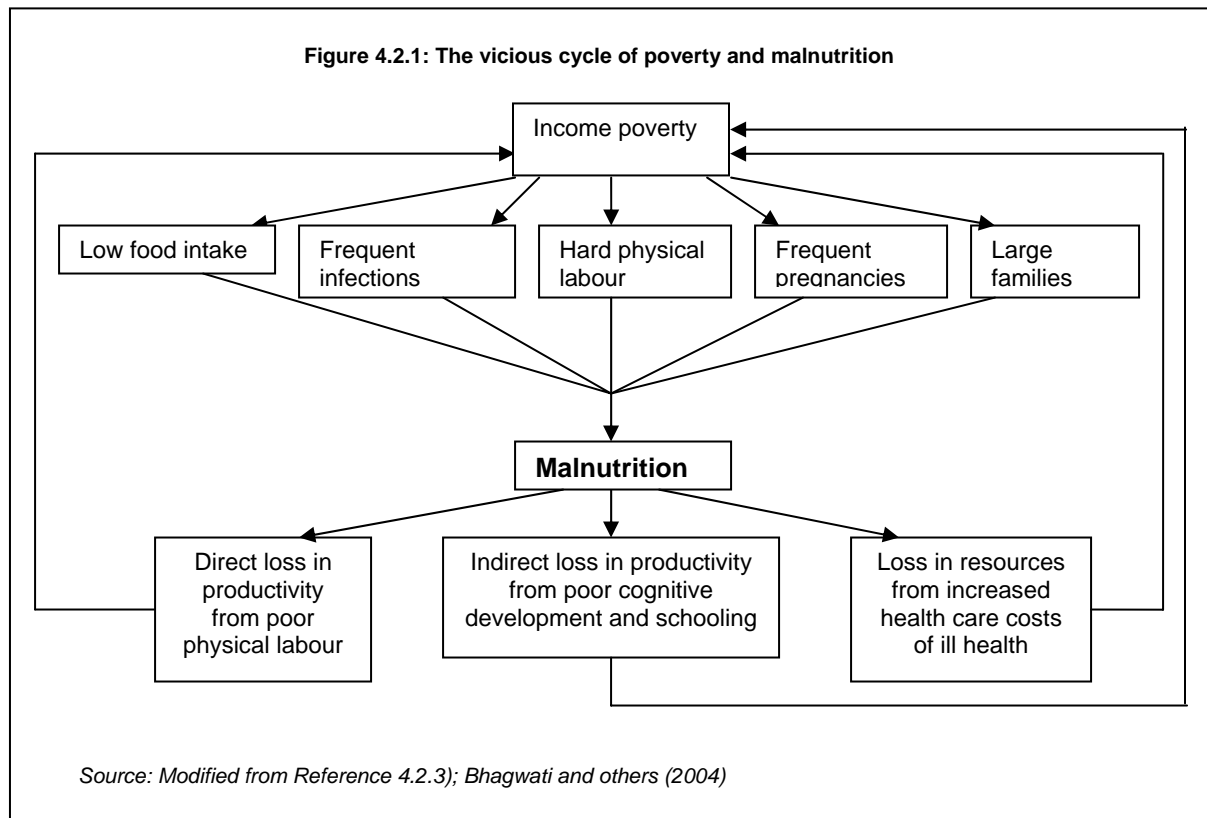


4.2 POVERTY ALLEVIATION

During the fifties, poverty was the major factor responsible undernutrition in India. The country recognized that the association between income poverty and undernutrition was mediated through several pathways (Figure 4.2.1). Income poverty might result in

- food insecurity and low dietary intake due to poor purchasing capacity and poor access to food stuffs;
- poor environmental hygiene resulting in repeated infections
- duration and severity of infections was not reduced because of lack of public sector health care for effective treatment of infections and
- low literacy hampering access to available services;

Majority of the low income group population were unskilled labourers engaged in manual labour. Undernutrition had an adverse effect on work capacity and increased susceptibility to infections. Poor work output and absenteeism due to illness reduced their earning and purchasing power. Efforts were therefore directed towards cutting this mutually reinforcing linkage between poverty and undernutrition.

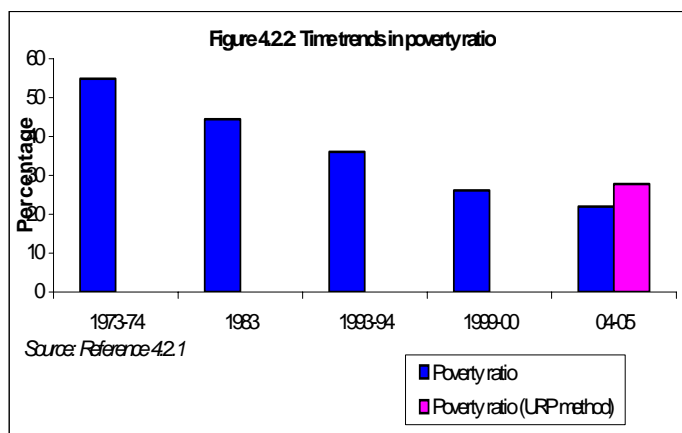


Definition of poverty

India was the first country in the world to define poverty as the total percapita expenditure of the *lowest* expenditure class, which consumed 2400 kcal /day in rural and 2100 kcal/day in urban areas and attempt to provide comprehensive package of essential goods and services to people below the poverty line. Initially the poverty line was defined on the basis of NSS Household Consumption Expenditure data for 1973-74. The poverty lines, defined as the basket of goods and services, have not been changed subsequently in order to preserve inter-temporal comparability, but the rupee value of the lines is regularly updated using the large sample consumer expenditure survey of the NSSO in order to reflect price increases that have taken place over the years.

