

Introduction¹

1. REDEEMING OUR PLEDGES

India attained Independence on 15 August 1947. Speeches made in the Constituent Assembly just before midnight on that historic occasion reflected the vision of the country's leaders, as those present dedicated themselves to the service of the nation and to the larger cause of humanity (Constituent Assembly of India, 1947).

Dr. Rajendra Prasad, President of the Constituent Assembly, remembered the services and sacrifices of all the men and women, known and unknown, who had faced bullets, death, prison, exile, humiliation and lost wealth, property and time with family and friends in the achievement of Independence. To embark on the task ahead, he asked for 'unstinted service and cooperation' from the people, noting that 'we shall to do our best to deserve it.'²

The famous Tryst with Destiny speech by India's first Prime Minister, Pandit Jawaharlal Nehru, recognised that freedom and power bring responsibility and that it would be necessary to strive to fulfil the pledges made. Further, he saw that working in the service of India meant working in the service of the millions who were suffering, and required a

fight to end poverty, ignorance, disease and inequality of opportunity. The purpose was to bring freedom and opportunity to the 'common man,' peasants and workers of India and to build a prosperous, democratic and progressive nation, including social, economic and political institutions to ensure justice for every man and woman. All were equal as the children of India, with equal rights, privileges and obligations.

Dr. Sarvepalli Radhakrishnan, India's first Vice President, also noted that a free India would be judged by the way it served the interests of the common people in terms of food, clothing, shelter and social services. He also saw eradicating corruption as critical to achieving efficiency in administration, as well as in production and distribution.

In his address on Independence Day, 15 August 1947, Dr. Rajendra Prasad asked that Indians resolve to create the conditions to enable all individuals to develop and rise to their fullest stature, such that poverty, squalor, ignorance and ill-health would vanish and the distinction between high and low and between rich and poor would disappear. He additionally hoped that religion would be practised freely and would not divide and separate, that

¹ Aasha Kapur Mehta, with inputs from Andrew Shepherd, Anand Kumar, Amita Shah and Shashanka Bhide.

² See <http://parliamentofindia.nic.in/ls/debates/vol5p1.htm> for the speeches cited here.

untouchability would be forgotten, that 'exploitation of man by man' would cease, that those who were 'backward' would catch up with others and that there would be no hunger.

In general, the primary duties of a ruler (or king or state) are protecting the country, maintaining law and order and safeguarding the welfare of the people. Centuries ago, Kautilya advised Chandragupta Maurya that, for a ruler, 'in the happiness of his subjects lies his happiness; in their welfare his welfare. He does not consider as good only that which pleases him but treats as beneficial whatever pleases his subjects' (Rangarajan, 1992). Whether we view the statements above as pledges, visions or plans, it is clear that ending poverty, ignorance, disease and inequality of opportunity was identified as a major priority for an independent India.

Over six decades later, two current policy documents, the Prime Minister's Foreword to the Eleventh Five-Year Plan (Planning Commission, 2008) and the Finance Minister's Budget Speech on 26 February 2010 (Mukherjee, 2010), stress the need to make growth more inclusive. Reiterating the commitment of his government to making growth both faster and more inclusive, the Prime Minister states that,

'The higher rate of growth that we have set out for ourselves, coupled with our thrust on the growth process being inclusive, should ensure that the struggle for the removal of chronic poverty, ignorance, and disease will register major gains in the Eleventh Plan.'

The major challenges the Finance Minister outlined in his Budget Speech are:

- Quickly reverting to the high gross domestic product (GDP) growth path of 9%;
- Harnessing economic growth to make

development more inclusive; and

- Addressing weaknesses in government systems, structures and institutions at different levels of governance.

In the global context, the Millennium Development Goal (MDG) Outcome Document adopted by Heads of State and Government at the United Nations (UN) in September 2010 welcomed progress made since 2005 in all countries but expressed 'deep concern that it falls far short of what is needed' (UN, 2010).

2. THE CHASM BETWEEN WORDS AND ACTIONS

Despite the concern evident in these and other government and UN documents and statements regarding poverty reduction in India, there remains a chasm between goals and targets and their achievement. This report aims to draw the attention of policy makers and concerned citizens to the huge gaps between the constitutional provisions to enable equitable development and India's dismal report card on poverty, at a time when the Twelfth Plan is being formulated, so as to put the 'fight to end poverty, squalor, ignorance and disease' at the top of the political and economic agenda.

What is India's performance on poverty? Although systematic efforts have been made to alleviate poverty over the past six decades, and poverty incidence declined from about 55% in 1973-74 to 27.5 % in 2004-05, the number of the poor has remained more or less same, owing to population growth, persistence of poverty and poverty dynamics. As the Eleventh Plan notes, poverty remains high and the rate of decline has not accelerated along with growth in GDP: 'because the population has also grown, the absolute number of poor people has declined only marginally, from 320 million in 1993-94 to 302 million in 2004-05' (Planning Commission, 2008).

Being poor can be described as follows (IBRD, 2000):

‘To be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. [...] Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions.’

Lack of access to resources, or assetlessness, is a unifying characteristic of poverty in all its manifestations. The poor lack ownership of or access to assets such as land, water, forest, a dwelling unit, credit, literacy, longevity, voice and capital – both physical and social (Mehta and Shah, 2001).

The Indian Constitution’s Directive Principles of State Policy are to be used as guidance in making laws and policy and in the governance of the country (Constituent Assembly of India, 1949). For instance, Article 38 pertains to the state securing a social order for the promotion of the welfare of the people. Article 38(2) requires the state to strive to minimise inequalities in income, status, facilities and opportunities, not only among individuals but also among different spatial and occupational groups. Article 39 requires the state to secure the right to an adequate means of livelihood for all citizens, men and women; to ensure equal pay for equal work; to protect the health and strength of workers and children; and to provide opportunities and facilities for people to develop in a healthy manner and in conditions of freedom and dignity. Articles 41, 42 and 43 require the state, within the limits of its economic capacity and development, to make effective provision to secure the right to work, education and public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want; to provide for just and humane conditions of work and maternity relief; and

to ensure a living wage to enable a decent standard of life for all workers, through suitable legislation or in any other way. Article 46 requires that the state promote with special care the educational and economic interests of vulnerable groups, especially Scheduled Castes (SCs) and Scheduled Tribes (STs). And Article 47 states that the primary duties of the state include raising the level of nutrition and the standard of living of its people and improving public health.

Reviewing the measures that have been taken to implement the Directive Principles of State Policy, Arora (2007) draws attention to the fact that ‘despite the wide range of legislative and judicial interventions, there have been wide-ranging gaps and failures.’ The state was expected to work towards the realisation of the Directive Principles; not only are there gaps in the extent to which this has occurred but, additionally, in some respects, we have moved away from what was originally intended. Arora mentions three major areas of policy concern in this regard: policy evasion; policy manipulation and distortion; and unanticipated consequences of policy.

The poverty-related outcomes this report discusses reflect these gaps and failures and represent a major policy concern, as they deviate from what was envisaged in the Constitution and the Directive Principles of State Policy. Inequalities in income, status, facilities and opportunities have been minimised neither among individuals nor among different spatial and occupational groups. The challenge of chronic poverty emanates from the fact that the growth-mediated poverty-reducing strategy has bypassed various historically marginalised groups and deprived regions. Further, persistent spatial backwardness and inequality have led to concentration of poverty in certain parts of the country, meaning there is a geographical dimension to poverty.

Additionally, since poverty remains especially prevalent among certain occupational groups, there is a sociological dimension to its persistence. The Eleventh Plan notes that incidence of poverty among certain marginalised groups, for example STs, has hardly declined at all. Meanwhile, research based on panel data, National Sample Survey (NSS) data and fieldwork in Orissa and Madhya Pradesh highlights the disparities between these groups and other segments of the population and the fact that poverty has persisted, especially among STs.³

A large proportion of those in poverty are the ‘working poor,’ for whom the state has not been able to meet its requirement to secure the right to an adequate means of livelihood. Levels of malnutrition, child malnutrition and chronic energy deficiency are high, and incidence of malnutrition exceeds incidence of income poverty (Radhakrishna et al., 2006; Swaminathan, 2006).

Overall, and as is well known, there is a sharp dichotomy between two very different realities in India: rapid growth and significant resilience in the face of immense global challenges on the one hand, and the exclusionary nature of growth and denial of the most basic amenities and development opportunities to roughly half the population on the other.

3. WHAT IS CHRONIC POVERTY AND WHY IS IT A CAUSE FOR CONCERN?

Chronic poverty describes people (individuals, households, social groups, geographical areas and territories) who are poor for significant periods of their lives, who may pass their poverty on to their children and for whom finding exit routes from poverty is difficult. Large proportions of those who are poor in

India are stuck in poverty or are chronically poor. The very size of problem, combined with the fact that many of them will remain poor over time, makes this the most important development issue facing the nation.

There are several reasons why chronic poverty must be addressed as a priority. First, the Indian Constitution gives all those who are poor (and chronically poor) the right to benefit from growth and development. The unacceptably high levels of poverty and hunger that persist reflect a denial of this right. Second, it is likely that it will not be possible to meet national and international goals and targets for the reduction of poverty and human development unless at least some of the chronically poor are included more in the process of development. What happens in India affects the extent to which the world will meet its goals, since India contains such a substantial proportion of the world’s poor. Third, what works in India will be noticed and replicated elsewhere.

Additionally, many of the chronically poor live in India’s persistently poor states – states that are often perceived as ‘poorly performing.’ Social conflict may find easy recruits among the chronically poor, who have less to lose by engaging in conflict and might be mobilised by the politics of grievance. A few may even find better opportunities in conflict situations, criminal behaviour or illegal economic activities. Security and law and order are a precondition for pro-poor development.

Further, if the poverty of the poorest is not addressed, it may become more intractable and costly later. Those ‘left behind’ in a process of development may resent this and may develop coping strategies that are negative for society as a whole. In addition, it may also take much more to lift them out of poverty, which may

³ See Bhide and Mehta (2005, 2006); Kabra (2006); Mehta and Bhide (2003); Padhi et al. (2005); Sah (2005); Shah and Guru (2004); Shah and Sah (2003).

entail mortgaging future resources against present neglect. Finally, and most importantly, there is a moral case to be made: the attention of India's elite and middle classes needs to be drawn back to this issue.

Measuring poverty

Why do we need to measure the extent of poverty and chronic poverty? As we have seen, there is a sharp dichotomy in India between rapid growth and its exclusionary nature. Poverty measurement is important, as it serves as a barometer of the extent to which growth and development are inclusive, and as an indicator of the success or failure of strategies for inclusive growth and poverty reduction.

The basis for identifying the extent of poverty in India has evolved over time. Attempts to define a 'poverty line' that permits an estimation of the extent of poverty have a fairly long history. Official methods of determining poverty use average per capita energy intake norms of 2,400 kcal in rural areas and 2,100 kcal in urban areas. However, the use of a minimum adequate norm of nutrition as a key criterion for defining the poverty line has come in for criticism, both for the level at which it has been fixed and for the inadequacy of the expenditure level of households at which these norms are likely to be met in providing a minimum standard of living.

As such, conceptual and empirical approaches to the measurement of poverty and the interpretation of data are not universally accepted. Incidence of poverty based on calorie consumption norms is far higher than estimates based on poverty line consumption expenditure norms. Meanwhile, multidimensional measures of well-being point additionally to deficits in terms of income, health, education and shelter. Poverty is concentrated both spatially and among social and economic groups, and those most vulnerable to poverty include landless labourers, marginal farmers, socially

backward classes and people living in remote areas.

The debate on achieving growth that leads to inclusive development has emerged as central in policy formulation, with the Eleventh Plan emphasising 'inclusive growth' rather than just rapid growth. What is inclusive growth? Who is currently excluded? What proportion of the population is in poverty? How is poverty estimated? At what level is the poverty line set? Is there a spatial dimension to poverty? Is it concentrated among certain groups? Chapter 2 of this report discusses these issues.

Poverty dynamics

The distinction between chronic, persistent or extended-duration poverty and transient poverty is now recognised in discussions on poverty in the Indian context, although estimates of the incidence of these two types of poverty are not common. Studies of poverty have generally focused on the state of being poor, rather than on the 'dynamics of poverty' – movement into and out of poverty, and the processes and factors that determine this. Why are a large number of people in India persistently poor? What enables those who are poor to escape from poverty? Why do a large number of people who are not poor become poor? Studying poverty dynamics to answer these questions can bring new understanding of poverty and well-being.

Poverty reduction requires that the earnings of the poor increase, either through productivity or through income transfers. If the options for improving income are either weak or absent, poverty will persist. When there are opportunities, through access to decent work or skills, combined with higher wages, transfer of income-generating assets or improvement in the productivity of owned assets, and if the increase in earnings is significant, the poor may escape from poverty. When shocks occur that lead to a decline in income levels, for instance

crop failures, ill-health, disabling accidents or other disasters, the number of people who are poor will increase.

Poverty dynamics, discussed in Chapter 3, recognise the existence of processes through which the poor either escape from poverty or fail to escape it and the non-poor either remain non-poor or become poor. Analysis of a rural panel dataset covering about 3,000 households across the country provides some insights into poverty dynamics in rural India. Although the exact magnitudes of income mobility of the households may not apply to the country as a whole, the estimates draw attention to the significant scale of incidence of chronic poverty. The estimates also indicate that a significant proportion of non-poor households may fall into poverty while a large proportion of those who are poor manage to escape from it.

This opens up a new perspective on public policies: we can disaggregate what we mean by ‘alleviating,’ ‘reducing’ or ‘ending’ poverty into actions that prevent descent into poverty, those that facilitate exit and those that are necessary conditions for exit.

Politics

Protests about liberalisation-related displacements, environmental problems and livelihood losses have arisen in different parts of India and have contributed to the formation of anti-globalisation platforms and networks on the issues of livelihoods and natural resources. Dissatisfaction with the new policies and programmes has also found expression through electoral rejection of ruling parties at central and state levels. Meanwhile, the strongest response to the limits of the new paradigm lies in extremist activities by armed groups challenging the authority of the democratic state and the legitimacy of parliamentary political processes.

This three-dimensional trajectory of politics – protests, elections and extremism – is growing around the key issues facing the poorer sections of society. Chapter 4 discusses these issues, noting that significant poverty persists in Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Uttarakhand and Uttar Pradesh and that poverty is resurfacing in pockets of Assam, Andhra Pradesh, Maharashtra and West Bengal, leading to unrest in poorer regions and among weaker sections in these areas. The chapter also identifies four major deficit areas – in political processes, developmental direction, governance and democratic institutions – where reforms are needed to enable the millions currently in poverty to participate meaningfully in development and to lead a life of dignity.

The response of the state and the political elite to the new waves of protest and mobilisation has been twofold: controlling protest activities with the help of police and paramilitary forces; and initiating new laws and programmes through the state machinery to promote inclusive growth, or ‘liberalisation with a human face.’ The state has introduced a number of Acts to change the terms of its engagement with citizens through a new trajectory of governance in the context of livelihoods (rural employment guarantee), human development (right to education), governance (right to information), political space for women (50% reservation in *Panchayati Raj* (local government system) institutions) and control over natural resources (forest rights for tribal communities).

Policy responses and rights-based approaches

Are laws, institutions, programmes and schemes and monitoring mechanisms in place that can enable inclusion? There have been a large number of programmes of different forms over the years, some targeting specific

vulnerable groups, with long-term effects, and many representing short-term efforts to provide consumption support to the poor. If they had been adequate and effective, they would have made a significant dent in poverty. Why, then, has this gamut of schemes failed to deliver the desired outcomes? Were there design flaws? Is the explanation weak implementation? Are funds inadequate? Are there errors of exclusion caused by inability to access scheme benefits? Chapter 5 discusses issues identified in the context of some of these programmes and schemes, explaining why programmes such as MGNREGA will not lift people out of poverty and why Integrated Child Development Services (ICDS) and the National Rural Health Mission (NRHM) cannot be expected to provide the public assistance needed to reduce malnourishment or the care those who are sick require.

India's adoption of a rights-based approach to development should in logical terms do much to address chronic poverty. A rights-based approach recognises the multidimensional nature of persistent poverty and the underlying power dynamics. Legislation on the rights to information, employment and education has already been passed, and is under implementation. A controversial Forest Rights Act is also being implemented. However, Chapter 6 argues that success depends on the detailed guarantees, standards and norms and procedures that the political process framing the legislation produces, and on an implementing structure and process that is transforming itself only slowly to one that is demand-led. It is intrinsically difficult and risky for poor people to make such demands, and they will continue to rely on interlocutors and intermediaries, which contains its own risks. Chapter 6 also discusses the extent to which it is possible to transform implementation and delivery more rapidly precisely by using a rights-based approach. As the chapter explains, the challenge is therefore very much in the detail.

The interconnectedness of aspects of deprivation and development suggests that, over time, the rights-based approach will need to be extended to cover new rights. There is already demand and passionate advocacy for a right to food, and a more measured case is being made for a right to health. There are also critical issues for the chronically poor (e.g. gender equality) that cut across the rights being established, as well as others (e.g. inclusive growth) that lie outside of any rights that could currently be established. A major question lies in whether to continue legislating for new rights at this point in time, or whether to build the civic action necessary to do this as well as consensus on the content and implementation modalities of the new laws prior to enactment.

