



POVERTY AND ITS TREND IN INDIA

Jayati Bhattacharya (Ghosh)

Assistant Professor, Department of Economics
Khalisani Mahavidyalaya, Chandannagar, Hooghly

Abstract

Since gaining independence, rather than being economically strong, India has always been striving to eradicate poverty. Due to the high rate of population growth and lack of proper comprehensive pro-poor programmes by the government, poverty is uncontrollable in India. This paper describes the concept of poverty, poverty line, different types of poverty and different estimates of poverty over a time-frame. It also highlights the trend of poverty over last twenty years and shows its variation across different states of India.

Key words: Poverty, Poverty Line, Estimates, Rural, Urban, States, Poverty Eradication

1. Introduction

Poverty is an economic state where people are experiencing scarcity or the lack of financial resources and certain essential commodities that are required for the maintenance of minimum standard of living. Poverty stricken people and families have to live without proper housing, clean water, healthy food and medical facilities. Each and every nation has its own threshold that determines how many of its people are living in poverty. Therefore, poverty is a multifaceted concept inclusive of social, economic and political elements.

2. Objective

- To understand the concept of poverty and poverty line in India
- To know the trend of poverty over last twenty years

3. Methodology

The current methodology for poverty estimation is based on the recommendations of an Expert Group to Review the Methodology for Estimation of Poverty (Tendulkar Committee) established in 2005. The Committee calculated poverty levels for the year 2004- 05. Poverty levels for subsequent years were calculated on the basis of the same methodology, after adjusting for the difference in prices due to inflation.

4. Types of Poverty

On the basis of social, economic and political aspects, there are different types of poverty which are identified. We can explain them one by one:

4.1. Absolute poverty:

It is known as extreme poverty or abject poverty, It involves the scarcity of basic food, clean water, health, shelter, education and information. Those who belong to absolute poverty tend to struggle to live and experience a lot of child deaths from preventable diseases like malaria, cholera and water-contamination related diseases. Absolute Poverty is usually uncommon in developed countries. *"It is a condition so limited by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency."* Said by Robert McNamara, the former president of the World Bank



4.2 Relative Poverty:

It is defined from the social perspective that is living standard of an individual compared to the economic standards of population living in surroundings. Hence it is a measure of income inequality. Usually, relative poverty is measured as the percentage of the population with income less than some fixed proportion of median income. It is a widely used measure to ascertain poverty rates in wealthy developed nations.

4.3. Situational Poverty

It is a temporary type of poverty based on occurrence of an adverse event like environmental disaster, job loss and severe health problem. People can help themselves even with a small assistance, as the poverty comes because of unfortunate event.

4.4. Generational Poverty

It is handed over to individual and families from one generation to the one. This is more complicated as there is no escape because the people are trapped in its cause and unable to access the tools required to get out of it. *“Occurs in families where at least two generations have been born into poverty. Families living in this type of poverty are not equipped with the tools to move out of their situation” (Jensen, 2009).*

4.5. Rural Poverty

It occurs in rural areas with population below 50,000. It is the area where there are less job opportunities, less access to services, less support for disabilities and quality education opportunities.

6. Urban Poverty

It occurs in the metropolitan areas with population over 50,000. These are some major challenges faced by the Urban Poor:

- Limited access to health and education.
- Inadequate housing and services.
- Violent and unhealthy environment because of overcrowding.
- Little or no social protection mechanism.

5. Poverty line

The poverty line defines a threshold income. Households earning below this threshold are considered poor. Different countries have different methods of defining the threshold income depending on local socio-economic needs. Poverty is measured based on consumer expenditure surveys of the National Sample Survey Organisation. A poor household is defined as one with an expenditure level below a specific poverty line.

5.1 Estimates of poverty line in India

The first Poverty line was created in India by the Erstwhile Planning Commission in the mid- 1970s. It was based on a minimum daily requirement of 2400 and 2100 calories for an adult in Rural and Urban area respectively.