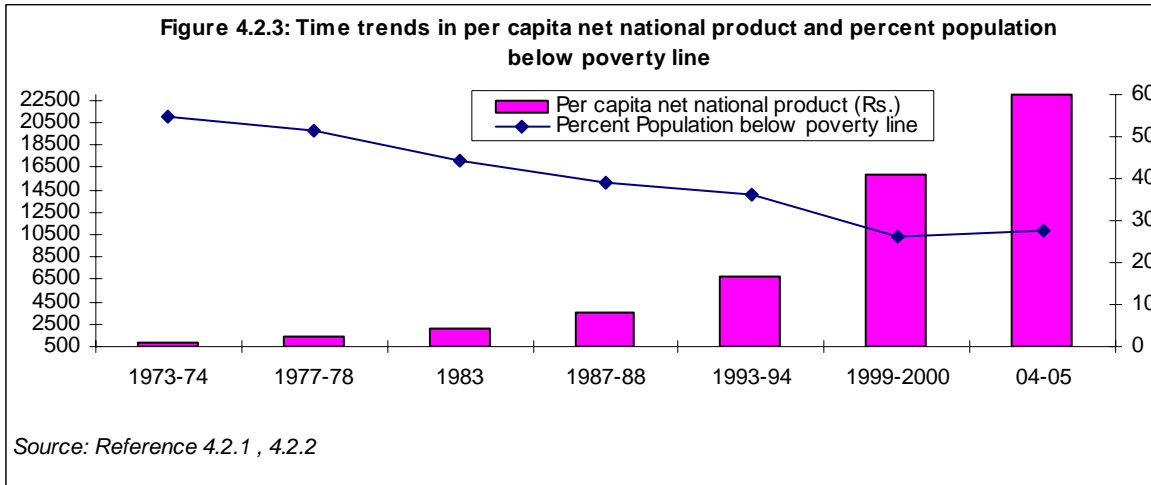
Time trends in poverty

Time trends in poverty ratio computed by the Planning Commission on the basis of the quinquennial NSSO large sample survey is given in Figure 4.2.2. The NSSO released the result of the latest large sample survey data on household consumer expenditure (NSSO 61st Round), covering the period July 2004 to June 2005. From this data, two different consumption distributions for the year 2004-05 have been computed. The first one from the consumption data collected using 30-day recall period (also known as reference period) for all the items. The other distribution is obtained from the consumer expenditure data collected using 365-day recall period for five infrequently purchased non-food items, namely, clothing, footwear, durable goods, education and institutional medical expenses and 30-day recall period for the remaining items. These two consumption distributions have been termed as Uniform Recall Period (URP) consumption distribution and Mixed Recall Period (MRP) consumption distribution respectively. The Planning Commission, using the Expert Group methodology has estimated poverty in 2004-05 using both the distributions. There was a slow but steady decline in poverty during seventies and eighties. During the nineties there was a change in the methodology used for computation of poverty line. In



order to eliminate possible differences in reported poverty ratios due to the changed methodology, the Approach Paper to the Eleventh Plan has computed and presented the poverty ratios for 2004-05 according to both the methodologies. These revised data suggest that the decline in poverty in the nineties is not as high as reported earlier.

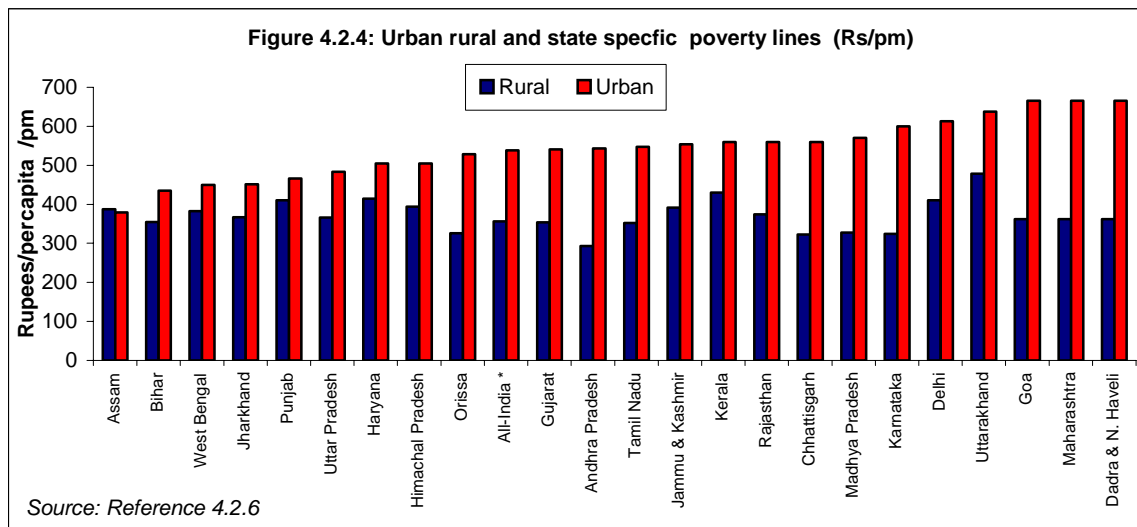
Poverty and percapita net national product