Growth and poverty

Is it possible to craft a new approach to growth that focuses directly on poverty reduction? Chapter 7 provides evidence to suggest that, while growth is important for poverty reduction, not all types of growth can reduce poverty in a sustainable manner and within a given timeframe. It is pertinent to recognise this, especially when growth is accompanied by widening inequality, and at a time when a large proportion of people are still caught in the multiple traps of low earnings, limited employment opportunities and almost no access to social security. The most critical challenge, therefore, lies in moving onto a growth path that is employment-creating and poverty-reducing. The chapter discusses an alternative approach to growth, one that is broad-based, focused on domestic markets and environmentally sustainable. While there is no blueprint for an alternative approach such as this, a number of scholars – both nationally and globally – have already identified some of its basic tenets. Chapter 7 brings this debate on alternative growth into mainstream academic and policy discourse in an effort to find a new pathway towards poverty-reducing growth.

4. ABOUT CPRC, CPRC INDIA AND THE PROJECT

The Chronic Poverty Research Centre (CPRC) is an international partnership, or ‘virtual centre,’ that seeks to use quality research to influence policy at both national and international levels. CPRC India is headquartered at the Indian Institute of Public Administration (IIPA), New Delhi. The core team comprises four academics, who work at IIPA, the Gujarat Institute of Development Research (GIDR), Ahmedabad, the National Council for Applied Economic Research (NCAER), New Delhi, and the Sociology Department of Jawaharlal Nehru University, New Delhi. In addition, a large number of senior academics and policy makers contribute to the work of CPRC India and provide invaluable support.

Phase 1 of the CPRC project for India started with two Indian researchers working separately at IIPA and GIDR on different aspects of poverty. This work was combined into a paper entitled ‘Chronic Poverty in India: Overview Study,’ published by CPRC at the University of Manchester in 2001 (Mehta and Shah, 2001). This paper was disseminated widely through the CPRC website and received considerable interest internationally. The paper identified a large number of areas that needed attention, which led to Phase 2 and then Phase 3 of the project.

The two big gaps identified related to analysis of longitudinal or panel data and of the political and sociological dimensions of poverty. Therefore, in Phase 2, two academics with complementary multidisciplinary skills were added to the core team: an economist with wide experience of research rooted in econometrics, agriculture and macroeconomic issues and an academic with an understanding of the political history and sociology of India.

These four academics have worked together on papers on different dimensions of poverty through Phases 2 and 3 up to the present day. Concerned about the extent of poverty despite growth, the group has worked on understanding and addressing poverty-related issues through research and its dissemination through teaching, workshops and conferences. Special efforts have been made to disseminate the work freely through the internet and to send sets of printed working papers to key stakeholders. The project has also focused on building the capacity of young researchers to take part in the work.

The project grew rapidly after 2002 to become a larger network, headquartered nationally at IIPA. It has drawn support from several senior academics and policy makers, who have contributed to the CPRC–IIPA working paper series (with around 40 working papers published on the CPRC website and several more in process).⁴ The network is strongly embedded within a larger global network on poverty headquartered at the University of Manchester, thereby gaining the major advantages of synergistic research.

5. WHY THIS REPORT

What is the purpose of this report? When we started our work 10 years ago, attention was focused primarily on India’s successes. Poverty was on the back burner and poverty lines determined by the Planning Commission were regarded as sacrosanct. Leading economists had written seminal articles challenging the poverty lines, but these positions were considered ‘leftist.’ The sudden 10% reduction in Planning Commission estimates of poverty in India from 36% in 1993-94 to 26% in 1999-00 added grist to the mill. CPRC India was one of the many groups of academics that challenged this, as fieldwork did not seem to substantiate it.

⁴ www.chronicpoverty.org/publications/search/simple/doctype/12

As this report shows, the numbers in poverty are extremely high even with the use of low poverty lines, and are disproportionately high for certain occupational groups, social classes and geographical spaces. Worse, around half of those who are poor are stuck in poverty and unable to get out of it.

In addition to highlighting the importance of understanding and addressing the chronic nature of poverty, this report synthesises debates around poverty lines and poverty measurement; the large numbers of people who are poor for extended periods; the spatial, sociological, economic and political dimensions of poverty and its chronic nature; factors such as ill-health that drive people into poverty; and possible pathways out of poverty, through rights-based approaches and through growth that is poverty-reducing and that does not depend solely on benefits trickling down to the poor.

The speeches made in the Constituent Assembly between 11pm and midnight just

before India became independent acknowledged Mahatma Gandhi as the greatest man of our generation. Gandhi's most quoted talisman was as follows:

‘Whenever you are in doubt or when the self becomes too much with you, apply the following test: recall the face of the poorest and the weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him.’

This report is a call to policy makers and concerned citizens to use this talisman, to redeem the pledges made by the Constituent Assembly and to recognise the fact that the numbers and proportions of those in poverty are so large and the extent of chronic poverty so high that this represents the biggest development challenge facing India. As such, the fight to end chronic poverty, to strengthen ways to escape it and to prevent entry into it must be placed at the top of the policy agenda.

Poverty: Estimates, Measurement and Profiles¹

1. THE CONTEXT: RAPID ECONOMIC GROWTH AND SLOW POVERTY REDUCTION

For six decades of planned development, the twin challenges of growth and poverty reduction have been key policy concerns for India. High rates of economic growth have finally been achieved and have exceeded expectations, especially in the sixth decade since Independence. The country is now categorised as ‘lower-middle-income,’ up from ‘low-income’ previously. Today, India is the fourth-largest economy in terms of GDP valued in PPP (purchasing power parity)

dollars and the second most populous country in the world after China. However, while poverty has declined, the reduction has been well below what was anticipated. Official statistics show that poverty measured in terms of headcount ratio (HCR) declined from 54.9% in 1973-74 to 27.5% in 2004-05, but the pace of poverty reduction over the past decade has been slow (Table 2.1).

India has the largest number of poor people in the world, at an estimated 301.7 million in 2004-05, or 27.5% of the population. Official

Table 2.1: Poverty trends, 1973-74 to 2004-05

| Year | % of population below poverty line | Total population in poverty (millions) |
|----------|------------------------------------|--|
| 1973-74 | 54.9 | 321.3 |
| 1977-78 | 51.3 | 328.9 |
| 1983 | 44.5 | 322.9 |
| 1987-88 | 38.9 | 307.1 |
| 1993-94 | 36 | 320.3 |
| 1999-00* | 26.1 | 260.2 |
| 2004-05 | 27.5 | 301.7 |

Note: * Estimates for 1999-00 are based on the mixed recall period (MRP) method and are not comparable with estimates for other years, which are based on the uniform recall period (URP) method.

Sources: Planning Commission (1997); Press Information Bureau (2001, 2007); and own calculations.

¹ Aasha Kapur Mehta and Shashanka Bhide, with inputs from Anand Kumar on extremist conflicts, social status and caste/class issues. Support from Sanjay Pratap at IIPA and Prashant Prakash at NCAER is gratefully acknowledged.

estimates of poverty are based on a poverty line that is set abysmally low, at Rs 356.30 per capita per month in rural areas and Rs 538.60 per capita per month in urban areas.² Meanwhile, poverty declined by 12.4 percentage points over the decade from 1977-78 to 1987-88, but by only 8.5 percentage points between 1993-94 and 2004-05. Hence, income poverty in the country declined by less than 1 million a year over a time span of three decades (Planning Commission, 2006), with the rise in population also offsetting some poverty reduction gains. This slowdown in the pace of poverty reduction may indicate difficulties in addressing hardcore poverty, much of which is likely to be chronic in nature (Bhide and Mehta, 2008; Mehta et al., forthcoming).

The debate on strategies to achieve growth that also leads to more inclusive development is central to policy formulation today. The Eleventh Five-Year Plan speaks of achieving inclusive growth rather than just rapid growth (Planning Commission, 2008). But what does this mean? In his Foreword to the Eleventh Plan, the Prime Minister explains that the benefits of rapid growth, in terms of income and employment, must be 'adequately shared by the poor and weaker sections of our society, especially the Scheduled Castes (SCs) and the Scheduled Tribes (STs), Other Backward Classes (OBCs) and minorities.' However, as is evident from the estimates of poverty Table 2.1 presents, growth has not in fact been inclusive.

The Foreword notes that, for growth to be inclusive,

[...] it must occur not just in our major cities but also in our villages and small towns. It must be spread across all states

and not just limited to some. It must generate sufficient volumes of high quality employment to provide the means for uplift of large numbers of our population from the low income low quality occupations in which too many of them have been traditionally locked [...] the higher rate of growth that we have set out for ourselves, coupled with our thrust on the growth process being inclusive, should ensure that the struggle for the removal of chronic poverty, ignorance, and disease will register major gains in the Eleventh Plan.'

Growth can provide resources for public policy initiatives to support health, education and employment opportunities for the poor. However, translating growth into a better quality of life for all citizens requires improvements on the outcome indicators pertaining to these dimensions of human development for all socioeconomic groups. In the absence of such improvements, disparities will persist and poverty reduction goals will remain unfulfilled. Achievement of the MDGs and the Eleventh Plan targets depends critically on a significant reduction in poverty. Further, the 'quality and distribution of economic growth, and not just the quantity of such growth' matter: this has to be nurtured consciously and cannot be left to market mechanisms that benefit the 'haves' and exclude the 'have-nots' (ul Haq, 1995).

What is the evidence to show growth leads to the elimination of poverty? In one of the early studies in this field, Ahluwalia et al. (1979) used cross-country data for 36 low-, middle- and high-income countries to analyse the relationship between growth and poverty in developing countries. They find that,

² These numbers are based on national official poverty lines specified in respective years. Estimates based on international benchmarks show that India is home to the largest proportion of the world's poor, with 41.6% of the population living below PPP \$1.25 a day in 2005 (World Bank, 2008).

‘[...] despite the developing countries’ impressive aggregate growth of the past 25 years, its benefits have only reached the poor to a very limited degree. Not only have the poorest countries grown relatively slowly, but growth processes are such that, within most developing countries, the incomes of the poor increase much less than the average.’

The authors conclude that, while it is

‘[...] feasible to design national and international policies that would eliminate the lag between the growth of the incomes of the poor and the growth of developing countries as a whole – and indeed of the rest of the world [...] the very substantial modifications in both national and international policies that are [required are] unlikely to take place without a considerable reordering of social priorities.’

A substantial reduction in poverty would therefore require a combination of policies to accelerate growth, to distribute the benefits of such growth more equitably and to enable a reduction in the growth of the population.

The acceleration in the overall rate of economic growth in India first achieved in the early 1980s has now been sustained for two decades. Per capita real income (net national product) increased by an average of a little more than 3% per year during the 1980s, as compared with less than 1% per year in the previous decade. In the first seven years of the 21st century, until the global economic crisis hit growth rates, the average increase in per capita income was 5.5% per year. The growth experience of the past two and a half decades has given rise to expectations that maintaining overall economic growth momentum over long periods of time is feasible. Sustained growth has been possible because past investments in education, infrastructure, enterprise and

institutional changes have facilitated resource mobilisation and new investment.

India’s improved growth performance has not been unique. China’s growth has been sustained over a longer period of time. Meanwhile, the experience of Southeast Asian countries during the same period has been as significant as India’s, and their poverty reduction performance has been far more impressive. Other countries in the South Asian region have also improved their performance during this period.

The global growth climate has improved as countries have liberalised their trade, investment and competition policies. The longer-term prospects for India’s economic growth are linked to the internal and external environment. Kohli (2010) notes that, ‘in the next 30 years, Asia will dominate the world economy, and the Asian economies, including India, can benefit from the neighbourhood effects – the fastest growing markets in the world (in East Asia) will be closer to home.’ He cites demographic factors and the rising middle class as among the ‘fundamentals’ in favour of long-term growth. Derailing factors are infrastructure bottlenecks, poor educational and health systems and governance failures.

What norms or measures are used to determine the poverty line and the extent of poverty? Budgetary allocations for poverty alleviation hinge on estimation of the percentage of India’s population that is poor. Are these estimates accurate? If not, what are the reasons for challenging their accuracy? Has the state recognised these critiques, especially in view of the linkage between poverty estimates and poverty alleviation-related public expenditure? Section 2 of this chapter addresses these questions by looking at the evolution of various approaches to the measurement of poverty and debates around poverty lines. It also presents estimates of hunger, depth and severity of poverty in India.

Poverty is concentrated in certain parts of India and among particular social groups. An understanding of these features is important for an assessment of the type of policy approaches that can reach the poor. Sections 3 and 4 of this chapter draw attention to major dimensions of poverty, such as the rural-urban difference in poverty incidence and differences in poverty incidence among occupational and social groups. They also detail the geographical, sociological and economic concentration of poverty, the nature of multidimensional deprivation and the socio-political consequences thereof. Section 5 concludes the chapter.

2. POVERTY ESTIMATES, CRITIQUES AND RE-ESTIMATES

Traditionally, discussion of incidence, trends and determinants of poverty in India is based on household sample surveys conducted on a quinquennial basis by the National Sample Survey Organisation (NSSO).³ Detailed data on consumer expenditure from nationally representative samples are available from the early 1970s to the present at intervals of five years, with seven large sample consumer surveys conducted since 1973-74.⁴ Official poverty estimates, patterns and trends are determined on the basis of analysis of data on household consumption expenditure, against which poverty lines are juxtaposed to separate the poor from the non-poor and to determine the extent of poverty. These poverty lines are (Sen, 2005),

‘[...] not arbitrary figures, but have been derived from age-sex-occupation-specific nutritional norms by using the all-India

demographic data from the 1971 Census [...] based explicitly on estimates of the normative nutritional requirement of the average person in the rural and urban areas of the country separately.’

Poverty lines prior to Independence: Dadabhai Naoroji, the National Planning Committee and the Bombay Plan

The basis for identifying the extent of poverty in India has evolved over time. Attempts to define a ‘poverty line’ that permits an estimation of the extent of poverty have a fairly long history. Dandekar (1996) suggests four measures: proportion of expenditure by a household on essential items such as food; calorie value of food; cost of a balanced diet; and cost of the essentials for a tolerable human existence.

Providing a historical perspective to the preparation of poverty lines in India, Srinivasan (2007) identifies several efforts made in this regard. The earliest was Dadabhai Naoroji’s ‘Poverty and Un-British Rule in India,’ which estimated a subsistence-based poverty line at 1867-68 prices. Using the diet prescribed to ‘supply the necessary ingredients for the emigrant coolies during their voyage living in a state of quietude’ (ibid), which includes ‘rice or flour, dhal, mutton, vegetables, ghee, and vegetable oil and salt,’ he came up with a subsistence-based poverty line, varying from Rs 16 to Rs 35 per capita per year in various regions of India. Srinivasan draws attention to Naoroji’s submission that this does not include the energy requirements for work, or ‘all little luxuries, all social and religious wants, all expenses of occasions of joy and sorrow.’ Comparing the Planning

³ The NSSO of the Ministry of Programme Implementation and Statistics conducts surveys on various socioeconomic issues annually. The 61st round of the NSS, conducted between July 2004 and June 2005, collected data on household consumer expenditure on a large sample basis and was the seventh quinquennial survey on the subject. It covered a sample of 79,298 rural and 45,346 urban households in all states and union territories of India.

⁴ The NSS actually began in 1950 with the launch of the first nationwide survey of household expenditure, with the first comprehensive report available in 1959.

Commission Poverty Line for 2004-05 with Naoroji's poverty line corrected for inflation, Srinivasan nevertheless concludes that 'the official poverty lines for 2004-05 are much more modest than Naoroji's.'

As Secretary of the National Planning Committee (NPC), K.T. Shah prepared a note, dated 4 June 1939, stating that (in IIAPR, 1988),

'[...] the fundamental aim [of planning] is to ensure an adequate standard of living for the masses [...] Estimates of economists in different parts of India have put down this *irreducible minimum* at figures varying from Rs 15 to Rs 20 per capita per month in the present value of the rupee' (emphasis added).

The note also,

'[...] drew attention to the need for bringing about a more equitable distribution of growing wealth. Clearly, the committee's view was that *rapid and inclusive growth* was the primary instrument to ensure that every Indian had an adequate standard of living – in other words, to ensure that mass poverty was eradicated' (emphasis added).

Tests to measure progress included improvements in nutrition, clothing and housing; increases in agricultural and industrial production; elimination of unemployment; and elimination of illiteracy. Srinivasan concludes that, under given levels of inflation, the two above poverty lines could be equivalent, and that both Naoroji and K.T. Shah 'approached the definition of a poverty line from a subsistence or irreducible minimum standard of living perspective, in which nutritional requirements are implicit.' However, the two approaches did not specify the same level of activity for the poor, which means that different levels of nutrition may have been required.

The third poverty line that Srinivasan traces is the Bombay Plan of Thakurdas et al. (1944). He concludes that the poverty line they proposed was much more modest than that of the NPC.

Poverty lines post-Independence

In 1962, the Planning Commission appointed a Working Group of eminent economists, which recommended a poverty line set at a minimum level of expenditure of Rs 20 per day for rural areas and Rs 25 per day for urban areas at 1960-61 prices, below which households would not be able to meet basic requirements for living. This minimum per capita expenditure took into account the need for balanced food and, in the case of urban areas, some provision for housing. It did not consider expenditure on health and education, as the state was expected to cover these (Dandekar, 1996). Since there was considerable inflation between 1938 and 1960-61, Srinivasan concludes that this line was 'much more modest than the Rs 15-Rs 20 per capita per month at 1938 prices of the note of K.T. Shah.'

