

A State Level Analysis of Poverty in India

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ABSTRACT

The concept of poverty is not only quantitative but also qualitative i.e., it affects the health and education. The incidence of poverty is expressed as a percentage of people living below the poverty line. The magnitude of rural poverty has declined almost at the same rate as that of urban poverty. Kerala, Delhi, Goa and Jammu & Kashmir have been able to bring about maximum reduction in incidence of poverty. Haryana, Karnataka, Tamil Nadu and Uttar Pradesh have also exceeded the national level performance in reducing the percentage of poverty. Andhra Pradesh and Punjab have just been a little below the national performance.

1. INTRODUCTION

The concept of poverty is multidimensional viz. Inequality, deprivation and hunger. It covers not only levels of income and consumption, but also health and education, vulnerability and risk, and marginalization and exclusion of the poor from the mainstream society. The performance of India in terms of income and non-income indicators has not been satisfactory. This is not to deny that progress has certainly been made in reduction in both income and non-income poverty. The pace of reduction in poverty has been however; slow as compared to many other countries particularly in South East and East Asia.

2. PHASES OF POVERTY THROUGH POLITICAL DEVELOPMENT

The idea of eradication of abject poverty is not new. In India, it dates back to pre-

independence era. It is recall by Naroaji's book '*Poverty and Un-British Rule*' and was prominent in the deliberation in the Congress party. However, it took a long time for government to define its development objectives and policies. The first three Five year plan documents saw sustained high rates of growth of the principle means to alleviate malnourishment, unemployment, illiteracy and other manifestation of poverty. There was much talk in political rhetoric and in policy pronouncements about reducing inequalities of income and wealth through land reforms, public ownership and control of key sectors, and progressive taxation. Nevertheless, actual growth proving to be much slower than expected and redistributive measures proving to be much ineffective. The late Ram Manohar Lohia dramatised it by calling attention of Parliament to the fact that more than half the population subsisted on less than *six annas per head per day!* A number of researchers took up empirical and theoretical studies focused on absolute

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poverty and strategies to eradicate it. Dandekar and Rath's (1974) well known monograph 'Poverty in India'

Indira Gandhi sought to broaden her political base by adopting the 'Garibi Hatao' slogan and launching a number of poverty alleviation schemes. Apart from a Minimum Needs Programme, a number of other initiatives-notably special schemes for small and marginal farmers (later replaced by Integrated Rural Development Programme, IRDP) rural employment scheme, mid day meals for schoolchildren, and subsidized public distribution of food and other essential commodities were launched. They did not remain slogans, but were backed by substantial financial allocation made them politically credible.

During the mid to late 1990s, India saw tremendous growth particularly in the industrial and service sectors. Overall, the rate of poverty reduction did not clearly fall more during the 1990s than it had in previous decades. The purpose of this paper is to analysis the recent trends of poverty among different states of India in the rural and urban sectors.

3. TRENDS IN POVERTY

Trends in poverty can be examined by the estimate poverty ratio from National Sample Survey Consumer expenditure. India is perhaps the only developing country, which has the longest time series of national household surveys starting from the early 1950s. Until 1973-74, National Sample Survey (NSS) data were available annually. Between 1972-73 and 1993-94, five quinquennial surveys have been carried out with a large sample size of ten thousands per sample village. The remaining NSS rounds in the 1980s and 1990s are based on the so-

TABLE -1 : ESTIMATES OF URBAN & RURAL POVERTY (COMBINED)

Years	Urban	Rural	All India Number (Million)
1973-74	60	261	321
1977-78	65	264	329
1983	71	252	323
1987-88	75	232	307
1993-94	76	244	320
1999-2000	67	193	260

called 'thin' sample of two households per sample village. The 'thin' samples are good enough to provide reliable estimates at the all- India level and the variance may be high at the state level. The trend during the first 24 years of pre-reform period (1951 to 1973-74) shows that the (i) rural poverty varied between 44 percent to 64 percent and (ii) urban poverty varied from 36 percent to 53 percent without any significant trends. However, both rural and urban poverty ratios showed a decline in the late 1970s and in the 1980s. NSS data reveals that the poverty at the All India level was 26.1 percent (over 26 Crores of population) as against 36 percent as recorded by the 1993-94 NSS data.