Poverty reduction is one of the major objectives of economic growth. Economists recognise that even when there is robust economic growth poverty reduction may not always be fully achieved. Time trends in percapita net national product and poverty ratio over the last three decades is shown in Figure 4.2.3. Seventies and eighties witnessed a slow but sustained economic growth and slow reduction in poverty ratio. During the last ten years there has been a steep increase in the economic growth; however this has not resulted in a commensurate decline in poverty ratios (Approach paper to the Eleventh Plan)

Interstate, urban rural differences in poverty

There are large interstate and urban rural differentials in cost of goods and services. These are taken into account and state and urban and rural area specific poverty lines are defined. Rupee value of poverty line in different states in urban and rural areas in 2004-05 is shown in Figure 4.2.4. The importance of this adjustment can be gauged from the fact that the poverty lines for the states



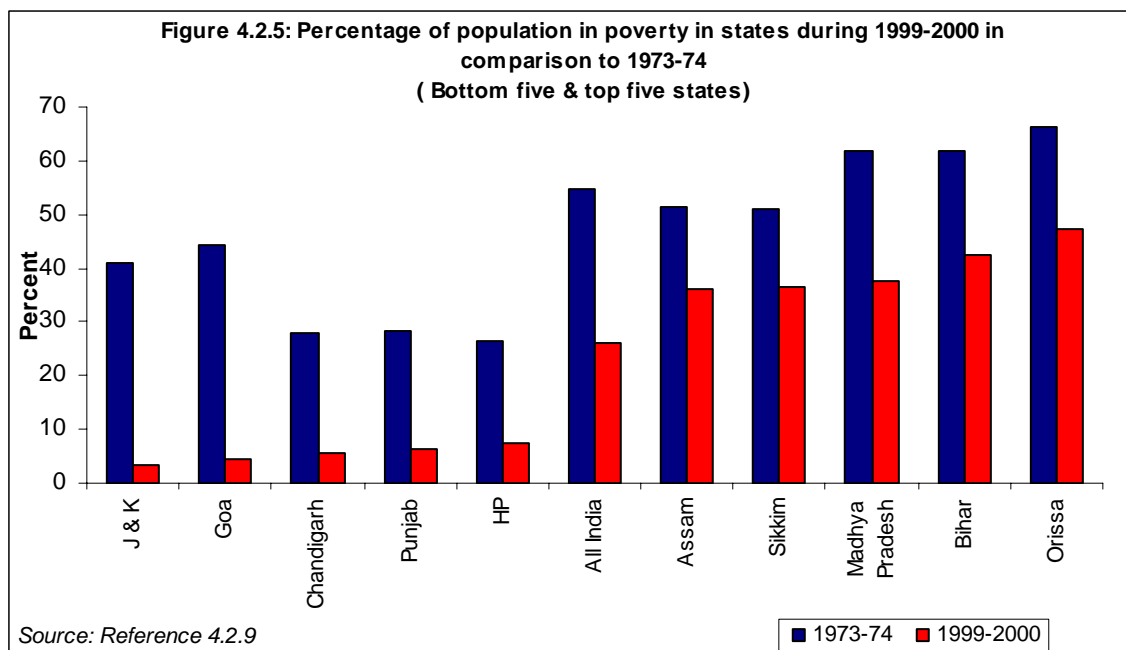
Year	Rural			Urban		
	SCs	STs	All-Population	SCs	STs	All-Population
1993-94	48.1 (1.29)	51.9 (1.39)	37.3 (1.00)	49.5 (1.53)	41.1 (1.27)	32.4 (1.00)
1999-00	36.3 (1.34)	45.9 (1.69)	27.1 (1.00)	38.5 (1.63)	34.8 (1.47)	23.7 (1.00)

NOTE: Figures in brackets are the ratios of SC and ST population below the poverty line to the total Population below the poverty line.
Source: Reference 4.2.7

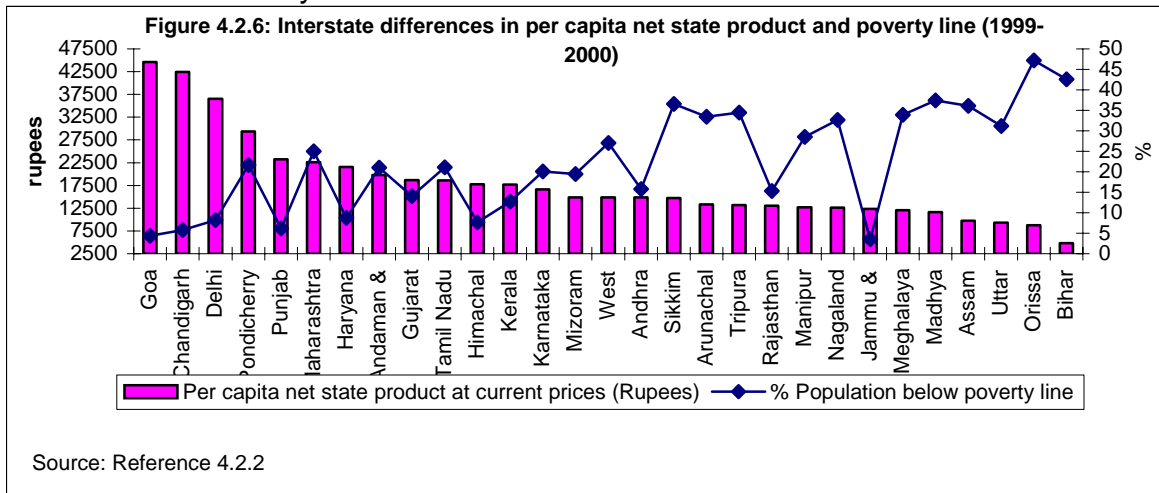
with the highest prices are 43% and 57% higher for rural and urban areas respectively than those of the states with the lowest prices. In all states except rural Assam the rupee value of poverty line is lower as compared to urban areas; the urban and rural differences are higher in Maharashtra, Madhya Pradesh, Karnataka and relatively lower in Bihar, West Bengal, Punjab, Haryana and Uttar Pradesh.