Dandekar and Rath (1971) provided the first systematic assessment of poverty incidence based on NSS data for 1960-61, using a cut-off level of expenditure adequate to provide 2,250 kcal per capita per day in both rural and urban areas. Calorie consumption was estimated based on consumption of various food items for different expenditure groups, and the expenditure cut-off or poverty line was determined accordingly. The study estimated that about a third of the rural population and about half of the urban population 'lived on diets inadequate even in respect of calories.' This led to a series of critiques, debates and alternative estimates. In addition, the choice of calories as the key criterion for defining the poverty line provided a further basis for debate on the 'norm' for a minimum level of calories

for healthy living. Further work in this area led to calorie consumption norms based on age/sex distribution of the population separately for rural and urban areas.

This discussion on determining the nutritional or calorie norm in which the poverty line is rooted has been long and complex. Sukhatme (1965) provided an additional dimension to the discussion by pointing to inter- and intra-individual variations in calorie requirements. He suggested retail-level consumption of 2,250-2,300 kcal per capita per day as the 'norm' for sustenance. His poverty lines specified a 'minimum level of per capita consumption expenditure,' below which households would be considered 'poor.' A minimum level of consumption expenditure provided a 'measurable indicator' and thus required the availability of household expenditure data to estimate the proportion of poor people in the population of the country.

In fact, one of the serious flaws in these early estimates was that data on the share of the population in different expenditure classes were not available, so estimates of poverty incidence were based on distribution of sample households (Dandekar, 1996).

Planning Commission Task Force and Expert Group to Estimate Poverty

In 1977, the Planning Commission constituted a Task Force to estimate poverty. This submitted its report in 1979: on the basis of a systematic study of nutritional requirements, it recommended poverty lines separately for rural and urban areas at national level. Based on observed consumer behaviour in 1973-74, it estimated that, on average, consumer expenditure of Rs 49.63 per capita per month was associated with a calorie intake of 2,400 per capita per day in rural areas. Correspondingly, Rs 56.76 per capita per month was associated with a calorie intake of 2,100 per capita per day in urban areas. The

poverty line for subsequent years was estimated by adjusting the poverty line for the base year of 1973-74 for inflation.

Subsequently, in 1989, the Planning Commission constituted an Expert Group to review the methodology used for the assessment of poverty. It recommended (Planning Commission, 1993),

1. Continuation of the calorie-based consumption expenditure as a cut-off to determine the proportion of population below the poverty line;
2. Disaggregation of national poverty lines into state poverty lines and then updating them using the Consumer Price Index (CPI) for Industrial Workers in urban areas and the CPI for Agricultural Labour in rural areas; and
3. Discontinuation of adjustment for the difference between NSS estimates of mean consumption expenditure and the National Accounts Statistics (NAS) estimate, because of increasing divergence between the two and because the adjustment increased the level of consumption expenditure for all households and decreased the estimated rate of poverty as compared with unadjusted data.

Based on the above criteria, Table 2.2 presents Planning Commission estimates of poverty lines separately for rural and urban areas over the period from 1973-74 to 2004-05. The HCR estimated on this basis became the key indicator of the level of poverty in the country. The poverty line for 2004-05 is Rs 356.30 per capita per month for rural areas and Rs 538.60 per capita per month for urban areas.

The use of a minimum adequate norm of nutrition as a key criterion for defining the poverty line has come in for criticism, both

for the level at which it has been fixed and for the inadequacy of the expenditure level of households at which these norms are likely to be met in providing a minimum standard of living. It is now increasingly accepted that the poverty line is too low and that the numbers in poverty would be far larger if the poverty line were more realistic.

Table 2.2: Poverty line, 1973-74 to 2004-05

| Year | Rs per capita per month, current prices | |
|---------|---|--------|
| | Rural | Urban |
| 1973-74 | 49.63 | 56.76 |
| 1977-78 | 56.84 | 70.33 |
| 1983 | 89.5 | 115.65 |
| 1987-88 | 115.2 | 162.16 |
| 1993-94 | 205.84 | 281.35 |
| 1999-00 | 327.56 | 454.11 |
| 2004-05 | 356.30 | 538.60 |

Sources: Planning Commission (1997); Press Information Bureau (2001, 2007).

In addition, a large body of literature questions the accuracy of official estimates of poverty on various counts: consumption patterns underlying the rural and urban Poverty Line Basket (PLB) remain tied down to those observed in 1973-74; changes in the consumption pattern of the poor are not reflected in the poverty lines; use of the CPI for Agricultural Labourers understates the price rise for the rural population and hence the extent of rural poverty relative to urban poverty; and the state is assumed to provide basic social services of health and education (although private expenditure on education and health was covered in the base year of 1973-74, no account has been taken either of the

increase in the proportion of this in total expenditure over time or of its proper representation in available price indices (Planning Commission, 2009)). Other issues include the following: issues of consistency between the national accounts and sample survey data; deviation of the official poverty lines from their original definition based on minimum calorie norms; unrealistically large ratios of official rural-urban poverty lines compared with the initial 1973-74 ratio; etc.⁵

The first official HCR estimates from the 1999-00 survey of consumer expenditure led to considerable debate on the comparability of these estimates with previous surveys: questions in the 1999-00 survey varied with regard to the reference period of purchases used in previous surveys. The HCR based on the original estimate (mixed recall or reference period method (MRP)) by the Planning Commission in 1999-00 was 26.1%, marking a sharp decline from estimates for 1993-94 (36%), which employed the uniform recall period (URP) method. The HCR estimate using the URP in 1987-88 was 38.9%, meaning that the decline in the HCR between 1993-94 and 1999-00 was far steeper than that between 1987-88 and 1993-94.

Several researchers provided alternative adjustments to the 1999-00 estimates,⁶ which led to upward revisions in the HCR estimate. Bhalla (2003a, 2003b) offers an alternative perspective, that the comparability of the surveys of 1999-00 and 1993-94 is affected far more seriously by the divergence of NSS and NAS estimates than by the differences in recall periods in the questionnaire. He points to the rise in real wage rates and provides an HCR estimate for 1999-00 well below the 26.1% obtained from the MRP estimates. Deaton and Kozel (2005) provide a comprehensive assessment of the debate on

⁵ Himanshu (2010); Mehta and Shah (2001, 2003); Popli et al. (2005); Ray and Lancaster (2005).

⁶ Deaton and Drèze (2002); Sen and Himanshu (2004a, 2004b); Sundaram and Tendulkar (2003a, 2003b).

estimates of poverty during the 1990s, a period of sharp changes in India's economic policy, from one of licence and control to a more liberal regime.

Food and non-food components of expenditure

Saith (2005) highlights a fundamental problem with using different procedures to estimate the food and non-food components of the PLB:

‘While dietary requirements are calculated on a “scientific” basis according to bodily needs, the non-food component of the poverty threshold is not calculated on a needs basis. Instead, the procedure essentially identifies households whose expenditure on food exactly matches the cost of the food component in the poverty line basket, and then checks how much such households actually spend on non-food items.’

As such, there is no guarantee of meeting basic non-food needs.

In 1973-74, the share of food in total expenditure of the poverty line class was 81% and 72% in rural and urban areas, respectively (Planning Commission, 1979). This fell to around 65% and 59% in 1999-00 (Sen, 2005):

‘Thus, the reduction in the share of food is 16 per cent and 13 per cent as compared to the shortfalls in calorie intake of 25 per cent and 15 per cent. Therefore, even if the poverty line classes were to spend the earlier fraction of their expenditure on food, they would yet fall short of the calorie norms, especially in rural areas.’

Sen accepts the likelihood that the 1973-74 proportion of expenditure to meet minimum non-food requirements (especially rent and health care) is not sufficient, ‘thereby leading to a decrease in the income left available for

food.’ For example, serious concerns have been expressed regarding state budgetary allocations to and provisioning of health care (NRHM, 2005). Ill-health, and the need to spend large amounts on health care, exacerbates the suffering of those who are already poor and leads those who are non-poor into poverty.⁷

Poverty lines and calories

In a major contribution to the literature on poverty measurement, Jaya Mehta and Shanta Venkatraman (2000) point out that current poverty lines do not correspond to consumption of 2,400 kcal in rural and 2,100 kcal in urban areas:

‘Poverty statistics must conform to the definition of the poverty line so that we know what we mean when we categorise so many millions as “poor” [...] If the majority in this country are poor the government has to first admit it. Only then can poverty alleviation be given the priority that it deserves.’

Subsequently, Sen (2005), Srinivasan (2007) and Patnaik (2007, 2010) confirmed this serious deviation. ‘If we define the poor as those with energy intakes below the (nutritional) norm, as we should if we assume that anchoring of poverty lines in *average* nutritional norms makes sense,’ then poverty in India ‘*increased significantly* between 1993-94 and 2004-05’ (Srinivasan, 2007, emphasis in original). However, ‘official poverty rates declined *significantly* between 1993-94 and 2004-05,’ as the last three columns of Table 2.3 show (ibid). Further, ‘it is true the two methods of estimating poverty are not strictly comparable, since the average per capita energy intake norms of 2,400 kcals in rural areas and 2,100 kcals in urban areas that are

⁷ Duggal (2009); Mehta (2007, 2009); Mehta and Gupta (2005).

Table 2.3: Population below 2,700 kcal per day of household calorie intake per consumer unit, 1993-94 to 2004-05

| | Population below calorie norm (%) | | | Poverty based on relevant poverty lines (%) | | |
|-------|-----------------------------------|---------|---------|---|-----------|---------|
| | 1993-94 | 1999-00 | 2004-05 | 1993-94 | 1999-2000 | 2004-05 |
| Rural | 57.5 | 60.7 | 66.2 | 37.2 | 37.3 | 28.3 |
| Urban | 64.9 | 64.5 | 70.1 | 32.6 | 32.4 | 25.7 |

Source: Srinivasan (2007), based on NSS.

used in the official method could be below the average norm of 2,700 *per consumer unit* used by the NSS' (ibid).

Patnaik (2007, 2010) makes a strong and scathing attack on official poverty lines, estimating that 87% of the population in rural areas and 64.5% in urban areas lives in poverty (Tables 2.4 and 2.5). She argues that the 'lowering of the nutrition standard over time, inherent in the official method, is the real reason' for the 'claimed' poverty decline (Patnaik, 2007).

The Rs 56.76 urban official poverty line in 1973-74 is not consistent with a 2,100 calorie intake and is likely to correspond with 2,000

calories, as indicated. The direct poverty line and poverty percentage in the base year are approximate and derived by assuming the rural-urban differential to remain constant over 1973-74 to 1983.

Sen (2005) notes that the charge was serious: the deviations are large and cause for concern; 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); and the average shortfall from the norms is about 25% in rural and 15% in urban areas. 'Unless it can be convincingly shown that lack of income is not the primary cause of the observed non-consumption of the calorie norm, the poverty

Table 2.4: Rural poor, of the rural population, 1973-74 to 2004-05

| Round no. | 28 1973-74 | 32 1977-78 | 38 1983 | 50 1993-94 | 55 1999-00 | 61 2004-05 |
|---|---------------|---------------|------------|---------------|---------------|---------------|
| Direct method | | | | | | |
| 1. MPCE giving 2,400 kcal, Rs (poverty line) | 56* | 67 | 120 | 325 | 565 | 790 |
| 2. % below poverty line | 72* | 65.5 | 70 | 74.5 | 74.5 (77.5) | 87 |
| Indirect method | | | | | | |
| 3. Price-adjusted poverty line, Rs official | 49* | 56 | 86 | 206 | 328 | 356 |
| 4. % of officially 'poor' | 56.4 | 53.1 | 45.7 | 37.3 | 27.4 (30.4) | 28.3 |
| 5. Calorie intake at poverty line | 2,200* | 2,170 | 2,060 | 1,980 | 1,890 | 1,820 |
| 6. Deviation from RDA of 2,400 kcal | -200 | -230 | -340 | -420 | -510 | -580 |
| 7. Modified price-adjusted poverty line, Rs, taking base year MPCE 2,400 kcal | 56 | 64 | 98 | 235 | 374 | 414 |
| 8. % that should be officially 'poor' | 72 | 63 | 54 | 49.2 | 39 | 41.5 |

Note: * 2,200 calories was the actual norm accessible with Rs 49; the 2,400 calorie norm required Rs 56 as the poverty line, and about 72% of persons came below this. MPCE = monthly per capita expenditure. RDA = recommended daily allowance.

Source: Patnaik (2007).

Table 2.5: Urban poor, of the urban population, 1973-74 to 2004-05

| Round no. | 28 1973-74 | 38 1983 | 50 1993-94 | 61 2004-05 |
|---|---------------|------------|---------------|---------------|
| 1. MPCE giving 2,100 kcal, Rs (DPL 2,100) | 65* | 147 | 398 | 1,000 |
| 2. % of persons below DPL | 60* | 58.5 | 57 | 64.5 |
| 3. OPL, Rs | 56.6 | 117.6 | 285 | 538.6 |
| 4. % of persons below OPL | 49.2 | 42.2 | 32.6 | 25.7 |
| 5. Calorie intake at OPL | 2,000* | 1,905 | 1,885 | 1,795 |
| 6. Deviation from RDA of 2,100 kcal | -100 | -195 | -215 | -305 |
| 7. Ratio of DPL to OPL | 1.13 | 1.25 | 1.4 | 1.86 |

Note: * Approximate values. DPL = direct poverty line. OPL = official poverty line.

Source: Patnaik (2010).

lines would have to be raised by about 15 per cent for rural areas and 10 per cent for urban' (ibid). Note that, for the poverty line class in 1999-00, based on their food consumption patterns, there were significant deviations from the official calorie norm in both rural and urban areas. For instance, only 58% of the calorie norm was met in rural Kerala, 64% in Tamil Nadu and 69% in both Tamil Nadu and Karnataka.

However, Sen (2005) defends the level the poverty lines are set at by finding that it is possible in each state to access a suitable basket which, if consumed by the poverty line class, can provide the normative calorie values. He therefore concludes that, 'by and large, the poverty lines do not need to be revised on the count that they violate the calorie consumption norm.' However, he accepts that a purely calorie-based measure of food adequacy is simply wrong from a nutritional point of view and the need to 'ensure sufficient intake of other nutrients, such as proteins, fats and micro-nutrients.'

In view of all of the above critiques and differences in views, the Planning Commission set up an Expert Group headed by Professor S.D. Tendulkar to re-examine the issue and

suggest a new poverty line and poverty estimates. The Tendulkar Committee Report (Planning Commission, 2009) recommends four major changes in the methodology for estimating poverty incidence:

1. A conscious move away from the calorie anchor while testing for the adequacy of actual food expenditure near the poverty line to ensure certain aggregate nutritional outcomes;
2. Using the same consumption basket for the rural poor as for the urban poor, but applying prices prevailing in rural areas to estimate the poverty line for rural areas. This exercise is to be done for each state, and estimates of the poor are then to be built up to the national level for rural and urban areas;
3. A price adjustment procedure based predominantly on the same dataset that underlies the poverty estimation and hence corrects for problems associated with externally generated and population segment-specific price indices with outdated price and weight bases used so far in official poverty estimations;

4. Explicit provision in price indices for private expenditure on health and education, which has been rising over time, and testing for their adequacy to ensure certain desirable educational and health outcomes.

The Tendulkar Committee has raised the poverty line for 2004-05 from:

1. Rs 356.30 per capita per month based on previous assessment to Rs 446.68 (rural);
2. Rs 538.60 per capita per month to Rs 578.80 (urban).

The HCR has correspondingly increased from 27.5% to 37.2% in 2004-05 (Table 2.6).

Table 2.6: Tendulkar Committee estimates of poverty line and HCR, 2004-05

| Year | Poverty line (Rs) | | Poverty HCR (%) | | |
|---------|-------------------|-------|-----------------|-------|-------|
| | Rural | Urban | Rural | Urban | Total |
| 2004-05 | 446.68 | 578.8 | 41.8 | 25.7 | 37.2 |

Source: Planning Commission (2009).

This is well above estimates based on the earlier approach. The Tendulkar Committee also recommends use of prices paid by households as reported in the NSS to construct price indices to update poverty lines in the future. Using the same approach, estimates derived for 1993-94 show the HCR declined by nearly the same number of percentage points between 1993-94 and 2004-05 that the previous approach indicated. The new approach thus essentially redefines the poverty line, but has not found any sharp changes in the direction of HCR trends over time as compared with previous assessments. Using the World Bank's international norms of per capita expenditure of PPP \$1.25 per day, the proportion in poverty is even higher, at 41.6% in 2005.

The Tendulkar Committee's efforts were an

attempt to respond to criticism that official poverty lines were far removed from reality. However, several issues remain to be addressed in the approach. As in the past, the measure continues to ignore intra-household differences in consumption, as well as poverty dynamics and persistence. The route taken to correct the poverty lines uses simplistic shortcuts, on the assumption that urban poverty at 25.7% is 'less controversial than its rural counterpart at 28.3 per cent that has been heavily criticized as being too low' (Planning Commission, 2009). The fact that the quantum of literature pertaining to urban poverty is less than that on rural poverty does not mean that either the urban poverty line or the level of officially recognised urban poverty is realistic or acceptable.

Patnaik (2010) questions the Tendulkar Committee's claim that overall rural poverty reduced between 1993-94 and 2004-05 from 50.1% to 41.8%, pointing out that, at these new lines, accessible daily calorie intake also declined, from nearly 2,100 at the earlier date to 1,930 calories at the later one. Similarly,

'[...] the report claims that urban poverty at its new poverty lines declined from 31.8% to 25.7% comparing 1993-94 and 2004-05. It keeps quiet about the fact that at these new urban poverty lines accessible daily calorie intake also declined from 1,870 to 1,795 calories, making its figures non-comparable.'

Patnaik concludes that the 'poor continue to be wrongly counted below a changing standard' and that the Tendulkar Committee has 'thrown away the valuable opportunity it had to correct the basic methodological error preventing valid comparison over time, which underlay previous estimates.'

