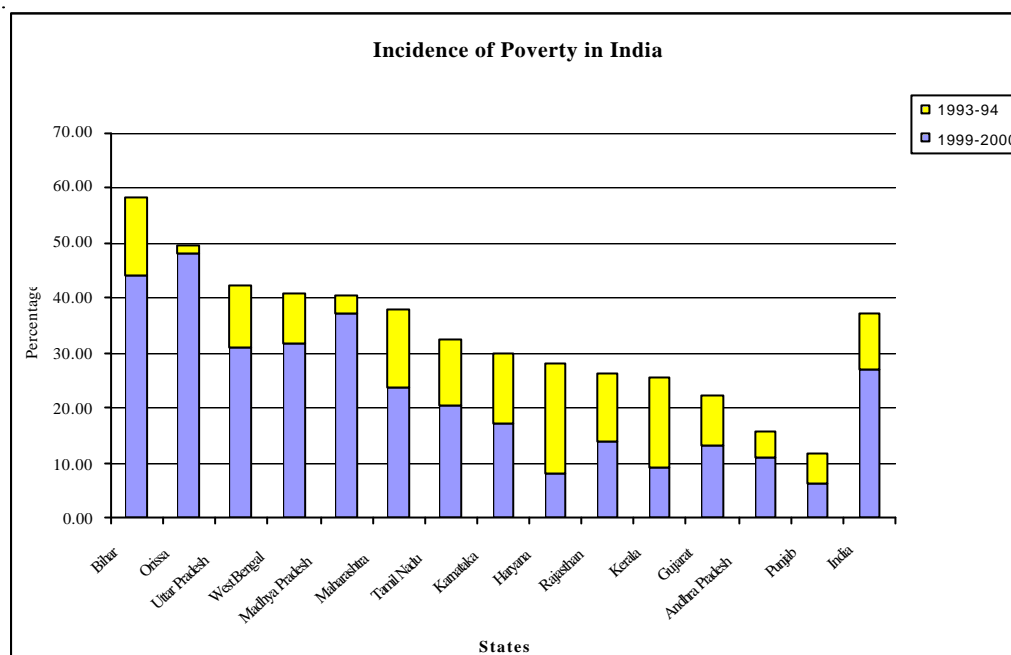
Source: *Planning Commission*, and

(*) Deaton and Dreze, *Economic and Political Weekly*, September 7, 2002

The official estimates of poverty are available from 1973-74. As mentioned earlier, the Expert Group set up in 1989, revised the methodology for estimating poverty in India. The estimates of poverty were reworked on the basis of expert group's recommendations for the NSSO consumer survey expenditure survey rounds of 1973-74, 1977-78, 1983-84 and 1993-94. Table 5.1 above shows the official estimates of poverty since 1983.

Analysis of the incidence of poverty indicates two broad developments. The proportion of the poor in the urban areas has increased in the last 30 years. The urban poor accounted for 18.67 per cent of the total poor in 1973-74. This proportion had increased to 25.7 per cent in 1999-2000. This indicates that people have been migrating from rural areas to the urban areas in search of employment opportunities. They are forced to reside in urban slums under inhuman conditions. Secondly, though the proportion of rural poverty has marginally declined, the rural poverty is increasingly getting concentrated in the Central and the Eastern parts of the country.

The States of Bihar (including Jharkhand), Uttar Pradesh, Madhya Pradesh (including Chhattisgarh), West Bengal and Orissa accounted for 54.27 per cent of the rural poor in 1973-74. This proportion has gone up to 68.81 per cent in 1999-2000. Rural poverty has declined rapidly in Andhra Pradesh, Haryana, Gujarat, Punjab, Kerala, Rajasthan and Tamil Nadu. The distribution of the rural poor across the States is indicated in **Bar Chart-I**. Though the proportion of the poor has declined marginally during the period 1973/74 –1999/00, the number of people below the poverty line has actually increased in many States in the Central and the Eastern parts of the country. Bihar and Orissa have witnessed an increase in the total number of the poor during this period. In Madhya Pradesh 23.1 million people were identified as poor in 1973-74, but this number fell to 21.7 million in 1999-2000. The above chart provides information on the decline in the incidence of poverty for major states during the period 1993-2000.