Both in urban and in rural areas higher percentage of people belonging to SC and ST are below the poverty line as compared to all the population (Table 4.2.1). During the nineties there was some reduction in poverty in all the groups but the difference between groups has not decreased. In fact the disparity between ST and rural population had widened during the nineties.

There are wide interstates differences in terms of poverty reduction over time. Trends in poverty in top five and bottom five states during the nineties are shown in Figure 4.2.5. In 1983 more than 50 % of the population in Orissa, Bihar, West Bengal and Tamil Nadu were living below the poverty line. By 2000 In West Bengal and Tamil Nadu the poverty ratios declined by half but Orissa and Bihar continue to be the poorest states with nearly half of their population being below poverty line. J&K, Himachal, Haryana, Andhra, Punjab and Maharashtra are the

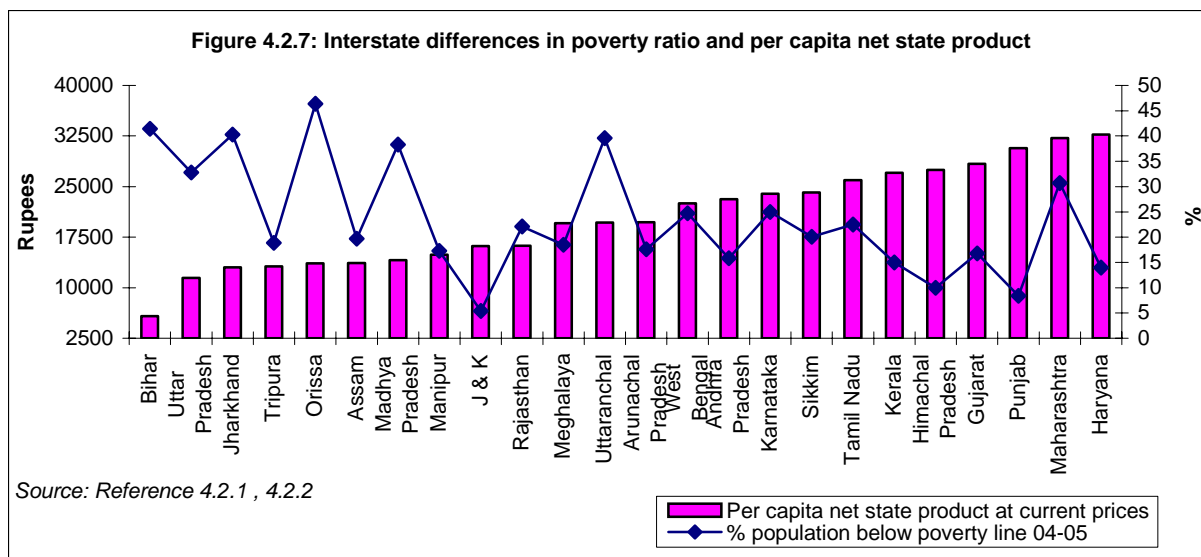


other states which have achieved significant decline in prevalence of poverty. The difference in rates of decline in poverty has resulted in widening of the gap between states; for instance poverty ratio in Orissa is eight times higher than the poverty ratio in Punjab. The differences in poverty ratios between states may have to be considered while assessing factors responsible for the interstate differences in dietary intake and nutritional status.



Poverty and percapita net state product

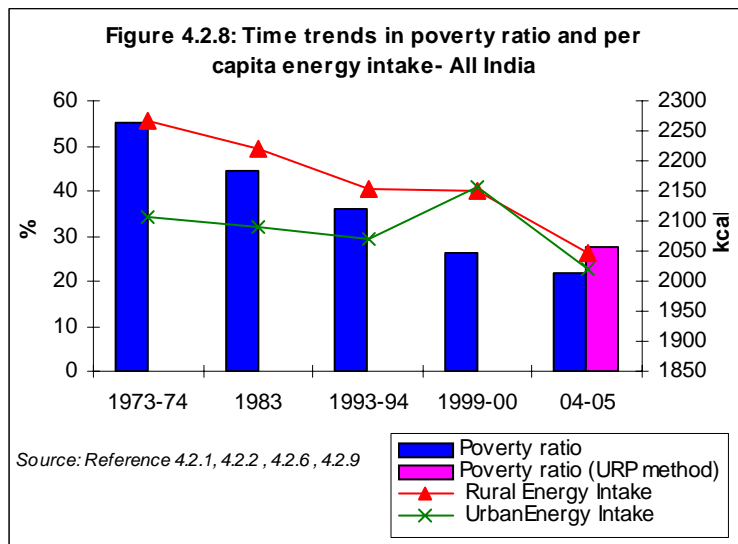
Data on per capita state net product and poverty ratio for the states in 2000 and 2005 are given in figure 4.2.6 and figure 4.2.7. Analysis of the data on interstate differences in net state product and poverty ratios provides several interesting findings. The top five major states with low and high percapita state net product and poverty ratios were similar at both the time points. Both in 2000 and 2005, most of the states with high net state product had low poverty ratio and vice versa. However there are exceptions like J&K where poverty ratios are low inspite of low per capita net state product. Maharashtra has relatively high



poverty ratios in spite of high per capita net state product. Thus state per capita income is an important but not the only determinant of poverty rates in the state. Large interdistrict disparities in development may account for relatively high poverty ratio in states like Maharashtra inspite of high per capita net state product.

