

Poverty in India

- Poverty is multidimensional
- Deprivation in income, illiteracy, malnutrition, mortality, morbidity, access to water and sanitation, vulnerability to economic shocks and so on.
- Official figures (Planning Commission) – ***living below poverty levels***
- 28.3% rural families – rural poverty
- 25.7% urban families – urban poverty







Introduction

- **India's economic structure has changed dramatically over last 5-6 decades; among the most dynamic economies recently due to economic reforms (liberalisation, privatisation and globalisation).**
- **Benefits of growth not widely spread to various sections in society, reached only marginally to low income groups.**

Poverty

Question then arose: Can we guarantee to all at least **a minimum level of living necessary for physical and social development of a person?**

Debates on poverty started – income or nutrition and how to estimate poverty?

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IMR and MMR

- **Infant mortality rate (IMR)** is the number of deaths of children less than one year of age per 1000 live births. The rate for a given region is the number of children dying under one year of age, divided by the number of live births during the year, multiplied by 1,000.
- The **Maternal mortality rate (MMR)** is the annual number of female deaths per 100,000 live births from any cause related to or aggravated by pregnancy or its management (excluding accidental or incidental causes).

Why estimate poverty?

- **Poverty estimates are vital input to design, monitor and implement appropriate anti-poverty policies and programmes.**
- **Analysis of poverty profiles by regions, socio-economic groups**
- **Determinants - factors affecting poverty**
- **Allocation of resources to different regions and to various poverty reduction programs**
- **Precise estimates of poverty neither easy nor universally acceptable – but still useful for policy and interventions**

Poverty

- Nutritional – 76% of families do not get daily requisite intake of calories:
 - **2,100 calories** for urban areas
 - **2,400 calories** for rural areas
- *Arjun Sengupta Committee Report* – focused on the unorganised sector workers – 77% people subsist on less than Rs 20 per day.

Poverty

National Family Health Survey – 3

- 46% of children under the age of 5 are undernourished.
- **Right to Food Campaign** – more than 5000 deaths in different parts of the country between 2001-2005.
- Many protests by civil society – people's movement

Poverty

- Two committees set up by the Planning Commission:
 - ***Tendulkar Committee and N.C. Saxena*** – both came out with – 41.8% and 50% poverty ratios in rural areas

Measurement of Poverty (% of Poor)

Two basic ingredients in measuring poverty:

- (1) Poverty Line: definition of threshold income or consumption level**
- (2) Data on size distribution of income or consumption (collected by a sample survey representative of the population)**

Poverty Line

- **Relative PL** defined in relative terms with reference to level of living of another person; or, in relation to an income distribution parameter.
- **Absolute PL** refers to a threshold income (consumption) level defined in absolute terms. Persons below a pre-defined threshold income are called poor.

Indian Poverty Line

- A minimum level of living necessary for physical and social development of a person.
- Estimated as: total consumption expenditure level that meets energy (calorie) need of an average person.
- PL comprises of both **food and non-food components** of consumption.
- Considers non-food expenditure actually incurred corresponding to this total expenditure.
- Difficult to consider minimum non-food needs *entirely* on an objective basis

Factors affecting poverty

- Poverty depends on per capita household income which in turn is affected by *employment, wage rate, land productivity, industrialisation, expansion of service sector and other general growth and distribution factors*

Special role of :

- per capita agricultural income
- Employment and real wage rate
- Inflation rate and relative food prices

How to improve?

Government expenditure

- **Per capita development expenditure**
- **Social sector expenditure**
- **Programmes – education, health and skill programmes**
- **Creating productive assets**