The analysis of the incidence of poverty even at the State level does not reveal the complete picture of rural poverty in India. Even in the States, which have experienced significant reduction in poverty over the last 30 years, there are areas and regions, which are extremely poor. Maharashtra, which is considered one of the most developed States in the country, has pockets of extreme poverty in Vidharbha and Marathwada areas. On the other hand, in the poorer States like Madhya Pradesh and Uttar Pradesh, there are regions, which are fairly well developed. The analysis of poverty has to be carried out at the sub-state levels for formulating an effective poverty alleviation strategy.

The States, which have shown significant decline in poverty, have followed different approaches to poverty alleviation. In Punjab and Haryana, rapid agricultural growth has contributed to poverty reduction. In Kerala, investment in human development has enabled the population to move out of poverty. Effective public distribution systems in Andhra Pradesh and Tamil Nadu are considered central to the performance of these States in poverty reduction.

5.4.3 Recent Poverty Debate in India

The concept and the measurement of poverty in India have been widely researched and commented upon. The present debate centers on the estimation of price deflators, reference period for survey and also the very basis of the poverty line. Growth of over 3 per cent per annum in per capita income during 1990's and increasing divergence in the per capita expenditure reflected in NSSO schedules and the national accounts system have been cited to point out that NSSO consumer expenditure surveys underestimate consumption expenditure. As a result, the incidence of poverty is said to be over estimated.

On the other hand a fierce debate on the incidence of poverty took place after the Planning Commission released the official estimates of poverty for 1999-2000. They show that between 1993-94 and 1999-2000, poverty declined by close to 10 per cent overall and by more than 10 per cent in the rural areas. Many scholars have questioned the comparability of the 1993-94 and 1999-2000 estimates because of the changes in the method of data collection. They are of the view that the incidence of poverty has been under-estimated as there was over-reporting of expenditure by the surveyed households because of the changes in the survey design. Sundram and Tendulkar (2003) and Sen and Himangshu (2003) argue that the decline in the incidence of poverty between 1993-94 and 1999-2000 would be in the range of 7 per cent to 4.5 per cent respectively as against 10 per cent estimated officially.

5.4.4 Survey of Population below the Poverty Line

The estimates of poverty made by the Planning Commission are used for making allocation of resources to the State Governments for poverty alleviation programmes. Approximately over 25 per cent of the budgetary support is allocated to the States on the basis of the incidence of poverty. The data on the incidence of poverty available at the State level, however, does not meet the requirements of planners and administrators at the district level for providing assistance to the poor under the poverty alleviation programmes. The estimates of the incidence of poverty at the State level have to be supplemented by the identification of the poor at the village level. This is accomplished through a detailed mapping of the Below Poverty Line (BPL) households through a census operation every five years. The census is carried out at the beginning of the every five-year plan.

The number of the poor identified through the BPL surveys conducted for the Ninth Five Year Plan (1992-97) and the official state-wise estimates of poverty made by the Planning Commission based on NSSO expenditure surveys, showed a great deal of divergence. It was felt that the BPL survey included many of the non-poor as well. There was a clamour for getting included in the BPL list as it was considered a passport to various government programmes. The emergence of PRIs at the village and block levels and the politics of patronage further exacerbated the problem of wrong identification. Evaluation studies commissioned by the Government indicated inclusion of non-poor families as programme beneficiaries. The Government, therefore, set up an Expert Group in 2001 to evolve a proper framework for identifying BPL