Poverty and energy intake

Energy intake has been used as the major factor for determining the poverty line



in India. It is therefore logical to explore the current relationship between these two parameters. Data on time trends in poverty ratio and energy consumption computed from NSSO consumer expenditure survey is given in Figure 4.2.8. Contrary to the expectations the decline in poverty is not associated with an increase in the energy intake. Over this time

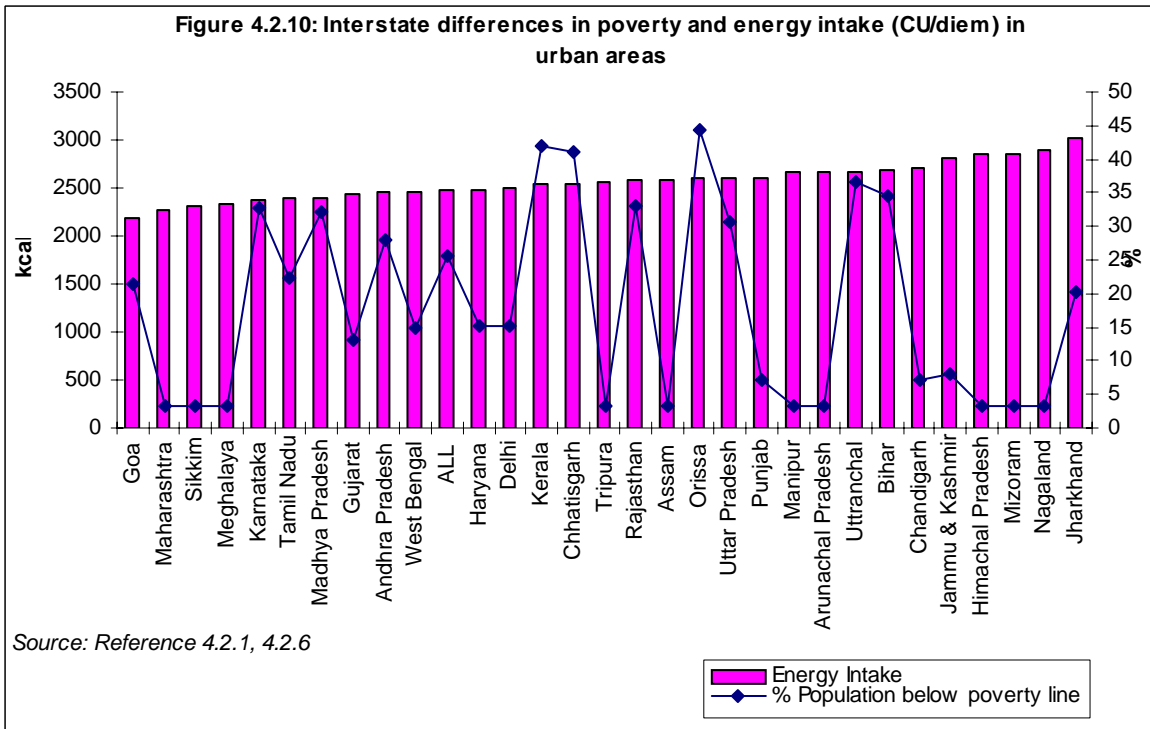
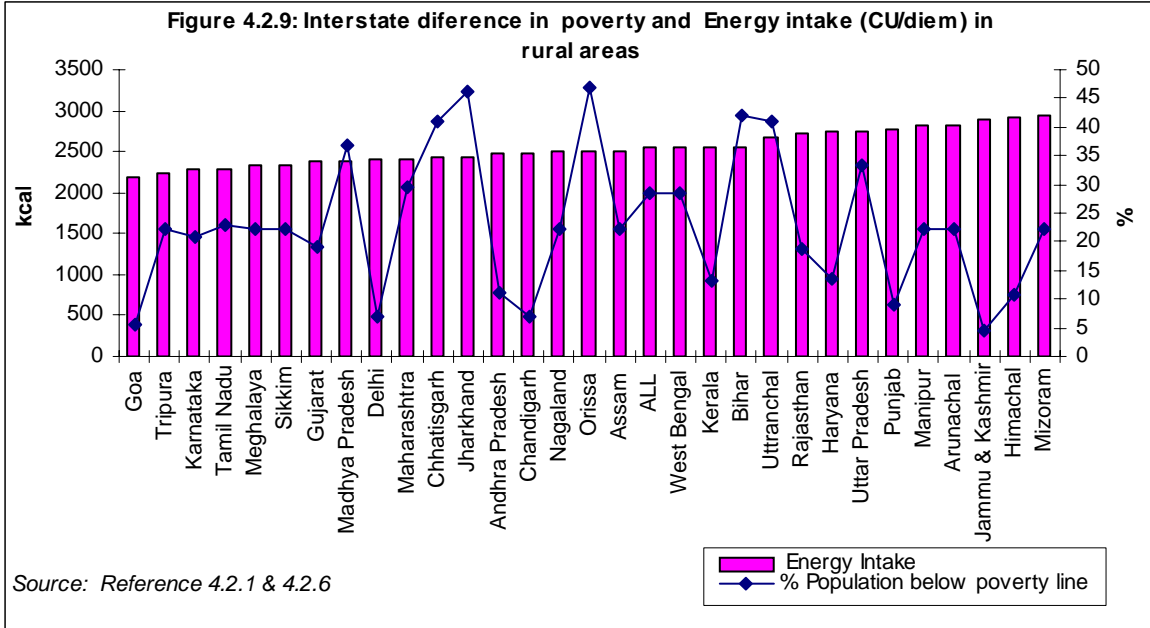
period the food grain were readily available and accessible to all and prices have been quite low especially for the below poverty line families. Therefore the decline in energy intake cannot be due to problems in access or affordability of the food. Perhaps the major factor responsible for the decline is the reduction in energy requirements due to changes in the life style among the population.