Depth and severity of poverty

Measurement of poverty through the HCR has been supplemented by other measures in many studies, such as the poverty gap (PG), the

squared poverty gap (SPG) and the Sen Index.⁸ Measures of inequality of distribution of consumption across the population have also been part of the monitoring of poverty over time, as have measures relating to literacy and health. The general perception that incidence of poverty (measured by the HCR) has shown a decline over the years has been criticised on account of the slow nature of improvement on indicators of health, especially nutrition measures. Difficulties in relating consumption expenditure to nutrition have also been highlighted. For instance, the report of an Expert Group meeting chaired by N.C. Saxena (MoRD, 2009) argues that, in order to enable households to consume 2,400 kcal of energy daily, the accepted poverty line (based on updating the 1973-74 poverty line according to the CPI) may have to be increased by 100%. Table 2.7 shows the proportion of households with per capita calorie consumption below the stipulated 2,100 kcal in urban and 2,400 kcal in rural areas over time.

Table 2.7: Population living in households with per capita calorie consumption below 2,100 kcal in urban and 2,400 kcal in rural areas, 1983 to 2004-05

| Year | Round | % living under the norm | | |
|---------|-------|-------------------------|-------|-----------|
| | | Rural | Urban | All-India |
| 1983 | 38 | 66.1 | 60.5 | 64.8 |
| 1987-88 | 43 | 65.9 | 57.1 | 63.9 |
| 1993-94 | 50 | 71.1 | 58.1 | 67.8 |
| 1999-00 | 55 | 74.2 | 58.2 | 70.1 |
| 2004-05 | 61 | 79.8 | 63.9 | 75.8 |

Source: Deaton and Drèze 2008, in Saxena (2010).

Meanwhile, price line corrections do not fully capture actual price conditions facing consumers.

The BPL Census

The Ministry of Rural Development (MoRD) conducts a Below Poverty Line (BPL) Census, in association with states/union territories, to identify rural households that need assistance through various ministry programmes. Given the difficulty in identifying the poor or persons below the poverty line based on income and consumption expenditure-based criteria, in 2002 MoRD developed an indicator-based scoring approach to classifying households as poor and non-poor. The MoRD BPL Census 2002 scorecard had 13 questions on various aspects, like size of landholding, type of house, availability of clothing, ownership of consumer durables, food security, access to sanitation, education attainment, migration, etc. Each question had five scores, from zero to four, and the household was given a total score out of a maximum possible of 52. The BPL status of each household is on MoRD's website. Mandava (2010) re-administered the BPL scorecard to all households in two villages in February 2010 to determine the change in household status over time (Box 2.1).

As with methods used prior to the BPL Census 2002, the scorecard method has been critiqued on a large number of grounds. MoRD is now finalising the methodology for the 2011 Census. The approach is to identify those who should automatically be excluded; to ensure the poorest and most vulnerable are automatically included; and to grade the remaining households and identify the poorest among them.

In the Indian context, three basic needs are identified as crucial for survival: food, clothing and shelter. A hungry stomach questions and censures the system's failure to meet what is a basic biological need of every human being (Times of India, 2001). Food is clearly the

⁸ The HCR does not reflect the severity of poverty: how poor are people below the poverty line? These other measures provide some idea of these characteristics of poverty. World Bank Institute (2005) provides a comprehensive review of the various measures of poverty.

Box 2.1: Below Poverty Line Census results, 2002 and 2010

The MoRD BPL Census 2002 scorecard was re-administered to all households in two villages in February 2010. The data on all 13 dimensions were analysed for households in Juvvalapalem and Thippalakatta villages in Guntur district, Andhra Pradesh, for two points in time, 2002 and 2010. It was possible to identify houses that had exited poverty, those that had entered it and those that had persisted in it, and to analyse the factors leading to such movements. Using a cut-off score of 20 for declaring a household poor, 21% of households were found to be chronically poor. Some salient observations were:

- Many households around the poverty line had been vulnerable to shocks and influenced by enablers in moving above and below the line. Their entry or exit from poverty cannot be said to be relatively permanent. These are transient poor and vulnerable households, excluded from chronic poverty calculations.
- Children seem to be most impacted by the economic movements of a household. All households that had exited poverty showed an improvement in children's access to education without them having to contribute to family income; the reverse was true for households that entered poverty.
- Sanitation and access to health care are important in entry, exit and persistence of poverty. Among households without access to sanitation facilities, poor households formed a disproportionately large group.
- A total of 59% of households that had exited poverty showed an increase in the score on migration. Linkages with the urban economy might be driving the escape from poverty in rural India.
- Other factors for exit from poverty are enablers (like access to credit, favourable agro-climatic conditions, alternative asset base, etc.) and more secure livelihoods (in terms of reduced market risks or more days of work).
- Low literacy/educational attainment is connected to persistence of poverty. A total of 89% of households that had remained poor showed no change in educational attainment status (qualification of the most literate adult).
- Other factors for persistence are unsecure livelihoods and poor asset base of households. This indicates that self- and wage employment programmes will help chronically poor households.
- Shocks related to health and agro-climatic conditions are the most common reasons for entry into poverty. Poor public health care delivery and inefficient implementation of women and child welfare programmes are detrimental.
- Being non-poor is associated with multidimensional wellness. Each parameter contributed almost equally between 5% and 10% to the total score. For poor households, the contributions of each of the parameters varied between 2% and 24%.

Source: Mandava (2010).

foremost need of the poor and, as we have seen, those below the poverty line spend a very large proportion of their earnings on food. Swaminathan (2006) stresses the importance of addressing the major causes of food insecurity, under-nutrition and malnutrition among children, women and men in rural and urban areas: lack of adequate purchasing power to permit access to a balanced diet and clean drinking water. India's inclusion among countries with alarming hunger for 2010 is a severe indictment of the country's record on hunger (IFPRI, 2010). India is one of four countries with the highest prevalence of underweight in children under five (more than

40%) and ranks 67th on the Global Hunger Index 2010 out of 84 countries, with a score of 24.1 (ibid). With 42% of the world's underweight children and 31% of its stunted children living in India, this is now a global concern (ibid).

Saxena (2010) explains that hunger is both a cause and an effect of poverty. Hunger affects ability to work productively, think clearly and resist disease. Hunger may lead to low output and hence poor wages. Hunger in India has gender and age dimensions too. Women, children and old people are less likely to receive the full nutritious meals needed for

their development. Citing Mander (2008), Saxena points out that,

‘[...] destitution, leading in extreme cases to starvation deaths but in any case to a life in misery, is more endemic amongst certain groups. These include persons with disabilities, persons with stigmatizing illnesses such as leprosy or HIV/AIDS, the elderly and the young who lack family support and single women. Social and employment factors causing destitution include scheduled caste population, tribal populations, manual scavengers, beggars, sex workers, landless labourers and artisans. Persons displaced by natural disasters or development projects are also often in this group. Due to prolonged deprivation of sufficient food and recurring uncertainty about its availability these people are forced to lose their dignity through foraging and begging, debt bondage and low end highly underpaid work; self denial; and sacrifice of other survival needs like medicine or children’s education, and thus they transfer their misery to the next generation.’

Various NSS rounds in India from 1983 onward have statistically measured⁹ self-reported hunger by asking people about the availability of two square meals a day. Table 2.8 shows the results.

Table 2.8: Self-reported hunger, 1983 to 2004-05

| Year | % of population reporting hunger | | |
|---------|----------------------------------|-------|-------|
| | Rural | Urban | Total |
| 1983 | 18.54 | 6.33 | 16.1 |
| 1993-94 | 5.1 | 1.6 | 4.2 |
| 1999-00 | 3.3 | 0.9 | 2.6 |
| 2004-05 | 2.4 | 0.5 | 1.9 |

Source: Kumaran (2008), in Saxena (2010).

Explicit hunger is especially severe in rural Orissa, West Bengal, Kerala, Assam and Bihar. The non-availability of two square meals a day peaks in the summer months from June to September, with longer periods of suffering in West Bengal and Orissa (Mehta and Shah, 2001). However, Saxena (2010), citing the Planning Commission (1993), notes that such estimates have limited reliability, owing to subjectivity; variation between individuals and spaces with regard to what constitutes the size of a ‘square meal’; and problems in relying on the male head of household for information on hunger experienced by other family members.

Based on the same NSS data, Ahmed et al. (2007) find that, in all, 58% of people in India suffered from hunger in 1999, of whom 17.4% were ‘ultra hungry’ (Table 2.9). The authors disaggregated those consuming fewer than 2,200 kcal into three groups:

- Subjacent hungry (consuming more than 1,800 but fewer than 2,200 kcal/day);
- Medial hungry (consuming more than 1,600 but fewer than 1,800 kcal/day);
- Ultra hungry (consuming fewer than 1,600 kcal/day).

Table 2.9: Incidence of subjacent, medial and ultra hunger, 1999

| | Incidence of hunger (%) | | |
|------------------|-------------------------|-------|-------|
| | National | Rural | Urban |
| Subjacent hungry | 28.6 | 28.9 | 27.9 |
| Medial hungry | 12.1 | 12.1 | 12.3 |
| Ultra hungry | 17.4 | 17.1 | 18.0 |
| Total | 58.1 | 58.1 | 58.3 |

Source: Saxena (2010).

⁹ In 1999-00 and 2004-05 the question was, ‘Do all members of your household get enough food every day?’ In earlier surveys, respondents were asked about the availability of two square meals a day for family members.

High and stubborn levels of poverty in the 1970s led to the slogan *Garibi Hatao* ('Eliminate Poverty'), attributed to late Prime Minister Indira Gandhi. More recently, there is increasing recognition of the persistence of poverty and its intergenerational transmission. For instance, the Planning Commission (2008) notes that chronic poverty or 'persistence of poverty on the scale at which it still exists is not acceptable.' However, while the existing methodology provides valuable insights into the determinants of incidence of poverty, this method of analysis is less useful in understanding factors influencing entry, exit and persistence of poverty and their determinants. Chapter 3 discusses these issues.

Bands of vulnerability or poverty

The National Commission for Enterprises in the Unorganised Sectors (NCEUS) presents the concept of a poverty band, so as to be able to explore the realities hidden behind the concept of a poverty line (Table 2.10). It estimates that 76.7% of the Indian population in 2004-05 lived on average per capita daily expenditure of just Rs 16, with the maximum expenditure just Rs 24. Moreover, of the total population, 36% were in the 'vulnerable' category. A single exogenous shock (such as death or disability of a breadwinner, serious sickness of a child or others or marriage expenses) could pull them back into the official 'poverty' group (Kannan, 2010).

This picture, constructed on the basis of DPCE, reveals that every fifth Indian had only Rs 12 or less to spend each day in 2004-05. Further, three of four persons were in the poor and vulnerable categories in terms of daily consumer expenditure. High- and middle-income categories held 4% and 19.3% of the population, respectively.

Many dimensions of poverty

Although household expenditure levels remain the main measure of living standard by which

incidence of poverty is measured, and the HCR has become the main indicator of poverty, many writings have made evident the need to look at other measures of quality of life. The Fifth Five-Year Plan, covering 1974-75 to 1977-78, articulated the idea of 'minimum needs,' and the Ninth Plan expressed a time-bound goal for achieving universal access to minimum needs – beyond food, clothing and shelter to include health, education, drinking water and sanitation (Bhide and Srinivasan, 2004).

Table 2.10: Poverty status and poverty band, 2004-05

| Sl. No. | Poverty status | % of population | DPCE (Rs) |
|---------|------------------------------|-----------------|-----------|
| 1 | Extremely poor | 6.4 | 9 |
| 2 | Poor | 15.4 | 12 |
| 3 | Marginally poor | 19.0 | 15 |
| 4 | Vulnerable poor | 36.0 | 20 |
| 5 | Middle-income | 19.3 | 37 |
| 6 | High-income | 4.0 | 93 |
| 7 | Poor and vulnerable (1 to 4) | 76.8 | 16 |
| 8 | All | 100.0 | 46 |

Note: DPCE = daily per capita consumption expenditure.
Source: Kannan (2010).

The UN Human Development Index (HDI) captures the multidimensional nature of deprivation in living standards. Income should be regarded as a *means* to improve human welfare, not as an end in itself (Streeten, 1994). According to ul Haq (1995),

'[...] the defining difference between the economic growth and the human development schools is that the first focuses exclusively on the expansion of only one choice – income – while the second embraces the enlargement of all human choices – whether economic, social, cultural, or political.'

Human and gender development indicators have been used successfully for advocacy, for ranking of geographical spaces and to capture

improvements in human well-being more reliably than per capita income. The HDI is a simple average of three dimension indices, which measure average achievements in a country with regard to 'a long and healthy life', 'knowledge' and 'a decent standard of living'. The Ministry of Women and Child Development (MWCD, 2009) uses the infant mortality rate (IMR) and life expectancy at age 1 to estimate a long and healthy life; the 7+ literacy rate and mean years of education for the 15+ age group to estimate knowledge; and estimated earned income per capita per year to capture a decent standard of living.

Alkire and Santos (2010) present the Multidimensional Poverty Index (MPI), which reflects the deprivations that a poor person faces simultaneously with respect to education, health and living standards. This reflects the same three dimensions of welfare as the HDI but the indicators are different in each case and are linked to the MDGs. The three major components of the MPI are weighted equally (a third each) but cover 10 indicators (two each for health and education and six for living standards), so the one-third weight assigned to each of the three dimensions or components is distributed equally among the sub-components. The index is used to classify the population into poor or non-poor in the context of multidimensional deprivation. If the weighted score is 30% of the maximum achievable score, the household is classified as poor. Hence, 'poverty' is determined with regard to not only income or expenditure but also access to a number of other necessities. Based on this measure, 55% of India's population in 2005 is classified as poor.

3. THE POOR: RURAL-URBAN DISTRIBUTION AND OCCUPATIONAL PROFILE

The bulk of India's poor live in rural areas. However, the rural-urban distribution of the poor has declined, from 81.33% in rural and 18.67% in urban areas in 1973-74 to 73.2% in

rural and 26.8% in urban areas in 2004-05 (Table 2.11).

Table 2.11: Rural-urban distribution of the poor, 1973-74 to 2004-05

| Year | Total population below poverty line (millions) | | | % of India's poor | |
|---------|--|--------|-------|-------------------|-------|
| | India | Rural | Urban | Rural | Urban |
| 1973-74 | 321.3 | 261.3 | 60.0 | 81.33 | 18.67 |
| 1977-78 | 328.9 | 264.3 | 64.6 | 80.36 | 19.64 |
| 1983 | 322.9 | 252.0 | 70.9 | 78.04 | 21.96 |
| 1987-88 | 307.1 | 231.9 | 75.2 | 75.51 | 24.49 |
| 1993-94 | 320.3 | 244.0 | 76.3 | 76.18 | 23.82 |
| 1999-00 | 260.2* | 193.2* | 67.0* | 74.3 | 25.7 |
| 2004-05 | 301.7 | 220.9 | 80.8 | 73.2 | 26.8 |

Note: * Estimates for 1999-00 are based on the MRP method and are not comparable with estimates for other years, which are based on the URP method.

Sources: Planning Commission (1997); Press Information Bureau (2001, 2007); and own calculations.

Even though rural-urban differences and inter-state differences in poverty incidence were recognised from the start in assessing the extent of poverty in the country, a 1996 report provided a fairly comprehensive assessment of poverty incidence and other deprivations in different socioeconomic groupings of households (World Bank, 1997).

The profile of the poor emerging from the 1996 study painted a stark picture. In rural areas, households whose chief earners were landless wage earners constituted 30% of all poor households. Poor households that were landless and were in occupations that included self-employment constituted 15% of rural poor households. Marginal farmers, cultivating less than 1 hectare of land, accounted for another 31% of poor rural households. The remaining 19% of the poor were found in cultivator groups operating more than 1 hectare of land. Therefore, landless wage earners and marginal farmers accounted for 61% of all poor households.

The structural nature of poverty was also illustrated in the high rates of poverty incidence in some socioeconomic groupings. Poverty incidence for 'wage earner' households was 65%; for SC households 50%; and for ST households 51%. For the rural population as a whole, the HCR was estimated at 39% in 1996.

A more recent assessment of the occupational profile of the poor reiterates the 1996 pattern (Table 2.12). In rural areas, the occupation of the chief earner in 63% of households in the bottom income quintile is 'labour.' Another 30% of households in the bottom quintile are farmers, presumably operating very small landholdings. In urban areas also, the occupation of the chief earner in 59% of households in the bottom income quintile is 'labour.'

Desai et al. (2010) also show that the 54% of bottom quintile households essentially depend

on daily wage earnings from agriculture and non-agriculture, whereas 21% are cultivators (Table 2.13). The bulk of poverty, therefore, is in the population segment whose only means of livelihood is daily labour.