4. REGIONAL DISPARITIES IN POVERTY TRENDS

The incidence of poverty is expressed as a percentage of people living below the poverty line has witnessed a steady decline from 55 percent in 1973-74 to 36 percent in 1993-94. The poverty ratio declined by nearly 10 percent points in the five year period between 1993-94 to reach 26.1 percent in 1999-2000. While the proportion of poor in the rural areas

declined from 56.4 percent in 1973-74 to 27.1 percent in 1999-2000. The decline in urban areas has been from 49 percent to 23.6 percent during this period. In absolute terms, the poverty ratio declined, the number of poor remained stable to around 320 Million for a fairly long period of two decades, (1973-1993), due to countervailing growth in population. The latest estimates for 1999-2000 reveal a significantly reduced number of poor, at about 260 Million out of a total population of 997 Million interestingly. The magnitude of rural poverty has declined almost at the same rate as that of urban poverty. While the percentage of people living below the poverty line declined by about 8.4 percent in urban areas during 1983-84 to 1993-

TABLE -2 : STATE WISE PERCENTAGE OF PEOPLE LIVING BELOW THE POVERTY LINE IN RURAL & URBAN AREAS

State	1973-74		1993-94		1999-2000		Reduction in Incidence of Poverty from 1973-74 to 1999-2000	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Andhra Pradesh	48.61	50.61	15.92	38.33	11.06	26.63	37.35	23.98
Arunachal Pradesh	52.67	39.92	45.01	7.73	40.04	7.47	12.63	29.45
Assam	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Bihar	62.99	52.93	58.21	34.50	44.30	32.91	18.69	20.02
Delhi	24.44	52.23	1.90	16.03	0.40	9.42	24.04	42.81
Goa	46.85	37.69	5.34	27.03	1.35	7.52	45.5	30.17
Gujarat	46.35	52.57	22.18	27.89	13.17	15.59	33.18	36.98
Haryana	34.23	40.18	28.02	16.38	8.27	9.99	25.98	30.19
Himachal Pradesh	27.42	13.17	30.34	9.18	7.94	4.63	19.48	8.54
Jammu & Kashmir	45.51	21.32	30.34	9.18	3.97	1.98	41.54	19.34
Karnataka	55.14	52.53	29.88	40.18	17.38	25.25	37.76	27.28
Kerala	59.19	62.74	25.76	24.55	9.38	20.27	49.81	42.47
Madhya Pradesh	62.66	57.65	40.64	48.38	37.06	38.44	25.6	19.21
Maharashtra	57.71	43.87	37.93	35.15	23.72	26.81	33.99	17.06
Manipur	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Meghalaya	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Mizoram	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Nagaland	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Orissa	67.28	55.62	49.72	41.64	48.01	42.83	19.27	9.79
Punjab	28.21	27.96	11.95	11.35	6.35	5.75	21.86	22.21
Rajasthan	44.76	52.13	26.46	30.49	13.74	19.85	31.02	32.28
Sikkim	52.67	36.92	45.01	7.73	40.04	7.47	12.63	29.45
Tamil Nadu	57.43	49.40	32.48	39.77	20.55	22.11	36.88	27.29
Tripura	52.67	36.92	45.08	7.73	44.04	7.47	12.63	29.45
Uttar Pradesh	56.53	60.09	42.28	35.39	31.22	30.89	25.31	29.20
West Bengal	73.16	34.67	40.80	22.41	31.85	14.86	41.31	19.81
All India	56.40	49.00	37.3	32.40	27.10	23.6	29.3	25.40

Source : National Sample Survey Organisation.

The share of industry and the Service sector in GDP in the post reform years has increased more than proportionately when compared against that the agriculture sector.

94. It fell by an equally high 8.5 percent points in the rural sectors. The fall was sharper in rural India during the late 90s when the percentage of people living below the poverty line declined by 10.3 percent from 37.3 percent in 1993-94 to 27.1 percent in 1999-2000 compared to a fall of 8.8 percent in urban sectors from 32.4 percent to 23.6 percent during the same period. The overall decline in the incidence of rural poverty has been 29.3 per cent while that in case of the urban poverty has been 25.4 during the period 1973-74 to 1999-2000 up to 1987-88. The overall rate of decline (in incidence) was higher in case of rural poverty that the incidences tell from 56.4 percent in 1973-74 to 39.1 percent in 1987-88. However, the urban poverty declined from 49 percent in 1973-74, to 38.2 percent in 1987-88. The period between 1987-88 and 1993-94, present a contrast to the overall situation of decline in the magnitude of poverty that during this period the population of rural poor comes down by 1.8 percent while the proportion of urban poor went down by 5.8 percent. The trend of decline went back to pre 1987-88 position during 1993-94 to 1999-2000 that the proportion of rural poverty declined faster than that of the urban poverty in the country. One major possible reason behind this long run trend may have been the focus area of various anti-poverty schemes.

The incidence of poverty is disproportionately higher in rural India is not surprising. The 2001 census has once again continued the desperate dependence of rural work force on agriculture, nearly three-fourth of all the rural workers are employed by the agriculture sector. In many states, dependence on the agriculture sector for employment has even increased in the

post reform years. The continuous assured supply to the rural sector clearly has a depressive impact on the daily wages to agricultural and other rural workers. This was probably, imperative for; reform that primarily aimed at improving the performance of the industrial sector. The share of industry and the Service sector in GDP in the post reform years has increased more than proportionately when compared against that the agriculture sector.