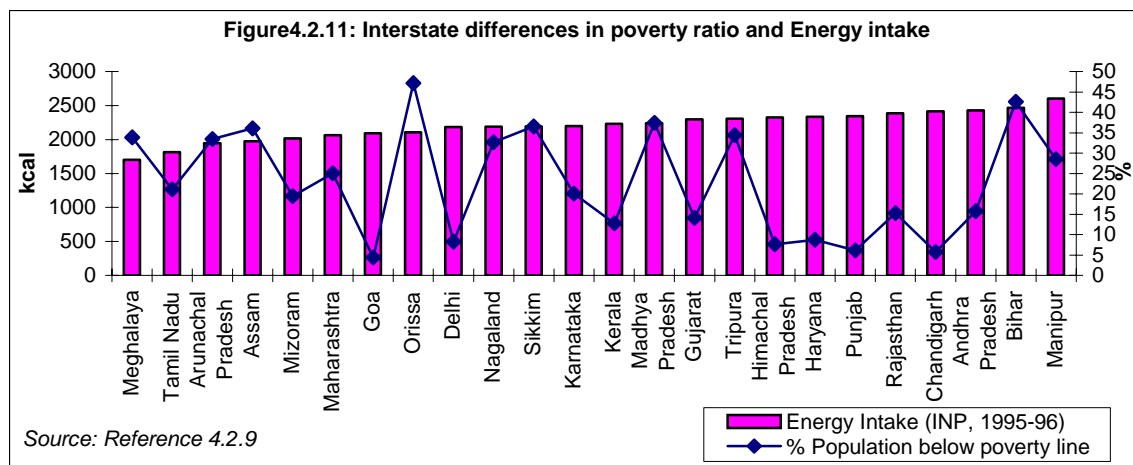
Interstate differences in poverty and energy intake

Interstate differences in poverty ratio and energy intake in rural and urban areas from NSSO consumption expenditure surveys and INP survey are shown in Figure 4.2.9, Figure 4.2.10 and Figure 4.2.11. In most of the states both poverty ratios and energy intake were lower in urban areas. In some states such as Maharashtra there were substantial differences in the urban-rural poverty ratios as well as energy intake.

In states like Punjab, Himachal and J&K poverty ratios were low and energy consumption was high. However in other states with low poverty ratios such as such as Goa, Karnataka, Tamil Nadu and Gujarat energy intake was also low. At the other end of the poverty spectrum were states like Bihar, Jharkhand, Orissa, and Chattisgarh and UP where in spite of high poverty levels energy intake was high. This is most probably because substantial proportions of the population in these states are still engaged manual work for livelihood and require higher

energy intake. These data suggest in majority of the population poverty and economic constraints are not the major factors affecting energy intake; energy requirement mostly related to occupational and household chores continues to be an important factor determining energy intake among poorer segments of the population.





Available data from NSSO indicate that over the last three decades there has been substantial change in the food preferences of the population. These changes have some cost implications and could result in changes in the amount spent per calorie energy.

The NSS Household Consumption Expenditure data for 1999- 2000 indicates that the actual calorie intake of the poverty-line class in every state and in both rural and urban areas is significantly below the calorie norm (except in urban Orissa). However data from NSSO clearly shows that the actual cost per calorie consumed varies widely between different income groups in every state and in both the rural and urban areas. NSSO data suggest that in each state there does exist a food basket which is actually consumed by a large class of people and which yields much higher calories per rupee spent on food and that if the poverty-line class were to consume this particular basket, it would be able to meet the calorie norms with its actual expenditure on food (Table 4.2.2). These data suggest that the apparent low energy consumption is not so much the result of a lack of income or purchasing power, but of the choice of a food basket by the BPL population.