This is corroborated by findings from panel data analysis, discussed in Chapter 3. A large proportion of those in chronic poverty depend on wage labour for survival and are critically reliant on changes in wages. It is probable that this dependence has grown over time, as alternatives (usually land-based) have shrunk. Panel data analyses reveal that the chronically poor in India depend largely on casual labour, particularly in agriculture, as either the principal occupation or a major subsidiary occupation. Bhalla et al. (2004, 2006) analyse NSS household survey data and provide a statistical picture of casual labourers in India and of levels of poverty in this group, as well as an analysis of aspects of being a casual labourer that make escape from poverty

Table 2.12: Distribution of households by occupation of chief earner and household income quintile, 2004-05

| Occupation of chief earner | Distribution (% , Quintile 1 lowest 20%) | | | | |
|------------------------------------|--|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q5 |
| Rural | | | | | |
| Regular salary/wages | 1.4 | 3.3 | 6.1 | 15.2 | 34.3 |
| Self-employment in non-agriculture | 4.3 | 7.4 | 13.1 | 18.4 | 16.9 |
| Labour | 63.1 | 48.4 | 31.0 | 18.0 | 5.7 |
| Self-employment in agriculture | 30.3 | 39.8 | 47.8 | 44.6 | 38.7 |
| Others | 0.9 | 1.1 | 2.0 | 3.8 | 4.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Urban | | | | | |
| Regular salary/wages | 10.6 | 9.7 | 22.3 | 36.9 | 56.2 |
| Self-employment in non-agriculture | 24.0 | 16.3 | 33.2 | 32.8 | 33.3 |
| Labour | 59.0 | 67.8 | 38.4 | 20.5 | 2.7 |
| Self-employment in agriculture | 3.3 | 2.8 | 1.9 | 3.8 | 2.1 |
| Others | 3.1 | 3.4 | 4.2 | 6.0 | 5.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Tabulation provided by the NCAER Centre for Macro Consumer Research (CMCR) (based on data from an NCAER sample survey in 2004-05). Description of the sample is in Shukla (2007).

Table 2.13: Distribution of households by source of income and household income quintile, 2004-05

| | % of household income | | | | | |
|------------------------|-----------------------|-----|-----|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q5 | All |
| Salary | 7 | 9 | 17 | 29 | 49 | 21 |
| Agricultural wages | 35 | 27 | 17 | 8 | 1 | 18 |
| Non-agricultural wages | 19 | 28 | 25 | 17 | 5 | 19 |
| Family business | 8 | 11 | 15 | 18 | 19 | 14 |
| Cultivators | 21 | 20 | 20 | 20 | 17 | 20 |
| Other | 10 | 5 | 6 | 8 | 9 | 8 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

Note: Where necessary, the largest number in a column is adjusted by one unit to have the column sum add up to 100.

Source: Desai et al. (2010).

difficult or impossible. There has been a steady increase in the proportion of the Indian population working as casual hired labourers. SCs and STs are grossly overrepresented in this group, whereas people belonging to other social groups are overrepresented among regular salaried workers and the self-employed.

While male rural casual labourers have increasingly worked in the non-farm sector over time, women have increasingly been concentrated in agricultural casual labour and have lost jobs overall, especially in the 1990s. Growth in casual labour is particularly significant among the landless, and was especially rapid after the 1987 drought. In the 1990s, there was an explosion of self-employed people choosing to do subsidiary work as casual labourers to augment their incomes (Bhalla et al., 2004).

Incidence of poverty among rural casual workers is greatest among 'non-workers' who do occasional casual work, especially women. Most ST casual workers and 40% of SC casual workers are poor; those who are landless are

the poorest. Female casual labourers are poorer than male casual labourers on average (Bhalla et al., 2004). The poorest are engaged in agriculture; construction workers are slightly less poor.

Lack of employment opportunities in rural areas and India's increasing urbanisation have led to migration to cities, with a large mass of poor people living in slums in towns and metro cities or on pavements and roads. Resettlement, contested claims for space, eviction and conflict often characterise the lives of poor groups in India's cities (Benjamin, 2003). Certain key characteristics are specific to poor people residing in urban areas. The urban poor are dependent on public bodies to provide basic amenities like drinking water, health care, hygienic sanitation, etc. However, many basic services do not cover slum areas, and local patrons may control access to services that do exist (Chowdhury et al., 2009). Characterising services to slums as 'patchy, poorly maintained, and severely under-resourced,' Loughhead and Mittal (2001) associate urban poverty with,

‘[...] poor quality housing, often in overcrowded unsanitary slum settlements, and with ill-health which is related to the spread of infectious diseases like tuberculosis (TB), and the constant threat of exposure to environmental hazards such as mosquito infested drains, and fires and floods that could destroy their homes altogether.’

The homeless, according to the Census of India,¹⁰ comprise ‘those who do not live in buildings or census houses but live in the open on roadside, pavements, in hume pipes, under fly-overs and staircases, or in the open in places of worship, mandaps, railway platforms, etc.’ Estimates vary depending on the source with, for example, the Census estimating the homeless population in New Delhi at 23,903 in 2001, whereas Ashray Adhikar Abhiyan put it at about 100,000 (Government of New Delhi, 2006). Mander (2009) conducted interviews with 93 respondents and found that many of those who are homeless work as casual daily wage labourers or rickshaw pullers, and many survive on the basis of charity.

As part of the informal labour force, adult men and women are both at a disadvantage when seeking work. Based on interviews and case studies conducted in East Delhi, Sudarshan and Bhattacharya (2006) found that women are further constrained by husbands disapproving of their seeking paid work, by reproductive responsibilities and by limited work options. The heavier burden on women of the poverty that affects all members of the household is deeply embedded in culture and tradition that sees greater value in women’s duty and sacrifice than in women’s agency.

Casual labour is highly insecure. As a result, the ‘fluctuating poor’ (those sometimes above,

sometimes below, the poverty line) may be becoming an increasingly large category, never emerging sustainably from poverty. Poverty reduction in much of India depends on casual work wage rates and quantity of casual work available; in the longer term, it will rely on reducing the dependence of poor people on casual labour.

4. GEOGRAPHICAL, SOCIOLOGICAL, ECONOMIC AND MULTIDIMENSIONAL ISSUES IN POVERTY

The geography of poverty and multidimensional deprivation¹¹

Geographical factors are important, and the chronically poor are likely to be concentrated in the poorest states in India, which may also ironically be abundant in natural resources, and in districts where multidimensional deprivation is significant. Poverty persists in almost all states. However, the proportion of the poor who suffer long-duration poverty and intergenerational transmission is likely to be significantly higher in those parts of the country that have consistently suffered greater incidence of severe poverty and multidimensional deprivation over many years. Poor states, in terms of per capita state domestic product, have in general remained poor compared with others – and the inequalities among the states have certainly not diminished over time (Bandyopadhyay, 2001; Shepherd et al., 2004).

The core poor states are Orissa and undivided Bihar, Madhya Pradesh and Uttar Pradesh and Assam (see Table 2.14), which are income poor as well as multi-dimensionally deprived. The severely poor are also increasingly concentrated in these states (Radhakrishna et al., 2006). Infant mortality rates, for example, show extremely high averages in these states, especially in Orissa and Madhya Pradesh.

¹⁰ <http://censusindia.gov.in/Metadata/Metada.htm>.

¹¹ This section draws on Chapter 1 of Mehta and Shepherd (2006).

Table 2.14: State populations below the poverty line, 2004-05

| State | HCR (%) | State | HCR (%) |
|-----------------------------|---------|-------------------|-------------|
| Orissa | 46.4 | Tripura | 18.9 |
| Bihar | 41.4 | Meghalaya | 18.5 |
| Chhattisgarh | 40.9 | Arunachal Pradesh | 17.6 |
| Jharkhand | 40.3 | Manipur | 17.3 |
| Uttarakhand | 39.6 | Gujarat | 16.8 |
| Madhya Pradesh | 38.3 | Lakshadweep | 16.0 |
| Dadra and Nagar Haveli | 33.2 | Andhra Pradesh | 15.8 |
| Uttar Pradesh | 32.8 | Kerala | 15.0 |
| Maharashtra | 30.7 | Delhi | 14.7 |
| Karnataka | 25.0 | Haryana | 14.0 |
| West Bengal | 24.7 | Goa | 13.8 |
| Andaman and Nicobar Islands | 22.6 | Mizoram | 12.6 |
| Tamil Nadu | 22.5 | Daman and Diu | 10.5 |
| Pondicherry | 22.4 | Himachal Pradesh | 10.0 |
| Rajasthan | 22.1 | Punjab | 8.4 |
| Sikkim | 20.1 | Chandigarh | 7.1 |
| Assam | 19.7 | Jammu and Kashmir | 5.4 |
| Nagaland | 19.0 | All-India | 27.5 |

Source: Planning Commission (2009).

The regional concentration of poverty and, related to this, the unequal pattern of regional economic development have also been recognised in various policies, right from the early days of planning. For example, the Second Five-Year Plan (1956-1960) articulated balanced regional development as a key goal for India's development effort (Bhide and Srinivasan, 2004). Drèze and Srinivasan (1996), in World Bank (1997), illustrate variations in poverty incidence within a state but, even so, high levels of poverty have persisted in Bihar, Orissa, Madhya Pradesh and Uttar Pradesh. Even in 2004-05, the HCR exceeded 40% in Orissa, Bihar, Chhattisgarh (previously part of Madhya Pradesh) and Jharkhand (previously part of Bihar). In Uttarakhand, Uttar Pradesh, Madhya Pradesh and Maharashtra, it was between 30% and 40%. About 65% of the poor in India live in eight states: Uttar Pradesh, Bihar, Maharashtra,

Madhya Pradesh, Orissa, Jharkhand, Chhattisgarh and Uttarakhand. Half are in the two states of Bihar and Uttar Pradesh alone. Panda (2008) points to the contiguous nature of 'high poverty states.'

The poorest states are predominantly rural and agrarian. They are also states with failing democratic systems and poor governance, manifested in the criminalisation of politics and the politicisation of crime. Meanwhile, those who suffer poverty are deprived not just in terms of calorific intake and income, but in many dimensions, as we have seen. Table 2.15 presents HDI estimates for India and 35 states/union territories (UTs) for 2006.

Generally speaking, state-level HDIs follow the pattern of the incidence of poverty. The lowest scores were achieved by Assam, Jammu and Kashmir, Andhra Pradesh, Jharkhand, Chhattisgarh, Rajasthan, Orissa, Madhya

Table 2.15: HDI scores for states/UTs, 2006

| State | HDI score | State | HDI score |
|-------------------|-----------|-----------------------------|--------------|
| Bihar | 0.507 | Sikkim | 0.665 |
| Uttar Pradesh | 0.528 | Tamil Nadu | 0.666 |
| Madhya Pradesh | 0.529 | Himachal Pradesh | 0.667 |
| Orissa | 0.537 | Punjab | 0.668 |
| Rajasthan | 0.541 | Dadra and Nagar Haveli | 0.677 |
| Chhattisgarh | 0.549 | Mizoram | 0.688 |
| Jharkhand | 0.574 | Maharashtra | 0.689 |
| Andhra Pradesh | 0.585 | Lakshadweep | 0.697 |
| Jammu and Kashmir | 0.590 | Nagaland | 0.700 |
| Assam | 0.595 | Daman and Diu | 0.700 |
| Karnataka | 0.622 | Manipur | 0.702 |
| Meghalaya | 0.629 | Andaman and Nicobar Islands | 0.708 |
| Gujarat | 0.634 | Pondicherry | 0.725 |
| West Bengal | 0.642 | Delhi | 0.740 |
| Haryana | 0.643 | Goa | 0.764 |
| Arunachal Pradesh | 0.647 | Kerala | 0.764 |
| Uttarakhand | 0.652 | Chandigarh | 0.784 |
| Tripura | 0.663 | All-India | 0.605 |

Source: Government of India (2009).

Pradesh, Uttar Pradesh and Bihar. Most of these are states in which there are high levels of income poverty.

At sub-state level, there is consistently high spatial concentration of poverty over time, with a number of regions experiencing high levels of income poverty over several decades and a smaller number with high levels of severe poverty.¹² The most glaring example is that of rural Orissa, which in 1999-00 earned the dubious distinction of being the poorest state in India, ahead of Bihar (43.33%), recording a poverty ratio of 48.01% (Sakti Padhi et al., 2006). However, regional disaggregation showed that the HCR for the southern NSS region of rural Orissa was a staggering 87.05% (Table 2.16). Even within this, disaggregation by social groups shows higher levels of poverty among STs in all three regions, with virtually

all in Southern Orissa living in poverty.

Table 2.16: NSS region-wise and social group-wise HCR, rural Orissa, 1999-00

| Region | Social group HCR (%) | | | |
|----------|----------------------|-------|--------|-------|
| | ST | SC | Others | All |
| Coastal | 66.63 | 42.18 | 24.32 | 31.74 |
| Northern | 61.69 | 57.22 | 34.67 | 49.81 |
| Southern | 92.42 | 88.90 | 77.65 | 87.05 |
| Orissa | 73.08 | 52.30 | 33.29 | 48.01 |

Note: 1) HCR estimates for STs and SCs at the level of NSS regions are based on very small samples. 2) It is assumed that, for the sake of comparison of HCRs across regions, relative price differences are insignificant, so that poverty lines are roughly comparable.

Source: de Haan and Dubey (2003), in Padhi et al. (2006).

On the basis of incidence of poverty and certain other development parameters, the

¹² Mehta and Shah (2001); Mehta and Shepherd (2004); Suryanarayana (2009).

Planning Commission set up an Expert Committee in 1997 to identify the 100 most backward and poorest districts in the country. The broad parameters adopted to analyse the causes of backwardness included indicators of deprivation (poverty ratio) and social and economic infrastructure. Social infrastructure in rural areas was viewed in terms of: 1) availability of safe drinking water; 2) basic health facilities; and 3) housing facilities.

The Committee found that Bihar and Jharkhand had more than a third, or 38, of the poorest districts; Madhya Pradesh and Chhattisgarh had 19; Uttar Pradesh and Uttarakhand 17; Orissa 4; and Rajasthan 2. It is important to note, though, that some of these districts were found in Maharashtra (10), West Bengal (4), Karnataka (1), Haryana (1), Himachal Pradesh (1), Dadra and Nagar Haveli (1) and Sikkim (2).

Spatial inequalities exist at all levels of disaggregation. However, the nature and extent of these vary with choice of indicator and the geographical space over which comparisons are made. Multidimensional deprivation was estimated for about 379 districts in 15 large states of India based on data for the early 1990s, using variables for which data were available at the district level and that reflect long-duration deprivation (Mehta, 2003; Mehta et al., 2004).

For example, persistent spatial variations in the IMR could be considered to reflect persistent deprivation in the means of accessing health care. This could be a result of several factors, such as inability to obtain medical care because of lack of income; lack of available health care facilities in the vicinity; poor quality drinking water, resulting in waterborne diseases that cause mortality; lack of roads and public transport that enable quick transportation to hospitals in case of emergency; or all of the above. Similarly, illiteracy could be considered

a persistent denial of access to information, knowledge and voice. Low levels of agricultural productivity may reflect a poor resource base; low yields owing to lack of access to irrigation and other inputs; poor quality of soil resulting from erosion; or lack of access to resources for investment because of lack of collateral or adverse climatic or market conditions. Poor quality of infrastructure reflects persistent denial of opportunities for income generation and growth.

While different lists of backward districts are available, Table 2.17 lists the 52 districts that suffer from the highest levels of persistent deprivation that are common to HDI and Adjusted HDI (AHDI) methods of estimation based on data from Census (1991), Bhalla and Singh (2001) and CMIE (2000). All the districts are from six of the seven states identified as having extensive rural poverty (Nath, 2006).

Multiple deprivations that historically marginalised groups suffer make it harder for them to escape poverty, as different forms of poverty tend to be mutually reinforcing. Regions that are particularly likely to have large numbers of chronically poor people include tribal and forested (or degraded forest) regions, much of which are in the central and eastern 'poverty heartlands' and in semi-arid areas. However, semi-arid areas in the more industrial states of western and southern India have experienced more dynamic evolution: migration in such areas may result in improvement of economic conditions for those who live there, owing to better investment opportunities and market functioning compared with in forest-based regions. In forest regions, the issues is not so much agronomic or natural conditions as poor people's access to the resources that are there, their human capital endowment (e.g. literacy levels) and the way they are incorporated into labour markets (Mehta and Shah, 2001).

Table 2.17: 52 Most deprived districts based on data for 1990-93

| State | District | State | District |
|----------------|-------------|----------------------------------|---------------|
| Assam | Dhubri | Madhya Pradesh (<i>contd.</i>) | West Nimar |
| Bihar | Araria | | Tikamgarh |
| | Kishanganj | Orissa | Ganjam |
| | Palamu | | Kalahandi |
| | Sitamarhi | | Koraput |
| Madhya Pradesh | Bastar | | Phulbani |
| | Betul | Rajasthan | Banswara |
| | Chhattarpur | | Barmer |
| | Damoh | | Bhilwara |
| | Datia | | Dungarpur |
| | East Nimar | | Jalore |
| | Guna | | Jhalawar |
| | Jhabua | | Pali |
| | Panna | | Sirohi |
| | Raisen | | Tonk |
| | Rajgarh | Uttar Pradesh | Bahraich |
| | Ratlam | | Banda |
| | Rewa | | Basti |
| | Sagar | | Budaun |
| | Satna | | Etah |
| | Sehore | | Gonda |
| | Shahdol | | Hardoi |
| | Shajapur | | Lalitpur |
| | Shivpuri | | Shajahanpur |
| | Sidhi | | Siddarthnagar |
| | Surguja | | Sitapur |

Source: Mehta (2003); Mehta et al. (2004).

Backward areas, chronic poverty and extremist conflicts

What are the socio-political consequences of chronic poverty? From the perspective of the political sociology of poverty, there are four major results in such districts:

1. Radicalisation of economic conflict (emergence of extra-parliamentary groups and spread of Maoist ways of conflicts, popularly called Naxalism) and marginalisation of parliamentary

political organisations;

2. Criminalisation of political processes (like elections) and politicisation of criminal activities;
3. Flight of capital and decline in the entrepreneurial climate; and
4. Externalisation of victims of poverty through migration, ethnic exclusion, etc.