5. ABSOLUTE POVERTY : AT STATE LEVEL

Kerala, Delhi, Goa and Jammu & Kashmir (in descending order) have been able to bring about maximum reduction in the incidence of poverty. These states has reduced the incidence by more than 37 percent during the period 1973-74 to 1999-2000 against the national average of reduction in incidence standing at 28.8 percent, the states which have performed above national average also including Gujarat, Tamil Nadu, Andhra Pradesh, Rajasthan, Mizoram, Karnataka and West Bengal (not in any kind of order). However, West Bengal's performance has been above the national average but magnitude of poverty in the state is still higher than the national average. Maharashtra, Haryana, Mizoram and Rajasthan have performed closed to the national average and the percentage of the people living below the poverty line in these states is lesser than the national average.

The state which have accomplished smaller than the all India average include Arunachal Pradesh, Assam, Bihar, Himachal Pradesh, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Sikkim, Tripura and Uttar Pradesh, of these states, Himachal

Pradesh and Punjab have not much to be worried about as the incidence of poverty stands at very low level 7.63 and 6.16 percent respectively. But the states Himachal Pradesh, Assam, Bihar, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Orissa, Sikkim, Tripura and Uttar Pradesh must have sufficient reason to be disturbed because the incidence of poverty in these states is very high at 33.47, 36.09, 42.60, 37.43, 28.54, 33.87, 32.67, 47.15, 36.55, 34.44 and 31.15 percent respectively. Therefore, the people in these states face twin problem of high incidence of poverty and low performance in reducing poverty. Poor states are required to ascertain much above average performance in order to make shackles of poverty somewhat loose.

As far as the reduction in incidence of urban poverty is concerned, Delhi, Kerala, Gujarat and Rajasthan state have performed well. All Northeastern states along with Goa, Haryana, Karnataka, Tamil Nadu and Uttar Pradesh have also exceeded the national level performance in reducing the extent (percentage) of poverty. Andhra Pradesh and Punjab have just been a little below the national performance while Bihar, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Orissa and West Bengal have accomplished for lesser than the national average even. Again the implication may not be vary alarming for states like Himachal Pradesh, Punjab, Jammu & Kashmir and even West Bengal who quite fortunately do not have high percentage of urban poverty. Nevertheless, the situation requires a sincere thinking and attempt at the end of Orissa, Bihar, Madhya Pradesh and Maharashtra, which suffer from high magnitude of urban poverty.

• In reducing the extent of rural poverty
• the state of Kerala, Goa, Jammu &
• Kashmir, West Bengal, Andhra Pradesh,
• Karnataka, and Tamilnadu have done an
• appreciable job. Gujrat, Maharashtra and
• Rajasthan, are also place above all India
• average performance while Delhi,
• Haryana, Madhya Pradesh and Uttar
• Pradesh are somewhat below the national
• average performance. Bihar, all
• Northeastern states, Orissa, Himachal
• Pradesh and Punjab have achieved much
• below the all India average. Here, the
• cases of Himachal Pradesh and Punjab
• can again be distinguished from that of
• Bihar, Northeastern states and Orissa as
• the former category has very little
• percentage of rural people of the state
• living below poverty line.

• The states of Orissa, Bihar, Madhya
• Pradesh, Sikkim, Assam, Tripura,
• Meghalaya, Arunachal Pradesh,
• Nagaland, Uttar Pradesh and West
• Bengal have 47.15 to 27.02 percent of
• people living below poverty line and all of
• these states exceed the national average
• poverty ratio. Barring West Bengal, these
• states have done poor little in reducing the
• incidence of poverty. The condition of
• Kerala, Delhi, Goa, Gujarat, and
• Karnataka was not much different from
• the rest of the country in 1973-74 to
• 1999-2000 but real concern and sincere
• efforts have produced outcome for these
• states.

• In Orissa, Madhya Pradesh, Bihar
• and Uttar Pradesh, the urban poverty
• ratio was in the range of 30.89 to 42.83
• percent in 1999-2000. The combined
• rural and urban poor make up 47.15
• percent of Orissa and 42.60 percent of
• Bihar. For the states of Madhya Pradesh,
• Sikkim, Arunachal Pradesh and Assam
• the combined poverty ratio in 1999-2000

were in range of 33.47 to 37.43 percent. There has been a significant reduction in poverty during the period in Kerala, Jammu & Kashmir, Goa, Lakshdweep, Andhra Pradesh, Gujarat, Tamil Nadu, Karnataka, West Bengal and Andaman & Nicobar Islands.

Thus while some states, such as Punjab and Haryana have succeeded in

reducing poverty by following the path of high agriculture growth, other have focused on particular areas of development. e.g., Kerala has focused on Human Resource Development, West Bengal on vigorous implementation of land reform measures and improvement of Panchayats and Andhra Pradesh on direct public intervention in the form of public distribution of food grains.

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