Table 4.2.2: Potential Calorie Intake of Poverty-line Class

State	Rural		Urban	
	Calories per day	Percentage of Norm (2400)	Calories per day	Percentage of Norm (2100)
AP	2424	101	2457	117
Assam	2258	94	1481	71
Bihar	2252	94	2605	124
Gujarat	2197	92	2069	99
Haryana	2311	96	1526	73
HP	2714	113	2277	108
Karnataka	2304	96	2682	128
Kerala	1456	61	2004	95
MP	2584	108	2360	112
Maharashtra	2326	97	2451	117
Orissa	2507	104	2720	130
Punjab	2266	94	2183	104
Rajasthan	3016	126	2561	122
TN	2215	92	2050	98
UP	2266	94	2027	97
WB	2633	110	2089	99

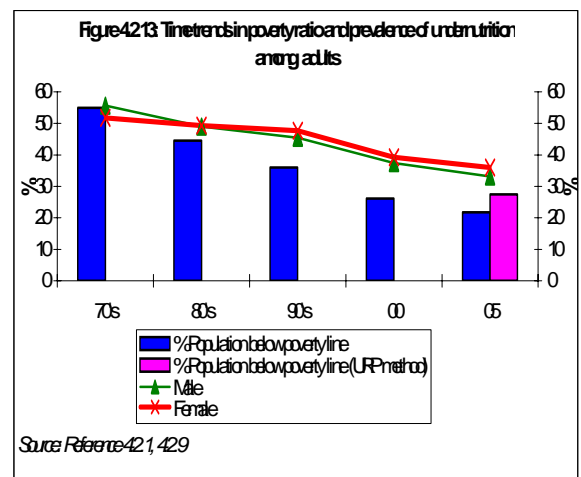
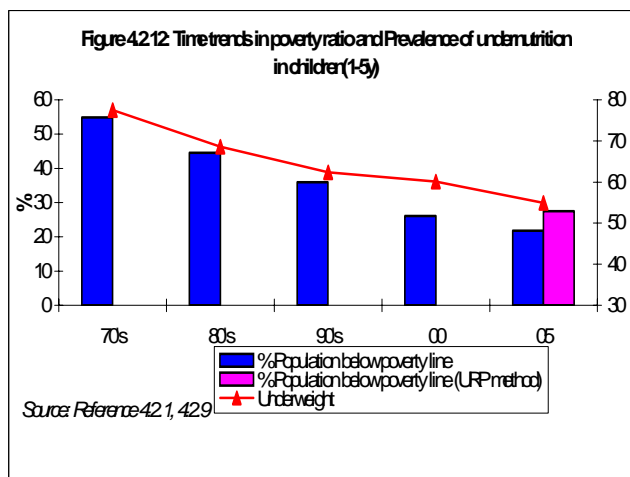
Source: Reference 4.2.8, Pranab Sen's article

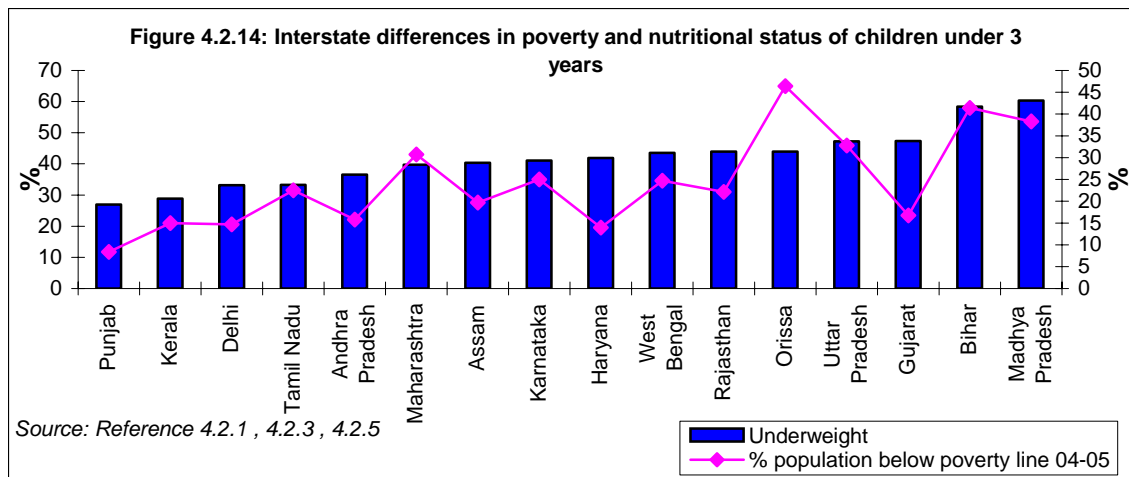
There is also an ongoing debate whether in addition time has come change from only energy to a basket of foodstuffs essential for balanced diet such as cereals, pulses and vegetables in the definition of the essential cost of food for defining the poverty line.

Poverty and nutritional status

Time trends in poverty and nutritional status of preschool children and adults during the last three decades is shown in Figure 4.2.12 & 4.2.13. The eighties and early nineties witnessed a relatively slow but steady decline in poverty and undernutrition in children. The decline in undernutrition rate in children during this period mainly was due to improved access to health care rather than increase in dietary intake. During the last decade the reduction in both poverty and undernutrition in children has been relatively slower. The slow reduction in undernutrition might be due to the fact that there has not been any improvement in infant and young child feeding practices, deterioration in intrafamily distribution of food and caring practices for preschool children. All these are unrelated to either income or poverty and can be improved only through persistent behavioral change communication.