Table 5.2: Identification of BPL Families: Tenth Plan Approach

Sl. No.	Characteristic	Scores				
		0	1	2	3	4
1.	Size group of operational holding of land.	Nil	Less than 1 ha. of un-irrigated land (or less than 0.5 ha. of irrigated land)	1 ha. – 2ha. of unirrigated land (or 0.5 – 1.0 ha. of irrigated land)	2 ha. – 5 ha. of unirrigated land (or 1.0 – 2.5 ha. of irrigated land)	More than 5 ha. of unirrigated land or 2.5 ha. of irrigated land
2.	Type of house	Houseless	Kutcha	Semi-pucca	Pucca	Urban type
3.	Food Security	Less than one square meal per day for major part of the year	Normally, one square meal per day but less than one square meal occasionally	One square meal per day throughout the year	Two square meals per day, with occasional shortage	Enough food throughout the year
4.	Sanitation	Open defecation	Group latrine with irregular water supply	Group latrine with regular water supply	Clean group latrine with regular water supply and regular sweeper	Private latrine
5.	Literacy Status of the highest literate adult	Illiterate	Up to primary (class V)	Completed secondary (Passed Class X)	Graduate/ Professional Diploma	Post Graduate/ Professional Graduate
6.	Status of the Household Labour Force	Bonded Labour	Female & Child Labour	Only adult females & no child labour Artisan	Adult males only	Others
7.	Means of livelihood	Casual labour	Subsistence cultivation	Training and Skill Up-gradation	Salary Housing	Others
8.	Preference of Assistance	Wage Employment / TPDS (Targeted Public Distribution System)	Self Employment			Loans/ Subsidy more than Rs. One lakh or No assistance needed.

families that would be provided support under anti-poverty programmes during the Tenth Plan (2002-07). The Expert Group recommended a score based ranking of each household. Thirteen parameters that capture different dimensions of poverty have been identified and households are ranked on a scale of zero to four on these parameters. (The table given below summarizes some of the main parameters used in the identification exercise.)

Families below a pre-determined score are identified as poor, and only those identified as poor by the BPL survey are eligible for coverage under anti-poverty programmes.

In the previous Sections, you read about the concept, the measurement and the estimation of poverty in India. The figures indicated there, however, do not tell us anything about the attributes of the poor. Who are the poor? What are their disabilities? These are some of the questions which are important from the viewpoint of policy and planning. Let us now look at the people who constitute the majority of the poor.

Check Your Progress II

Note: a) Write your answers in the space provided.

b) Check your answers with the possible answers provided at the end of the unit.

1) Poverty Gap Index refers to:

- a) The percentage of people below the poverty line;
- b) The average distance of the poor from the poverty line;
- c) Relative position of the poor below the poverty line.

2) For updating the rural poverty line in India, Consumer Price Index that is used is:

- d) Whole sale price index
- e) Consumer price index for industrial workers
- f) Consumer price index for agricultural workers

3) Sen's index of poverty gives:

- a) More weight to the relatively better off people
- b) Same weight to all the poor people
- c) Less weight to the relatively better off people.

5.5 PROFILE OF THE POOR

The question 'Who is poor?' needs to be answered before making any plans for poverty alleviation. The incidence of poverty is closely related to employment, ecological setting and ethnic profile of the population. The availability of employment determines to a large extent whether a person would be poor or non-poor. In Indian Context, however, this relationship does not hold true. The data on unemployment shows that unemployment rate in the country on the Usual Principal and Subsidiary Status (UPSS) basis is only about 2 per cent. Even on the current daily status basis, which captures unemployment and under-employment much better than the UPSS, unemployment rate was only 7.3 per cent in 1999-2000. The incidence of poverty on the other hand in the rural areas during the same period was 27.09 per cent. It is obvious that people who are otherwise employed are also not in a position to provide for the minimum basket of foods and services that represents the poverty line. The box below identifies groups that are more likely to be poor.

Who is poor?

- Landless or marginal farmers cultivating low value products, mostly for family subsistence;
- Self employed artisans / service rendering people catering to low income customers / markets;
- Women headed households and groups with large families but limited assets and earning opportunities;
- People with limited skills and education engaging in seasonal casual work;
- Socially excluded, depressed groups (e.g. lower castes), tribals, nomads, etc.
- Victims of the side effects of development of infrastructure and other changes which disintegrated their past sustenance strategies (e.g. people affected by breakdown of traditional occupations, collective sustenance systems, etc.