In 1979, a task force constituted by the Planning Commission for the purpose of poverty estimation, chaired by YK Alagh, constructed a poverty line for rural and urban areas on the basis of nutritional requirements.



Lakdawala Committee was constituted in the year 1993. The criteria suggested by the committee was Calorie intake based on consumption expenditure. The committee recommended for state-specific poverty lines.

The Tendulkar Committee was constituted in the year 2004-05. The committee estimated poverty by using basic requirement of the poor such as housing, clothing, shelter, education, sanitation, travel expense and health etc., to make poverty estimation realistic. The committee suggested to do away with the calorie-based criteria. The committee also suggested to have a uniform poverty line across rural and urban India.

Rangarajan Committee was constituted in the year 2012. The Rangarajan Committee goes back to the idea of Lakdawala committee method of calculating Rural and Urban Poverty Separately. The Rangarajan group took the view that the consumption basket should contain a food component that satisfied certain minimum nutrition requirements, as well as consumption expenditure on essential non-food item groups (education, clothing, conveyance and house rent) besides a residual set of behaviourally determined non-food expenditure. C Rangarajan expert group report, recommended a monthly per capita consumption expenditure of Rs 972 in rural areas and Rs 1,407 in urban areas as the poverty line at the all-India level. Assuming five members for a family, this will imply a monthly per household expenditure of RS 4,860 in rural areas and RS 7,035 in urban areas. The Rangarajan committee estimated a daily per capita expenditure of RS 32 and RS 47, in rural and urban areas respectively as the poverty line, and worked out poverty line at close to 29.5%. The Rangarajan expert group estimates that 30.9 percent of the rural population and 26.4 percent of the urban population were below the poverty line in 2011-12.

Table 1: National poverty lines (in Rs per capita per month) for the years 2004-05, 2009-10 and 2011-12

Year	Rural	Urban
2004-05	446.7	578.8
2009-10	672.8	859.6
2011-12	816.0	1000.0

Source: Report of the Expert Group to Review the Methodology for Estimation of Poverty (2009) Planning Commission; Poverty Estimates 2009-10 and Poverty Estimates 2011-12, Planning Commission; PRS

6. Trend of poverty levels in India

Table 2 shows national poverty levels for the last twenty years, using methodology suggested by the Tendulkar Committee. According to these estimates, we see that poverty declined at an average rate of 0.74 percentage points per year between 1993-94 and 2004-05, and at 2.18 percentage points per year between 2004-05 and 2011-12. It is also seen that people below

Table 2: National poverty estimates (% below poverty line)

Year	Rural	Urban	Total
1993 – 94	50.1	31.8	45.3
2004 – 05	41.8	25.7	37.2
2009 – 10	33.8	20.9	29.8



2011 – 12	25.7	13.7	21.9
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Source: Press Note on Poverty Estimates, 2011 – 12, Planning Commission; Report of the Expert Group to Review the Methodology for Estimation of Poverty (2009) Planning Commission; PRS.

The poverty line is much higher in the rural areas than in the urban areas. **Table 3** shows state-wise poverty estimates for 2004-05 and 2011-12. It shows that while there is a decrease in poverty for almost all states, there are wide inter-state disparities in the percentage of poor below the poverty line and the rate at which poverty levels are declining. In both 2004-05 and

Table:3 state-wise poverty estimates(% below poverty line)

State	2004-05	2011-12	Decrease
Andhra Pradesh	29.9	9.2	20.7
Arunachal Pradesh	31.1	34.7	-3.6
Assam	34.4	32	2.4
Bihar	54.4	33.7	20.7
Chhattisgarh	49.4	39.9	9.5
Delhi	13.1	9.9	3.2
Goa	25	5.1	19.9
Gujarat	31.8	16.6	15.2
Haryana	24.1	11.2	12.9
Himachal Pradesh	22.9	8.1	14.8
Jammu and Kashmir	13.2	10.4	2.8
Jharkhand	45.3	37	8.3
Karnataka	33.4	20.9	12.5
Kerala	19.7	7.1	12.6
Madhya Pradesh	48.6	31.7	16.9
Maharashtra	38.1	17.4	20.7
Manipur	38	36.9	1.1
Meghalaya	16.1	11.9	4.2
Mizoram	15.3	20.4	-5.1
Nagaland	9	18.9	-9.9
Odisha	57.2	32.6	24.6
Puducherry	14.1	9.7	4.4
Punjab	20.9	8.3	12.6
Rajasthan	34.4	14.7	19.7
Sikkim	31.1	8.2	22.9