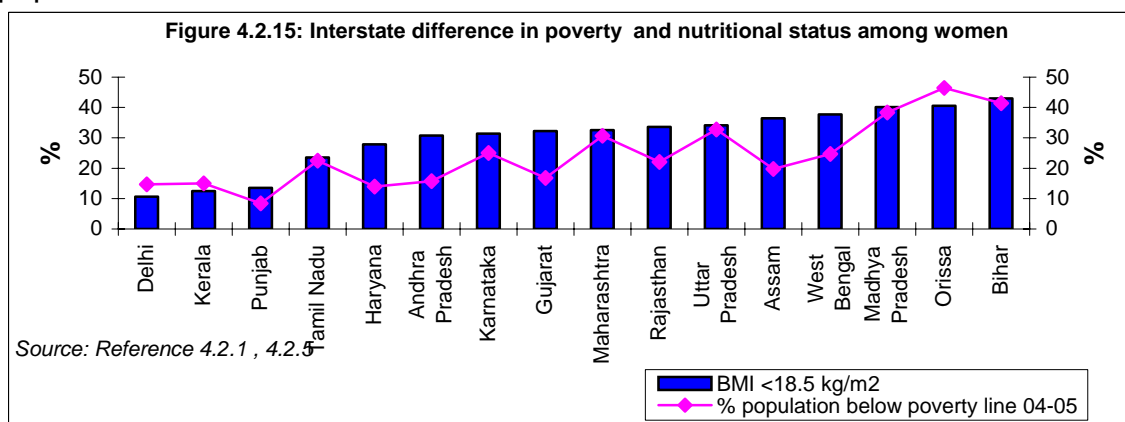
Recognizing the potential linkages between child undernutrition and human development UN have included child under nutrition as one of the indices for computation of Human Poverty Index for measuring deprivation for developing countries. Human poverty index is a composite index which takes into account the probability at birth of not surviving to age of 40, adult literacy rates, and population without sustained access to improved water source and children under weight for age. Data presented above indicates that in India undernutrition exists even in the absence of socioeconomic deprivation. It is essential to investigate in depth the relationship between indices for assessment of undernutrition in children and poverty and deprivation in India.

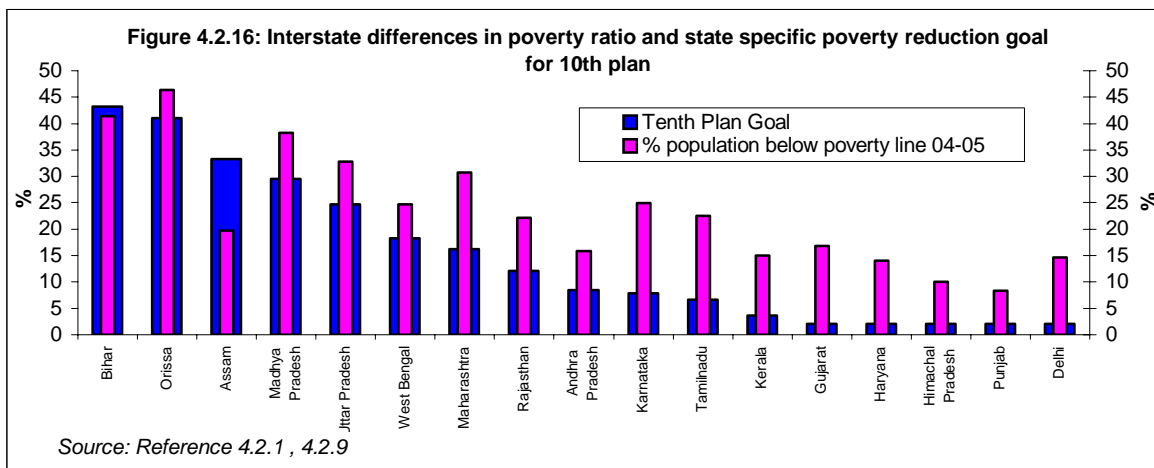




Interstate differences in poverty and nutritional status

Inter state differences poverty and undernutrition in preschool children and women in shown in Figure 4.2.14 and Figure 4.2.15. States with high poverty have higher undernutrition rates as compared to states with low poverty ratio. None of the states with high poverty have low under nutrition rates and vice versa. It would thus appear that unlike the relationship between per capita income and poverty and poverty and energy intake, there is a much greater concordance between poverty and nutritional status at the state level. This is perhaps because poor people have a poor energy balance (more energy expenditure as compared to energy intake) due to heavy manual work, high morbidity due to infections (because they live in areas with poor environmental sanitation and lack of access to safe drinking water) and more severe and prolonged infections (due to poor access to health care). These data emphasize the need for focus on programmes aimed at reducing poverty and simultaneously programmes aimed at providing access to all essential goods and services to the poor in order to achieve sustained improvement in nutritional status of the population.





The ambitious national goal of 8 % GDP growth during Tenth Five Year Plan was not achieved, but the Tenth Plan witnessed the highest ever GDP growth till now. The Approach paper to the Eleventh Plan indicates that the country expects to surpass this and achieve a 10% GDP growth during the next five years. State specific Tenth Plan goals for poverty reduction (by 2007) and the poverty ratios (in 2005) are given in Figure 4.2.16. It is noteworthy that two states that have achieved the goals set for 2007 by 2005 are Bihar and Assam. All other states are yet to achieve the goals. It is surprising that states, which are doing well in terms of state GDP growth such as Maharashtra, Gujarat and Tamil Nadu have not been able to achieve goals, set for reduction in poverty. Taking note of this the Approach paper to the Eleventh Plan has laid a major emphasis not only on accelerating the economic growth but also on achieving inclusive growth which results in reduction in economic disparities, greater employment opportunities, reduction in poverty and improved access to essential goods and services to all. Such a focus could result significant reduction both in poverty and undernutrition.

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