Where do the poor live?

Under this category (closely related to the above in some cases) of people one can include the following:

- Urban slums, peripheries of towns;
- Fragile, low-productivity, high risk, isolated areas such as deserts, mountains, small islands, etc.
- Poor, backward and underdeveloped administrative units (e.g. provinces, districts, etc.) in the countries, where due to several natural, socio-political and economic reasons, the pattern and the pace of development have failed to keep up with the rest of the country. These areas lack in both social sector facilities and the earning opportunities. In several of such areas, rich natural resources exist and are extracted for the mainstream economy with little gains for the locals. In such situations migration is one option people choose to sustain their families.
- Poorly governed and politically invisible areas also fall under this category.

Source: SAARC Regional Poverty Profile 2003

The incidence of poverty is greater in certain communities in India. Scheduled Tribes, who reside in the more fragile areas of the country, exhibit higher incidence of poverty. The other social indicators of health, education and related facilities are also very poor in these areas. Even though tribals may have access to land, the poor quality of land contributes to their poverty. Scheduled Castes who are dispersed across the country also show a higher incidence of poverty. Most of the agricultural labourers in the country are landless scheduled castes. Their educational and skills levels are also limited. As a result, they show higher incidence of poverty than the general population. The table below provides information on the incidence of poverty among the SCs / STs.

Table 5.3: Poverty by Social Groups

(%)

Rural	1993-94	1999-2000
STs	51.96	45.86
SCs	48.32	36.25
All Population	37.32	27.09
Urban		
STs	40.74	34.75
SCs	49.84	38.47
All Population	32.28	23.62

Source: Planning Commission (2002)

5.6 STRATEGY FOR POVERTY ALLEVIATION

The anti-poverty strategy adopted by the country has three broad components. The role of economic growth in the alleviation of poverty has been important. Growth in the sectors, which provide avenues of livelihood to the rural poor, is critical. The second component relates to the provision of basic services such as health, education, clean drinking water, sanitation, electricity, rural housing and connectivity through the provision of rural roads. Thirdly, the directly targeted anti-poverty programmes cater to both the transient poverty as well as the long-term poverty. The Tenth Five Year Plan (2002-07) has set specific goals to be achieved in the Tenth and the subsequent plans. These goals, known as *monitorable* targets, relate to reduction of poverty, creation of employment, reduction in infant and maternal mortality, increase in forest cover and other aspects that affect quality of life in the country. In your **Course MRD-101, Rural Development: Indian Context**, you will read about the Poverty Alleviation Programmes, Programmes for Self and Wage Employment and Social Security, Programmes which provide basic infrastructure in rural areas and schemes that seek to conserve natural resources and our environment. All these programmes are bound to make an impact on rural poverty, provided they are implemented effectively.

5.7 IMPLEMENTATION, MONITORING AND EVALUATION OF THE POVERTY ALLEVIATION PROGRAMMES

Successful implementation of poverty alleviation programmes depends on the ability of the delivery agencies/mechanisms to plan sound projects and implement them in a cost effective manner. The commitment of the officials dealing with the poverty alleviation programmes, their motivation and integrity have been highlighted as one of the pre-requisites for the successful implementation of anti-poverty programmes by the Government. The reform in governance structures to make governance more responsive and people friendly has emerged as one of the key aspects in the development debate.