Tamil Nadu	28.9	11.3	17.6
Tripura	40.6	14.1	26.5
Uttar Pradesh	40.9	29.4	11.5
Uttarakhand	32.7	11.3	21.4
West Bengal	34.3	20	14.3
All India	37.2	21.9	15.3

Source: Review of Expert Group to Review the Methodology for Estimation of Poverty (2009) Planning Commission, Government of India; Press Note on Poverty Estimates, 2011 – 12 (2013) Planning Commission, Government of India; PRS.

2011-12, the percentage of population below the poverty line was the highest in Chhattisgarh and it was 49.4% in 2004-05 and in 2011-12 it was almost 40%. A negative sign before the number in column four (decrease) indicates an increase in percentage of population below the poverty line.

7. Some important facts related to poverty

- In 1947, India gained independence Its poverty rate at the time of British departure was at 70 percent.
- India is the country with the highest population living below the poverty line. Today, the poverty rate in India is 21.1 percent, which is an improvement from 31.1 percent in 2009. India's estimated population in 2016 was 1.3 billion.
- Underdeveloped infrastructure and the medical sector hinders equal access to medical care
- According to the Asian Development Bank (ADB), a strong supporter of development in Asia, India's economy grew by 7.1 percent in 2016. The Asian Development Bank began assisting the Indian government with infrastructure and economic development in 1986.
- The following four facts highlight the 2016 successes from the joint projects undertaken by the ADB and India beginning in 2010. With the help of the Asian Development Bank, 344 million homes have either gained access or improved access to clean water thank to increased investment in irrigation, water treatment, and sanitation. In addition, 744,000 homes are no longer at risk due to flooding.
- To boost economic growth, India and the ADB have constructed or improved 26,909kmof roads throughout the country, of which 20,064km are in rural areas, increasing the rural populations' access to the economy and healthcare.
- Thanks to funding from the ADP, the Indian government has been able to build 606,174 units of affordable housing since 2010.
- To connect these new houses and improve older structures, 24,183km of power lines were hung or laid, while decreasing India's carbon footprint by 992,573 tons of CO₂.
- Independent of the ADB, the Indian government is considering testing a universal basic income programme. Each person would receive 7620 Indian Rupees (\$113) from the government to spend however they choose. A similar program is being tested by Finland. The aim is to fight poverty in India by relieving pressure on the poor. The cash handout would help to alleviate the pressure of any unforeseen expense. However, opponents fear that their banking systems would not be able to handle the sudden increase in cash flow and that food prices may drastically increase.
- To fight black-market corruption and increase tax compliance, the Indian government decided in 2016 to phase out the 500 Rupee and 1000 Rupee notes. All notes were to be deposited within the deadline, and remaining notes would not be considered legal tender.



8. Conclusion

The percentage of the population living below the poverty line in India decreased to 22% in 2011-12 from 37% in 2004-05, according to data released by the Planning Commission in July 2013. In 2019, the Indian government stated that 6.7% of its population was below poverty line. It is to be noted that in India the poverty line is set at a very low level that is not sufficient to meet the mere necessities of life. The actual picture is not so encouraging. India is considered to be extremely vulnerable to the Pandemic's economic shock waves with lockdown severely curtailing economic activity. The government should come forward and be sensitive to the poor. Some comprehensive poverty eradication programmes should be implemented properly to help the poor to live a decent life.

9. References

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