Together, these factors may promote a crisis

of governance, to the extent that any new initiative for poverty alleviation becomes a victim of the breakdown of law and order.

The Indian Ministry of Home Affairs has acknowledged that this complex situation affects 13 states and 125 districts (out of 604). Juxtaposing the list of the 100 poorest districts and 125 extremism-affected districts, several districts can be seen to be trapped in a vicious circle of chronic poverty and continuous conflict between extremists and state agencies. Prime Minister Dr. Manmohan Singh has termed this extremism ‘the most serious threat to India’s national security.’ Indian policy makers and the media speak of a ‘red corridor’ in the making, from the Uttar Pradesh–Bihar border with Nepal in the north, coming through West Bengal, Jharkhand, Orissa, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu. Dr. Singh suggests this notion is exaggerated but recommends a two-pronged response to the challenge of forces that draw legitimacy from the grievances of poor, tribal, landless labourers and small peasant households to promote militant conflicts: setting up specialised forces to combat extremism and increasing the tempo of development activities.

Social status

Is poverty, and chronic poverty, becoming an increasingly *social* phenomenon? Do those who remain stuck in poverty, despite the opportunities made available by growth, face significant barriers in accessing these opportunities? This could be based on discrimination against particular social groups or categories of individual, or against aspects of people’s behaviour. In India, the poor are widely seen to belong predominantly to the SCs and STs, officially recognised categories that are protected constitutionally and for which many affirmative public actions have

been taken to attempt to redress the disadvantages facing them. Chapters 3 and 4 address these issues in more detail.

Treating the household as the basic unit may also mislead. Being poor and a woman; being a girl; being poor and an older person: all of these may increase the likelihood of chronic poverty. In the poorest of all casual labour categories, it is women who are significantly worse-off (Bhalla et al., 2004); among casual labourers generally, women are slightly worse-off than men. There can be a variety of gender-based disadvantages within poor households, in terms of eating priorities, work burdens (mothers and oldest daughters) and barriers to accessing the labour market, as Sudarshan and Bhattacharya (2006) demonstrate. Poor older people typically continue working, suffer high levels of unmet basic needs and have very few assets to their names. Older women are particularly assetless and dependent on others, and in cities have relatively high workforce participation rates, suggesting it is they who keep ageing poor households going (Rajan, 2006). Once poor, older people are likely to remain poor for the rest of their lives.

Agriculture and poverty

Many studies emphasise the linkages between agricultural growth and poverty reduction. The policy interest in raising agricultural productivity through the various development plans has been not only in the context of raising food production, which is a critical objective, but also because of the implications of agricultural growth for poverty reduction. Where agricultural productivity has been raised through irrigation and technological progress, incidence of poverty has also dropped, as in the northwest of the country. The Eleventh Plan aims to achieve average annual growth of 4%, up from 3% in the previous five years. However, achieving sustained high rates of growth under different

agro-climatic conditions is a challenge for agricultural policy, particularly in rain-fed conditions, where incidence of poverty is also high.

At the national level, the pace of diversification of agriculture and the growth of jobs in the non-farm sector have been slow. Consequently, the proportion of the labour force dependent on agriculture is quite high – two and a half times the contribution to GDP. There is also slow growth in agricultural productivity, inadequate availability of rural infrastructure like roads, markets and power and low levels of literacy and skills. In states where agricultural productivity is high and where the rural sector has been accorded high priority, the proportion of workers dependent on agriculture (relative to the contribution of agriculture to state GDP) is much lower than the national average. Such states have also experienced a rapid decline in rural poverty. On the other hand, in states that have been at the forefront in implementing economic reforms but that do not seem to have accorded due priority to agriculture and rural infrastructure, the labour force dependent on agriculture is disproportionately high and the decline in rural poverty has been slow.

Achieving higher agricultural growth under diverse agro-climatic conditions in the country is more likely to have a significant impact on poverty reduction. Chapter 7 discusses the role of agriculture in an employment-generating growth strategy in greater detail.

Land and poverty

Marginal and small farmers constitute an overwhelming proportion of the rural population and contribute to less than half of agricultural output. NCEUS (2008) notes that more than 80% of farmers belong to marginal and small farm size groups, owning or operating less than 2 hectares of land. Further, the percentage of marginal farmers nearly

doubled over 50 years from 1953-54 to 2002-03, from 38% to around 70%.

NCEUS (2008) finds that industrialised countries provide considerable protection to agriculture, even though only small proportions of their populations are in farming: ‘Such policies have a devastating effect, among others, on farmers in developing countries as well as the international environment (natural, economic, political and social). In the absence of proper steps, the future of these farmers seems very bleak.’

The Alternative Survey Group (2007) uses Census data to point out that the number of cultivators and agricultural labourers increased from 9.72 *crore* in 1950 to over 23.4 *crore* in 2001 – that is, by more than 2.3 times over a period of a half century. The increase in the number of farm labourers was a sign of ‘de-peasantisation,’ and their declining access to regular work signified pauperisation. Thus, the size of this poorest segment increased almost four times, from about 2.7 *crore* to about 10.7 *crore* over the second half of the 20th century.

A caste/class view of poverty

The asymmetric distribution of land is striking if this is categorised by size and social group (Table 2.18).

In class terms, in 2003, more than 83.8% of all rural households were surviving with less than 2 hectares of land, and 67% or every two of the three rural households had less than 1 hectare of land. At the other extreme, only 6% of households owned more than 4 hectares of land.

In social group terms, over 80% of the poor in the country now belong to socially disadvantaged groups like SCs, STs, the most backward castes among OBCs and weaker sections among the Muslims. As Table 2.18 shows, more than 92% of SC farmers, a similar percentage of ST farmers and 84% of OBC

Table 2.18: Distribution of farmer households by land size and social group, 2003

| Social group | % in each landholding category | | | | | Total | Up to 2 ha |
|--------------|--------------------------------|---------|--------|--------|-------|-------|------------|
| | <0.4 ha | 0.4-1ha | 1-2 ha | 2-4 ha | >4 ha | | |
| SC | 56.4 | 26.5 | 9.9 | 4.8 | 2.4 | 100 | 92.8 |
| ST | 24.8 | 37.4 | 19.7 | 12.1 | 6.0 | 100 | 91.9 |
| OBC | 35.2 | 32.3 | 16.9 | 9.5 | 6.0 | 100 | 84.5 |
| Other | 29.3 | 29.2 | 19.6 | 12.9 | 9.1 | 100 | 78.0 |
| Total | 35.9 | 31.1 | 16.8 | 10.0 | 6.2 | 100 | 83.8 |

Source: NCEUS (2009), based on NSSO 59th Round Situation Assessment of Farmers.

farmers possess less than 2 hectares of land. The same is true for 78% of farmers from the 'others' category, which includes rural households from the upper castes and minorities.

Access to land is an important determinant of access to economic resources such as credit, as well as other resources that determine outcomes in terms of income. Further, the social identity of farmers is also seen to mediate access to economic resources and delivery of public services. Together, these factors account for lower levels of living of farmers in these groups, pointing to the need for concerted and multifaceted state policies and actions to ameliorate their disadvantages (NCEUS, 2009). Investing in infrastructure, knowledge generation and extension to support and empower marginal farmers, many of whom are women, so as to increase productivity on these marginal holdings, can be an important source of food security (Planning Commission, 2007).

5. CONCLUSIONS

Poverty is the largest and most serious development challenge facing India. Although there has been sustained overall economic growth performance since the early 1980s in the country, the reduction in the rate of incidence of poverty has been extremely slow. Performance has been unsatisfactory, not only

with regard to income poverty but also with regard to measures such as life expectancy and literacy.

India has undertaken periodic assessments of the incidence of poverty since the 1950s. Consumption expenditure surveys have been used to identify cut-off levels of expenditure below which households have been classified as poor. There have been a number of improvements and changes in the methodology for assessing the poverty lines used to estimate poverty and in gathering the information. Despite this, officially accepted measures of poverty incidence remain at about a third of the population, whereas estimates of the HCR range from 27.5% to around 80% of the population under different approaches. Against the international poverty line of PPP \$1.25 per capita per day, the HCR for 2005 is estimated at 41%, and the latest World Bank assessment points out that India is home to the largest proportion of poor in the world.

Nevertheless, it must be recognised that it is difficult to measure incidence of poverty in a comparable manner over time and across regions, and allowance must be made in the estimates for the variations that arise because of deficiencies in the measurement. This complexity has given rise to alternative approaches. 'Absolute poverty' measures, such as calorie norms, are also not devoid of controversy. Meanwhile, besides the HCR, it

is also common to use measures of the depth of poverty and of its severity, using consumer expenditure surveys.

The latest Expert Group on the measurement of poverty in India has revisited the issues and recommended adoption of a common ‘basket of consumption’ of the poor in both rural and urban areas for construction of the poverty line, unlike the previous practice of adopting different consumption baskets in rural and urban areas. Measurement methods have been strengthened by using household data on prices of consumption goods rather than estimates obtained from other sources. The revisions also include use of the MRP in obtaining consumption expenditure data from households rather than the URP. However, the Expert Group has recommended continuation of the practice of not reconciling the difference between sample survey findings on consumption and estimates provided by the National Accounts. Justification for this approach has to rest on the argument that the sample data provide accurate estimates of consumption patterns and consumption expenditures at the lower end of the consumption expenditure distribution of households.

Besides measurement of poverty based on detailed information on consumption and consumption expenditure, there have been attempts to apply alternative measures of poverty in India. For example, households have been classified into ‘below poverty line’ and ‘above poverty line’ based on a selected set of

indicators, such as type of house, assets owned, occupation, social class and so on. This classification is used to target certain welfare programme benefits to the poor. Poverty status has also been linked to measures of hunger.

Analysis of the pattern of incidence of poverty has shown there is a ‘geography of poverty,’ since it is concentrated in the rural areas of certain states. There is also a ‘sociology of poverty,’ since the proportion of the poor is higher among certain social groups. Additionally, there are identifiable occupational features of the poor: ‘they are concentrated in agricultural labour and artisanal households in rural areas, and among casual labourers in urban areas’ (Planning Commission (2008)). A higher concentration of poverty in certain geographical regions and types of households and greater vulnerability of certain groups together point to the need for analysis and programmes that capture the details of the structure of poverty.

The various assessments show that India continues to face enormous challenges in reducing its incidence of poverty. Although the measurement of this complex phenomenon is not easy and requires continued improvement, it is necessary to address issues of poverty with a sense of urgency. One dimension of poverty that has attracted much less attention from researchers and policy makers is long-duration or chronic poverty. This takes us to poverty dynamics, which the next chapter explores in some detail.

Dynamics of Poverty¹

1. INTRODUCTION

Rapid growth provides the basis for expanding incomes and employment as well as the resources to finance programmes for poverty alleviation. However, it does not automatically create ‘high-quality’ employment for those locked in low-quality, low-income occupations, nor does it necessarily translate into inclusive growth. While the percentage of those in poverty in India has declined during the past six decades of planning for development and growth, the number of those in poverty, even at the low levels of expenditure at which the poverty line is set, is unacceptably high. In addition, the large proportion of the population in poverty over long periods of time suggests that a significant number of people have continued to suffer extended-duration or chronic poverty. While some of the poor may be exiting poverty, many of the non-poor may be entering it. Chronic poverty and poverty dynamics are now generally recognised concepts. In his first address to the nation as Prime Minister, Dr. Manmohan Singh noted with concern that ‘chronic poverty afflicts millions who lack income and food security’ (Singh, 2004).

Despite the voluminous literature on poverty in India, there is little published research providing a disaggregated understanding of the

dynamics of poverty. Why are a large number of people in India persistently poor? Why do a large number of people who are not poor become poor? What enables those who are poor to escape from poverty? What are the pathways out of poverty, and what factors prevent the poor from accessing them? For poverty reduction policies to be effective, they need to bring the instruments of escape from poverty within the reach of the poor.

This chapter seeks to provide a disaggregated understanding of factors behind the dynamics of poverty. Section 2 discusses the nature of poverty dynamics: persistence of, entry into and exit from poverty. Section 3 presents magnitudes of dynamics based on a variety of studies. Section 4 outlines the factors keeping people in poverty, Section 5 those leading to entry of the non-poor into it and Section 6 those enabling exit from it. Section 7 summarises lessons from the assessment of poverty dynamics within a framework of the drivers, maintainers and interrupters of poverty.

2. THE DYNAMICS: POVERTY PERSISTENCE, ENTRY AND ESCAPE

The distinction between chronic, persistent or extended-duration poverty and transient poverty is now recognised in discussions of poverty in the Indian context, but estimation

¹ Shashanka Bhide and Aasha Kapur Mehta

of the incidence of these two types of poverty is not common.

Reduction in poverty requires that the earnings of the poor increase. This could occur through increased productivity, higher wages or transfers of income-generating assets or incomes. If options for increasing income are either weak or absent, poverty will persist. When there are opportunities for improvements in earnings, through access to decent work or skills, combined with higher wages, transfer of income-generating assets or improvement in the productivity of owned assets, and if the increase in earnings is significant, the poor may escape from poverty. When shocks occur that lead to a decline in income levels, for instance crop failures, ill-health, disabling accidents or other disasters, the number of people who are poor will increase. Poverty dynamics recognise the existence of processes through which the poor either escape from poverty or fail to escape it and the non-poor either remain non-poor or become poor. The 'drivers-maintainers-interrupters of poverty' framework (Hulme et al., 2001) captures these processes related to poverty dynamics.

An important pathway out of poverty is the ability of income earners to move out of low-income occupations into those that yield higher incomes. Alternatively, existing occupations must yield higher incomes. As Chapter 2 noted, in both rural and urban areas, the main occupation of those who are landless and poor is wage labour. Has there been any reduction in the proportion of labour dependent on such occupations? Meanwhile, if real wages increase over time, this may raise the incomes of landless wage earners. Is there evidence of these factors providing pathways out of poverty? We first examine the pattern of the structure of employment over time in the Indian economy and the prospects these changes provide for poverty reduction.

Tables 3.1a and 3.1b present the findings of a series of sample surveys, conducted over a 10-year period from 1989-90 to 1998-99, which show the occupational distribution of households in urban and rural areas, respectively. The data show a rise in the number of 'wage earner' households in both urban and rural areas during the 1990s.

In urban areas, there was a rise in the proportion of wage-earning households (households whose chief earner is a daily wage earner) from 18.37% of the total in 1989-90 to 20.87% in 1998-99 (Table 3.1a). The proportion of salary-earning households increased by less than 1 percentage point. New job opportunities during this period were relatively greater in the lower-paying wage-earning job category. There was also an increase in the number of petty shopkeeper households. It is clear that the relatively less skilled and those without access to capital are forced to find livelihoods at the bottom of the pyramid of occupations. Landless workers who migrate from rural to urban areas are also likely to find jobs as wage earners in urban areas. Unless the average earnings of wage-dependent households increase significantly, they will continue to be vulnerable to poverty.

The pattern is more striking in rural areas. The percentage of wage-earning households increased sharply, from 26.45% in 1989-90 to 35.22% in 1998-99 (Table 3.1b). The percentage of cultivator households dropped in a nearly symmetrical fashion, from 50.52% in 1989-90 to 40.89% in 1998-99. There was also an increase in the proportion of salary-earning households, from 9.86% to 11.26%. The patterns in these surveys point to a large proportion of households continuing to depend on relatively low and uncertain incomes from casual daily wage work.

Do the patterns that emerge in terms of analysis of households differ from those based on analysis of data on workers? The Census

Table 3.1a: Urban households by occupation, 1989-90 to 1998-99

| Occupation | Estimated distribution (%), by year | | | |
|------------------|-------------------------------------|---------|---------|---------|
| | 1989-90 | 1995-96 | 1996-97 | 1998-99 |
| Housewife | 0.98 | 1.07 | 0.96 | 0.88 |
| Cultivator | 5.79 | 3.39 | 3.47 | 3.54 |
| Wage earner | 18.37 | 20.74 | 20.77 | 20.87 |
| Salary earner | 39.91 | 40.69 | 40.51 | 40.64 |
| Professional | 3.92 | 3.42 | 3.55 | 3.31 |
| Artisan | 6.87 | 7.01 | 7.08 | 6.77 |
| Petty shopkeeper | 15.33 | 15.92 | 15.96 | 16.68 |
| Businessperson | 4.13 | 3.46 | 3.63 | 3.77 |
| Others | 4.7 | 4.3 | 4.08 | 3.53 |
| Total | 100 | 100 | 100 | 100 |

Source: NCAER (2003).

Table 3.1b: Rural households by occupation, 1989-90 to 1998-99

| Occupation | Estimated distribution (%), by year | | | |
|------------------|-------------------------------------|---------|---------|---------|
| | 1989-90 | 1995-96 | 1996-97 | 1998-99 |
| Housewife | 0.63 | 1.12 | 1.07 | 1.04 |
| Cultivator | 50.52 | 41.02 | 40.86 | 40.89 |
| Wage earner | 26.45 | 35.3 | 35.23 | 35.22 |
| Salary earner | 9.86 | 11.11 | 11.2 | 11.26 |
| Professional | 1.01 | 0.64 | 0.7 | 0.72 |
| Artisan | 3.20 | 3.45 | 3.51 | 3.44 |
| Petty shopkeeper | 5.37 | 4.86 | 4.95 | 4.99 |
| Businessperson | 0.81 | 0.37 | 0.43 | 0.44 |
| Others | 2.15 | 2.13 | 2.03 | 2 |
| Total | 100 | 100 | 100 | 100 |

Source: NCAER (2003).

provides data on distribution of workers across occupations. Tables 3.2a and 3.2b summarise the pattern of changes in the distribution of workers across broad occupation categories for urban and rural areas, respectively. There is a much greater change in the structure of

employment than the occupation of the chief earner of the household indicates.