District Rural Development Agencies (DRDA) were created in the 1980's to implement the Integrated Rural Development Programme (IRDP) and wage employment programmes. However, many shortcomings were noticed in the implementation of the schemes for economic and social development. Lack of people's

participation and a top down approach to local problems were identified as the major drawbacks in the process of programme implementation. To encourage people's participation in development and improve implementation of poverty alleviation programmes, Panchayati Raj Institutions (PRIs) were provided Constitutional status in 1992. PRIs have been set-up at the district, taluka (block) and at the village levels. The programmes implemented by the Ministry of Rural Development are now implemented through the PRIs only. The monitoring of poverty alleviation programmes has been given greater attention. Gram Sabhas have been empowered to exercise effective control on programme implementation through social audit. The Gram Sabha verifies the projects and monitors the quality of project execution. The enactment of the right to information and the association of non-Governmental organizations in delivering programmes have further strengthened the monitoring mechanism. The specific Task Forces set-up by the Government from time to time also monitor projects. Evaluation of wage employment programmes has shown that they are more effective in reaching the poor, as they are self-targeting in nature. Only the very poor register themselves for work under wage employment programmes, which require physical labour. These programmes have also helped in putting an upward pressure on agricultural wage rates. The related evaluations, however, indicate that the number of man-days generated has been inadequate in relation to the demand for wage employment. Since 2001, wages have been paid partly in kind (in the form of food-grains) in view of the comfortable food-grain stocks with the Food Corporation of India. The programme has ensured nutritional security of the poor during droughts, floods and other external shocks. Self-employment programmes, which have been revamped, have also contributed to the empowerment of the poor. Women have been the focus of group formation. The Self-help Group (SHG) movement has been more successful in the Southern States of the country. In the Central and the Eastern States, which account for the majority of the rural poor, the SHG movement is weak and needs to be strengthened. In the Southern States, however, the SHGs have enabled women to participate in the social and economic decision making with greater vigour and effectiveness.

Check Your Progress III

Note: a) Write your answers in the space provided.

b) Check your answers with the possible answers provided at the end of the unit.

1) The *monitorable* targets in the Tenth Five Year Plan relate to:

- a) Growth in per-capita income;
- b) Reduction in the infant mortality rate
- c) Reduction in the child mortality rate
- d) All the three.

2) The strategy for poverty alleviation in India comprises:

- a) Economic growth
- b) Provision of basic minimum services
- c) Directly targeted anti-poverty programmes
- d) All the three.

3) Match each item in column A with the corresponding item in column B.

A

- i) SGSY
- ii) SGRY
- iii) DPAP

B

- a) Area specific Programme
- b) Self employment Programme
- c) Wage employment Programme

5.8 LET US SUM UP

In this unit we have discussed the concept, the measurement and the incidence of poverty and the strategy adopted by the Government for poverty alleviation. The question of poverty became one of the major global concerns in the last decade of the 20th century, when the international community committed itself to eradicating poverty in its different forms by adopting the Millennium Development Goals (MDGs).

The incidence of poverty in India has been a matter of intense debate especially after the publication of the 1999-2000 poverty estimates. Many have questioned the extent of decline in the incidence of poverty. There is, however, an agreement among the scholars that there has been a decline therein. One of the disturbing features, however, is the concentration of poverty in certain pockets of the country. The Central and the Eastern States in India account for the majority of the rural poor. The Government has taken up a number of programmes to eradicate poverty. Economic growth, provision of basic infrastructure and directly targeted anti-poverty programmes, all contribute to poverty alleviation. It is expected that with better targeting and implementation of these and similar schemes, India would be able to achieve fairly substantial reduction in poverty by the end of the Eleventh Plan (2007-2012).

5.9 SUGGESTED READINGS AND REFERENCES

Suggested Readings

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5.10 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress I

- 1) The per-capita consumption expenditure of one US \$ at 1993 prices in purchasing power parity terms has been used by the World Bank as the international poverty line for making country specific estimates of poverty.
- 2) Millennium Development Goals (MDGs) are specific targets to be achieved by all the countries by 2015. These relate to reduction in Head Count Ratio, reduction in Infant and Maternal Mortality Rates; targets for environmental sustainability and other related parameters, which have an impact on the living conditions of the poor.

Check Your Progress II

- 1) (b)
- 2) (c)
- 3) (c)

Check Your Progress III

- 1) (d)
- 2) (d)
- 3) (i) and (b); (ii) and (c); (iii) and (a)