In both rural and urban areas, growth of employment in the 1990s was in the 'household industry,' essentially informal and small enterprises and 'other occupations.' In addition, there was a huge increase in the number of 'marginal workers' as compared with 'main workers.' The data presented here do not identify the increasing entry of female labour into the workforce during this period, which represents another reason for the rise in the number of marginal workers.

Between 1991 and 2001, relatively more rural workers found employment in household industry and 'other occupations' than in farming as cultivators or labourers. This trend reflects the fact that the agriculture sector is not able to provide increased employment: new entrants into the labour force must find employment elsewhere.

Non-agriculture sectors are now emerging as growing sources of employment for rural labour. Chapter 2 discussed the diversification of sources of income of households, particularly in rural areas. Do these non-farm occupations provide a higher average level of income? What alternative occupations are available for people at lower income levels? In the remaining sections of this chapter, we focus on changes in the overall consumption patterns of households, in order to capture the net impact of the pattern of employment across occupations as well as changes in earnings in different types of occupations that lead to changes in households' 'poverty status.'

3. MAGNITUDES OF POVERTY DYNAMICS

Contributing to an understanding of poverty dynamics, Addison et al. (2009) note that static analyses of poverty do not shed light on processes that are central to the persistence of poverty and/or its elimination. They point to

Table 3.2a: Change in the number of workers in urban areas between the decennial Census years

| Year | % change, by type of worker | | | | |
|-------------------------|-----------------------------|---------------------|--------------------|-------|-------|
| | Cultivators | Agricultural labour | Household industry | Other | Total |
| <i>Total workers</i> | | | | | |
| 1991 over 1981 | 36.5 | 53.0 | -12.7 | 39.7 | 37.7 |
| 2001 over 1991 | -25.0 | -6.8 | 123.7 | 46.9 | 41.7 |
| <i>Main workers</i> | | | | | |
| 1991 over 1981 | 32.5 | 52.9 | -12.5 | 44.1 | 38.1 |
| 2001 over 1991 | -27.2 | -30.0 | 94.4 | 37.6 | 31.7 |
| <i>Marginal workers</i> | | | | | |
| 1991 over 1981 | 93.4 | 54.6 | -15.5 | -3.8 | 20.3 |
| 2001 over 1991 | -3.1 | 239.3 | 494.3 | 912.8 | 479.5 |

Source: IAMR (2009a), derived from data on worker populations from selected Censuses.

Table 3.2b: Change in the number of workers in rural areas between the decennial Census years

| Year | % change, by type of worker | | | | |
|-------------------------|-----------------------------|---------------------|--------------------|-------|-------|
| | Cultivators | Agricultural labour | Household industry | Other | Total |
| <i>Total workers</i> | | | | | |
| 1991 over 1981 | 20.9 | 32.5 | -11.5 | 39.0 | 26.2 |
| 2001 over 1991 | 2.9 | 25.9 | 124.8 | 72.1 | 24.5 |
| <i>Main workers</i> | | | | | |
| 1991 over 1981 | 19.3 | 33.4 | -11.5 | 35.8 | 26.0 |
| 2001 over 1991 | -5.8 | -14.0 | 73.2 | 49.1 | 3.1 |
| <i>Marginal workers</i> | | | | | |
| 1991 over 1981 | 34.6 | 27.1 | -11.8 | 6.3 | 28.1 |
| 2001 over 1991 | 71.1 | 281.3 | 543.9 | 680.6 | 202.1 |

Source: IAMR (2009a), derived from data on worker populations from selected Censuses.

three approaches used in the collection of data on poverty dynamics: panel data methods; one-off indicators, such as those related to nutrition; and retrospective data.

In one of the early studies using longitudinal data, Gaiha (1988) analysed an NCAER rural household survey dataset to provide estimates of poverty dynamics for a panel of households over a three-year period from 1968-69 to 1970-71.

Gaiha estimated the following distribution of households in 1968-69 as compared with their status in 1970-71:

- Poor in both the years ('still poor'): 21.09%;
- Poor in 1968-69 and became poorer in 1970-71 ('more poor'): 12.18%;
- Poor in 1968-69 but non-poor in 1970-71 ('exit'): 24.00%;

- Non-poor in 1968-69 but became poor in 1970-71 ('entry'): 12.69%; and
- Never poor: 30.04%.

The survey points to considerable mobility across the 'poverty line,' although 33.27% were 'chronically poor' (the still poor and those who became more poor) over the three-year period. The study concludes that,

'[...] the escape from poverty was not a result of growth trickling down to the poor; instead it was largely an outcome of the direct involvement of a section of the cultivating poor in the growth process itself, initiated by the new agricultural technology.'

In a follow-up survey of the same households in 1981-82, NCAER (1986a, 1986b) reported the extent of persistence of, exit from and entry into poverty between 1970-71 and 1981-82. The two estimates are based on different poverty lines, and the number of households used in the panel also varies in the two studies, because of attrition. Therefore, the estimates differ to some extent with respect to the percentage of the poor in 1970-71. The NCAER estimates show much lower incidence of chronic poverty (poor in both periods considered) for 1970-71 to 1981-82 than the estimates for 1968-69 to 1970-71:

- Chronic poor: 27.88%;
- Exit from poverty: 25.06%;
- Entry into poverty: 17.01%;
- Never poor: 30.05%;
- Panel: 100%;
- Poor in 1981-82 = chronic poor + those entering into poverty, or 44.89%.

Rates of exit from poverty are similar, but the rate of entry is higher in the second of the two periods under consideration. The two periods spanned very different lengths of time – the

first study had only two intervening years, whereas the second had 10 intervening years – so the variations in poverty dynamics are not surprising. A broad estimate that 30% of the households were unable to break through the poverty line emerges from these early studies. It might also be pointed out that, between 1973-74 and 1983, the HCR in rural areas estimated using NSS data declined by 16 percentage points according to the Task Force methodology (Planning Commission, 1979) and by about 11 percentage points according to the Expert Group methodology (Planning Commission, 1993). However, the HCR remained at 40-45% as per alternative estimates. The chronic nature of poverty at the household level is one significant factor behind the persistence of high levels of poverty.

Few studies capture duration of poverty spells in India. The World Bank (1997) 'takes a longer term perspective by focusing on determinants of persistent chronic poverty,' referring to the transient poverty arising from unforeseen shocks to income and pointing to the role of effective safety nets in addressing this problem. The report also refers to a number of village studies that reflect 'widespread and pervasive poverty which has been slowly falling over time.' In particular, it refers to studies by Jodha (1989) in two villages and presents brief reviews of some village-level studies.

Results of studies by Gaiha and Deolalikar (1993), Singh and Binswanger (1993) and Krishna (2003a) show that incidence of persistent or chronic poverty is by no means small. Gaiha and Deolalikar and Singh and Binswanger analysed International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) panel data from six villages in the semi-arid region of rural south India covering the period 1975-76 to 1983-84. Gaiha and Deolalikar found that 87.8% of sample households were poor at some time during the

nine-year panel period. Further, over 60% of households were poor roughly half the time (i.e. during five out of nine sample years) and more than a fifth of households were poor during all nine years. They conclude that ‘the persistently poor are by no means a small subset of the poor.’ Singh and Binswanger show that 60% of households in the panel were initially poor. After nine years, 37% of poor households escaped poverty whereas 63% were chronically poor. In other words, 38% of all households (and 63% of those in poverty) were chronically poor.

Shah and Sah (2003) used qualitative methods in two tribal villages in southwest Madhya Pradesh and found that about 58% of sample households were in chronic poverty. Further, all the severely poor were also chronically poor.

Gaiha and Imai (2004), based on ICRISAT panel data for 183 households of five sample villages in Andhra Pradesh and Maharashtra for 1975-84, found that large segments of rural households experienced long spells of poverty (over three years) even without negative crop shocks. Occurrence of crop shocks led to an increased proportion of households experiencing short spells of poverty (one to two years).

There are a few studies of poverty dynamics in other countries of South Asia. Sen (2003) used longitudinal data for 1987-88 and 2000 for 379 households in Bangladesh and found that 119 or 31% of the sample were chronically poor or ‘always poor’; 25% were never poor; 26% ascended out of poverty; and 18% descended into it.

These studies in India and Bangladesh seem somewhat different from experiences in Pakistan. Results of a five-year longitudinal household survey of 686 households in rural Pakistan showed that, while incidence of income poverty was high, at 60%, only 35% remained in poverty for two years or more and

only 3% of sample households were poor in all five years of the panel (Baulch and McCulloch, 1998).

Bhide and Mehta (2005) extended the analysis of NCAER rural household panel data using one additional round of the survey in 1998. Between 1981-82 and 1998-99, about 39% of poor households remained poor – a measure of chronic poverty. The chronically poor were about 25% of the total sample. This estimate is lower than estimates for the period 1970-71 to 1981-82 presented in NCAER (1986a). With some changes in the panel’s composition to enable further analysis, Dhamija and Bhide (2009) report that the chronically poor were 23% of the entire sample (as compared with 25% in Bhide and Mehta, 2005). Although overall estimates of the chronically poor among the total sample were the same in Bhide and Mehta (2005) and Dhamija and Bhide (2009), the share of the chronically poor in the poor varied because of changes in the panel composition. Nevertheless, the chronically poor among the total rural poor were an estimated 40-50% in the various formulations of the NCAER panel data covering the surveys in 1970-71, 1981-82 and 1998-99.

Table 3.3 summarises the findings of an analysis of a panel of rural households. About a quarter of nearly 3,000 rural households in the NCAER panel dataset drawn from over 250 villages in the country experienced poverty at two time points between 1970-71 and 1981-82 and 1981-82 and 1998-99, or were chronically poor. As might be expected, incidence of chronic poverty was even higher in the period 1968-69, 1969-70 and 1970-71 (column 2). Mehta and Bhide (2003) re-examined the data for 1970-71 and 1981-82 using a slightly different composition of the panel compared with the original analysis in NCAER (1986a) (column 4).

The percentage of households that were not poor and became poor increased between

Table 3.3: Estimates of poverty transitions, 1968-1999

| Poverty status | % of sample rural panel households | | | |
|------------------|------------------------------------|-------------------------------|---|---|
| | Gaiha (1968-70) | NCAER (1970-71 to 1981-82) | Bhide and Mehta (1970-71 to 1981-82) | Dhamija and Bhide (1981-82 to 1998-99) |
| Chronically poor | 33 | 28 | 25 | 23 |
| Entry | 13 | 17 | 13 | 20 |
| Exit | 24 | 25 | 23 | 18 |
| Non-poor | 30 | 30 | 39 | 39 |

Source: Based on Dhamija and Bhide (2009); Gaiha (1985); Mehta and Bhide (2003); NCAER (1986a).

1981-82 and 1998-99. At the same time, the percentage of households that were poor and escaped from poverty declined during this period. Although the exact magnitudes of these movements may not be applicable to the country as a whole, available estimates draw attention to the significant scale of incidence of chronic poverty. They also indicate that a significant proportion of non-poor households may fall into poverty while a large proportion of those that are poor manage to escape from it. It is very important to recognise that these processes have huge implications for policies directed towards reaching those who are poor or vulnerable to poverty.

4. FACTORS IN CHRONIC OR PERSISTENT POVERTY

The defining feature of chronic poverty is its extended duration. Based on a review of the literature, Mehta and Shah (2001) conclude that chronic poverty is disproportionately high among historically marginalised groups such as SCs, STs, the elderly, women among these groups and the disabled. Further, the multiple deprivations these groups suffer make it harder for them to escape from poverty. Caste and tribe are structural factors that predispose certain groups to long-term poverty and deprivation. Different forms of disadvantages tend to be mutually reinforcing, so people in groups 'jammed' by one are likely to face others as well (de Haan and Lipton, 1998).

A number of factors emerge as the commonly observed distinguishing features of households in chronic poverty, which can be called markers:

- SC household;
- ST household;
- Owns no land;
- Owns no house;
- Has no marketable skills other than being a wage labourer;
- Has a large family;
- Head of the household is a woman;
- Has old or disabled dependents;
- Has no community support;
- Does not have one meal several days in a year.

Households in chronic poverty may have some or all the markers: the larger the number of markers, the greater the severity of the condition. For example, a woman-headed SC or ST household with no assets and skills, which does not have one meal on several days in the year, is at one extreme. Combining the operational definitions and markers, we have degrees of chronic poverty, from destitution to those recovering from external shocks (Nath, 2005).

Growth may be a necessary but not sufficient condition for poverty reduction in rural areas, and the impact of growth on poverty varies depending on the nature of the agricultural growth process. For instance, if growth takes place in a setting of extreme inequality in endowments, its benefits are not likely to ‘trickle down’ to large segments of the poor (Gaiha, 1995). Estimating the elasticity of the HCR with regard to agricultural income in ICRISAT villages, Gaiha found it to be barely 0.77. If a modest rate of growth of agricultural income, say 1% per year, is assumed, it will take about 50 years for the HCR in Maharashtra (about 30% in 1989-1990) to fall to half (about 15%). Gaiha concludes that agricultural growth alone will not make a dent in rural poverty, or it will take too long. However, it should also be noted that some of the poorest regions or districts in the country are also those that have not experienced significant economic growth. Rapid poverty alleviation requires direct anti-poverty interventions, which needs resources that may be raised from growth. Consumer price stabilisation in rural areas may have to be

assigned a key role in an anti-poverty strategy. An effective buffer stock operation, combined with an effective and well-targeted public distribution system (PDS), would help minimise the poor’s hardships. Employment generation and better governance are also needed, besides growth, to shift the chronically poor out of low-income traps (Gaiha, 1989, 1995).

Examining the factors or characteristics that explain the persistence of poverty, Bhide and Mehta (2008) found that the ST status of a household emerges as important. However, caste or SC status is not a statistically significant variable in explaining persistence of poverty. ST households are characterised by remote habitations much more than others households are. More than the caste status, occupation, assetlessness and inability to benefit from opportunities in nearby urban economies influence persistence of poverty.

Households that were poor in 1970-71 and had a larger number of members tended to remain poor in 1981-82 relative to those with fewer members. Thus, even if poor households chose

Box 3.1: Persistence of poverty – the Case of Jayalakshmi

Shocks and absence of social safety nets combined with poor public services can push households into destitution. Jayalakshmi is almost 80 years old and lives alone in a crumbling hut in Juvvalapalem village in Andhra Pradesh. Her husband was a small farmer with about 1.5 acres of land, who could make ends meet only with great difficulty. He died after a prolonged illness, during which he could barely work, leaving Jayalakshmi with a son to take care of. Tragically, the son too died, in the prime of his youth – she doesn’t know why. Jayalakshmi sold off the little piece of land so she could afford medical care for him.

Jayalakshmi is now all alone and relies completely on the Rs 200 a month the government gives as an allowance to widows in rural areas. Recently, a non-governmental organisation (NGO), the Parivartan Foundation, started giving Rs 400 a month to people living in total destitution like Jayalakshmi, who are too old to make a living and to learn skills. As Jayalakshmi said, with tears in her eyes, ‘I have no one to care for me. No family. Even the government couldn’t help me when my life was falling apart.’

In some households, many generations are trapped in a vicious cycle of poverty, illiteracy, ill-health and resulting morbidity. For some, like Jayalakshmi, the cycle ends in a tragic way. A few are able to break free, but this requires ability to withstand shocks, strong social safety nets and efficient public service delivery. Conditions have improved in recent years, but this may not be enough to pull people out of poverty.

Source: Adapted from Mandava (2010).

a larger size to ensure additional earning potential, this did not help them escape poverty. Increases in household size and in the proportion of children also increase the probability of persistence of poverty, whether moderate or severe. Incidentally, the proportion of females among household members does not appear to have any impact on the persistence of poverty.²

Across three types of assets considered during the period of the 1970s, the initial level of cropland was not a statistically significant variable in explaining the mobility of poor households out of poverty. Improvement in the productivity of land held by the poor, if any, was not enough to lift the poor out of poverty. However, later studies found crop land to be a significant variable influencing exit from poverty. Initial levels of ownership of house and income from livestock and also difference in the area cultivated between the two data points emerge as significant explanatory variables. An increase in the crop area cultivated by poor households and improvements in asset positions relating to house and livestock are also significant in explaining the probability of a reduction in the persistence of poverty.

Households with literate heads in the initial period were found to have greater probability of moving out of poverty, more particularly for households that were initially severely poor. Acquiring literacy over time helps moderately poor households escape from poverty, although the results are ambiguous for the severely poor.

Larger villages provide relatively more diverse opportunities for employment than smaller villages, and therefore can be expected to reduce incidence of poverty. This result was strong and unambiguous in the regressions of

determinants of incidence of poverty. A relatively larger urban population in the neighbourhood in the initial period reduced the probability of persistence of poverty. An increase in the urban population of the district also reduced the probability of persistence of poverty.

Better infrastructure has a significant positive impact on reducing the persistence of poverty, especially if initial infrastructure levels are good, regardless of the severity of poverty. Thus, variation in the state of infrastructure at the village level influences the mobility of poor households out of poverty.

In summary, panel data analysis shows that factors related to the *persistence of poverty* are ST (or *adivasi*) status, larger household size, increase in household size, larger number of dependent children and increase in the number of dependent children. Persistence of poverty remains a reality for a large proportion of the poor. Lack of a significant difference in the probability of exit from poverty for SC households compared with others may simply reflect greater incidence of poverty among these households and therefore vulnerability to chronic poverty.

Social groups and persistence of poverty

Shah and Guru (2003) note that SCs and STs account for nearly 25% of the country's population and constitute the largest of the marginalised or socially excluded communities in India. There are significant variations in the genesis, form and outcomes of exclusion these two sets of marginalised groups face. The root cause of exclusion among SCs is mainly caste-based hierarchy within the majority Hindu population, whereas exclusion among STs has its roots in the diverse history of invasions, settlement and, more recently,

² In an analysis carried out separately for the two years, the impact of gender composition on incidence of poverty was found to be significant only in 1970-71.

nationalisation of forest areas and resources, especially since the colonial period. Added to these are physical remoteness and lack of market-based economies in the forested regions where most tribals live.

The SCs are a collection of castes that suffered the socially oppressive practice of untouchability. While some of them are small and marginal farmers, most SC families in rural areas work as agricultural labourers. In urban areas, a large proportion of unorganised workers are from the SCs. The STs were identified on the basis of certain well-defined criteria, including distinctive culture and pre-agricultural modes of production (Sankaran, 2000).

SCs constitute a significant proportion of the population of several states of India and are estimated to be highest in Punjab, Himachal Pradesh, West Bengal and Uttar Pradesh. However, just two states, Uttar Pradesh and West Bengal, together account for a third of India's total SC population. As Table 3.4 shows, these two states, together with Bihar, Andhra Pradesh, Tamil Nadu, Maharashtra, Madhya Pradesh, Rajasthan and Karnataka, account for around 77% of the SCs of India.

Research corroborates the greater vulnerability of SCs and STs to poverty. For example, Kozel and Parker (2001) identify a typical poor household as one that is at the low end of the caste hierarchy – most often a member of the SCs or STs. Lanjouw and Stern (1991) also postulate a strong correlation between caste and poverty in India. Based on a case study of Palanpur, they note with concern that, among this group, poverty remains endemic. This is considered to be a reflection not only of poor endowments of productive assets, but also of low educational standards and vulnerability to caste-based discrimination, resulting in, among other things, little access to any kind of regular employment outside the village. In other words, lower levels of access to physical,

Table 3.4: SC population in India and States/UTs, 2001

| State | SCs as % of state population | % of India's SCs in state |
|-----------------------------|------------------------------|---------------------------|
| Uttar Pradesh | 21.15 | 21.09 |
| West Bengal | 23.02 | 11.07 |
| Bihar | 15.72 | 7.83 |
| Andhra Pradesh | 16.19 | 7.41 |
| Tamil Nadu | 19.00 | 7.12 |
| Maharashtra | 10.20 | 5.93 |
| Rajasthan | 17.16 | 5.82 |
| Madhya Pradesh | 15.17 | 5.49 |
| Karnataka | 16.20 | 5.14 |
| Punjab | 28.85 | 4.22 |
| Orissa | 16.53 | 3.65 |
| Haryana | 19.35 | 2.46 |
| Gujarat | 7.09 | 2.16 |
| Jharkhand | 11.84 | 1.91 |
| Kerala | 9.81 | 1.87 |
| Chhattisgarh | 11.61 | 1.45 |
| Delhi | 16.92 | 1.41 |
| Assam | 6.85 | 1.10 |
| Uttarakhand | 17.87 | 0.91 |
| Himachal Pradesh | 24.72 | 0.90 |
| Jammu and Kashmir | 7.59 | 0.46 |
| Tripura | 17.37 | 0.33 |
| Pondicherry | 16.19 | 0.09 |
| Chandigarh | 17.50 | 0.09 |
| Manipur | 2.77 | 0.04 |
| Sikkim | 5.02 | 0.02 |
| Goa | 1.77 | 0.01 |
| Meghalaya | 0.48 | 0.01 |
| Arunachal Pradesh | 0.56 | 0.00 |
| Daman and Diu | 3.06 | 0.00 |
| Dadra and Nagar Haveli | 1.86 | 0.00 |
| Mizoram | 0.03 | 0.00 |
| Nagaland | 0.00 | 0.00 |
| Lakshadweep | 0.00 | 0.00 |
| Andaman and Nicobar Islands | 0.00 | 0 |
| Total | 16.20 | 100 |

Source: Computed based on data from the 2001 Census and presented in descending order based on proportion of India's SCs in the state, or column 3.

human and social capital result in a greater likelihood of these groups being vulnerable to persistent or chronic poverty.

The multiplicity of spheres of exclusion STs and other marginalised communities in India face is an outcome of historically determined social processes and institutions. Unfortunately, developmental initiatives have at best mitigated processes of exclusion. Development of social and economic infrastructure, especially for education, health, connectivity and market linkages, has helped improve some indicators, such as literacy, infant mortality and crop productivity, among tribal populations, mainly in forest regions. Despite this, absolute levels of human development and the poverty scenario are dismal among STs.

While 85-95% of the population of Lakshadweep, Mizoram, Nagaland and Meghalaya comprises STs, they are predominant in several other states and UTs as well. Around 79% of India's ST population resides in Madhya Pradesh, Maharashtra, Orissa, Gujarat, Rajasthan, Jharkhand, Chhattisgarh, Andhra Pradesh and West Bengal (Table 3.5).

According to the 2001 Census, literacy among tribal populations increased from nearly 8.5% during 1961 to 16.3% in 1981 and then to 47.1% in 2001. This is a significant achievement, but the relative scenario is not so encouraging: the literacy rate in 2001 of the 'general' (non-SC/ST) population had reached nearly 65%, nearly 18 percentage points higher than for STs.

In terms of poverty ratio, tribals are among the hardest-hit communities. In 2004-05, 47.3% of tribal communities in rural areas lived below the official poverty line. Moreover, the disparity ratio between tribal and non-SC/ST populations has increased over time. During 1983, the disparity ratio was 1.73; this rose to 2.12 in 1999-00 (Thorat and

Table 3.5: ST population in India and States/UTs, 2001

| State | STs as % of state population | % of India's STs in state |
|-----------------------------|------------------------------|---------------------------|
| Madhya Pradesh | 20.27 | 14.51 |
| Maharashtra | 8.85 | 10.17 |
| Orissa | 22.13 | 9.66 |
| Gujarat | 14.76 | 8.87 |
| Rajasthan | 12.56 | 8.42 |
| Jharkhand | 26.30 | 8.40 |
| Chhattisgarh | 31.76 | 7.85 |
| Andhra Pradesh | 6.59 | 5.96 |
| West Bengal | 5.50 | 5.23 |
| Karnataka | 6.55 | 4.11 |
| Assam | 12.41 | 3.92 |
| Meghalaya | 85.94 | 2.36 |
| Nagaland | 89.15 | 2.10 |
| Jammu and Kashmir | 10.90 | 1.31 |
| Tripura | 31.05 | 1.18 |
| Mizoram | 94.46 | 1.00 |
| Bihar | 0.91 | 0.90 |
| Manipur | 34.20 | 0.88 |
| Arunachal Pradesh | 64.22 | 0.84 |
| Tamil Nadu | 1.04 | 0.77 |
| Kerala | 1.14 | 0.43 |
| Uttarakhand | 3.02 | 0.30 |
| Himachal Pradesh | 4.02 | 0.29 |
| Dadra and Nagar Haveli | 62.24 | 0.16 |
| Sikkim | 20.60 | 0.13 |
| Uttar Pradesh | 0.06 | 0.13 |
| Lakshadweep | 94.51 | 0.07 |
| Andaman and Nicobar Islands | 8.27 | 0.03 |
| Daman and Diu | 8.85 | 0.02 |
| Goa | 0.04 | 0.00 |
| Punjab | 0.00 | 0.00 |
| Chandigarh | 0.00 | 0.00 |
| Haryana | 0.00 | 0.00 |
| Delhi | 0.00 | 0.00 |
| Pondicherry | 0.00 | 0.00 |
| Total | 8.20 | 100 |

Source: Computed based on data from the 2001 Census and presented in descending order based on proportion of India's STs in the state, or column 3.

Mahamallik, 2006).³ Poverty reduction among tribal populations is slower compared with overall poverty reduction. Estimates for 1993-94 and 2004-05 indicate that, against a decline in poverty for the whole population from about 37% to 27%, the decline among the rural tribal population was less impressive, i.e. from 51.9% to 47.3% (Planning Commission, 2008).

Given the predominance of agriculture as a source of livelihood among large proportions of tribal communities in India, increasing productivity in this sector is seen to be a most important strategy for reducing poverty among these (and also other rural) communities in the country (Thorat and Mahamallik, 2006). This is particularly tricky, however, since a large proportion of tribal communities live in forest-dominated regions where agriculture constitutes part of a more predominant forest ecological system. These regions may not be the most suitable for promoting high growth in agricultural productivity, given topography (hilly and in the upper basin catchments), landholding size (very small) and physical remoteness (from markets).

Tribals in most cases have remained poor because of a lack of entitlement to their core resources, i.e. forests, to which they have limited access and over which they lack control in management decisions. These communities have also faced continuous adversity from 'development' projects, especially those pertaining to irrigation, mining and infrastructural development. A rough estimate suggests that over 20 million people, mostly tribals, have been displaced as a result of various development projects over the years, and that this has accelerated since economic liberalisation (Shah and Kumar, 2008). It is clear that the faster pace of economic growth that followed liberalisation of economic

policies should have paid greater attention to the adverse consequences that large projects can have for people.

Forests are also areas of rich mineral resources, and a mineral development policy that protects the surface rights of STs and creates a viable mineral sector is yet to be put in place. This is a contentious field: the Supreme Court judgment in 1997 on the Samata case – which upheld the constitutional rights of the STs in the scheduled areas – is a useful pointer (Nath, 2005).

Is social marginalisation the most critical driver of chronic poverty among tribals in forest-based economies? What role does relative remoteness play in explaining significantly high incidence of poverty in such areas? Padhi et al. (2006) demonstrate that relatively better forest management policies as well as better access to public distribution of food are likely reasons for relatively lower incidence of poverty in the northern region of Orissa as against the southern region of the state (both are forested and have high proportions of tribals). However, there is a caveat in the findings: the authors recognise the plausible significant impact of a lower risk of exogenous shocks as well as of development-induced displacement in the north vis-à-vis the south, which has as high as 86% of its rural population living under conditions of poverty.

Analysis by Shah et al. (2008) draws attention to the details of how entitlement failure, combined with physical remoteness and inability of the state to reach out to forest dwellers (STs and others), has led to an abysmal situation whereby a large majority of people suffer from severe malnutrition. This may have severely constrained their ability to undertake the hard manual work that various employment generation programmes provide.

³ The ratio measures the gap between the proportion of the poor among tribal and non-tribal populations.

The persistence of poverty among STs is echoed in Prime Minister Singh's reference to the 'development deficit' at the 55th National Development Council meeting held on 24 July 2010 in New Delhi. The Prime Minister stated that the 'problems of marginalized sections of our country, many of whom live in areas which are affected by left-wing extremism, call out for special attention,' and further,

'Our development schemes have not worked well in these backward and impoverished parts of our country, particularly the areas inhabited by the adivasi population. We must make a concerted effort to bridge the development deficit in these backward areas and reduce whatever sense of alienation that may exist among the adivasis living in these areas. As the word "adivasi" implies, they were the original inhabitants and their rights must be fully protected.'

5. FACTORS ENABLING ESCAPE FROM POVERTY

Panel data-based research shows that the correlates of entries and exits differ from the correlates of poverty status (Baulch and McCulloch, 1998). Poor households that have managed to retain some land are more likely to exit poverty (CPRC, 2008; Dhamija and Bhide, 2009). Bhide and Mehta (2005) found that physical assets, village infrastructure and urban linkages are important in reducing rural poverty. Bhalla et al. (2006) corroborate this, concluding, based on analysis of NSS data, that anti-chronic poverty strategies need to focus first and foremost on improving rural infrastructure in those states where poverty ratios are persistently high, as better infrastructure also promotes a shift from low-productivity casual labour in agriculture to more productive casual work in the non-farm sector: 'Infrastructure is the key to higher real wages, and one of the keys to improvements in literacy and school attendance.'

Panel data show that better village-level infrastructure and district urbanisation are associated with a higher rate of household exit from poverty, through greater connection to economic opportunity, especially labour markets (CPRC, 2008). A higher urban population in a district indicates alternative nearby opportunities that help rural people move out of poverty (Dhamija and Bhide, 2009).

Analysis of consumption expenditure growth highlights the role of factors that are not associated with physical assets alone (Dhamija and Bhide, 2009). To achieve growth in consumption expenditure over time, it is not only access to assets that is important but also the productivity of those assets. For instance, Shah (2009) argues that, since landless households constitute a major proportion of those in chronic poverty, agricultural productivity rather than just ownership of land *per se* is significant in reducing rural poverty.

To the extent that access to irrigation helps in enhancing land productivity, water emerges as the most critical factor shaping people's economic well-being (Dhamija and Bhide, 2009). However, the available evidence indicates that access to irrigation is a necessary but not sufficient condition for poverty reduction, especially in much of the dry-land regions. Out-migration and access to non-farm employment are other important factors. Migration is more likely to be successful when prior information and contacts reduce costs and increase benefits (CPRC, 2008); distress migration to urban areas may prevent exit from poverty.

Escape from poverty is enabled by literacy, ownership of a house, increase in cultivated area and income from livestock. In addition, infrastructure and a large urban population in the neighbourhood help exit from poverty. The same factors enable escape from *severe* poverty. Additionally, increase in village size

is significant in creating opportunities for employment and income. Panel data analysis also points to changing importance of various factors over time and therefore suggests that policy interventions for poverty reduction take into account these variations in conditions.

Greater access to cultivable land, combined with modern agricultural inputs, has also enabled the cultivating poor to overcome poverty – that is, ‘escape from poverty was not a result of growth trickling down to the rural poor’ (Gaiha, 1988). Among the factors associated with the upward movement of households in the lower income categories were more ‘intensive use’ of labour resources and acquisition of land (NCAER, 1986a, 1986b).

The initially poor who have escaped poverty experienced a decline in their family size by more than one member, were able to maintain their operational holding size in the face of increased demographic pressure and were able to increase its irrigation level (Singh and Binswanger, 1993). Escape from poverty has also been associated with diversified income sources and information and contacts (Krishna, 2003a).

Sen (2003) found that escape resulted from overcoming structural obstacles by pursuing multiple strategies, such as crop intensification, agricultural diversification, off-farm activity and irrigation, permitting rapid accumulation of a mix of assets. Further, ascending households are faster accumulators of human, physical and financial assets and better diversifiers with regard to adopting modern varieties of rice and occupational diversification to higher-productivity non-agricultural activities. These households also show increased supply of labour with declining dependency. The pace of improvement in human capital (years of schooling) is highest for ascending households.

6. ENTRY INTO POVERTY

The factors associated with downward mobility are symmetrically opposite to those associated with upward mobility (NCAER, 1986a, 1986b). Other reasons for descent into poverty include high health care costs, high-interest consumption debt to private moneylenders and social expenses on deaths and marriages (Krishna, 2003a). Low-caste households and small farmers are more

Box 3.2: Education as an exit route from poverty

Mandava Vishnuvardhana Rao hails from Amudara Lanka village in the delta of the River Krishna in Andhra Pradesh. The story of his exit from poverty is remarkable, and shows how capacity and awareness programmes, coupled with secure livelihoods and effective implementation of welfare schemes, can create the opportunity to escape even abject poverty.

Vishnuvardhana is the youngest of six children born into a landless agricultural labourer’s house. In spite of their poverty, his parents sent him to school and did not let him drop out to earn money. He attended the government school in his village and then high school in a nearby village until 10th Class. When he was in 7th Class, his academic excellence earned him a scholarship from the state government. Nobody in the village knew such a scheme existed, so the scope for corruption by government officials was high, but Vishnuvardhana’s headmaster and others encouraged him greatly.

Vishnuvardhana went on to study in a Telugu-language medium junior college, where he wrote his exams in English by studying in the library so he could pursue higher studies. He was admitted to the Indian Institute of Technology in Madras, but the cyclone of 1977 devastated his village, which meant he could not pay the fees. Instead, he joined the Regional Engineering College (now the National Institute of Technology) in Warangal on a merit scholarship. On graduating, he took up a public sector job and subsequently entered the Indian Police Service.

Source: Adapted from Mandava (2010).

Box 3.3: Skills development as an exit route from poverty

Low educational attainment and lack of awareness of opportunities is leading to unemployment among youth in rural areas. Vocation-oriented skills development can help youth from disadvantaged backgrounds benefit from economic growth. In particular, training in ‘soft skills’ is vital to develop motivation and the right attitude towards work. Aajeevika Bureau is a specialised, non-profit, public service organisation, set up to provide solutions, services and security to seasonal migrants who leave their villages to find work in cities, factories and farms. Even youth with basic schooling can take advantage of vocational training and entrepreneurship opportunities, and this is also a potent tool in fighting migration to urban areas.

One of many such cases is that of Babulal, a 19-year-old resident of Sagwara village in Rajasthan. Babulal used to while away his time with friends, dreaming of a better life. His father was distressed by this and enrolled Babulal in a course on hotel and guest service at Aajeevika Bureau. The course was residential, to help students focus better. Although Babulal was initially reluctant to learn, he soon found the course useful and started taking a keen interest in it. Every day he learnt something new. On completing the month-long course, Babulal found a job as a housekeeper at Hotel Swaroop Vilas. He earns Rs 2,300 a month including Provident Fund contribution. Babulal now has a professional outlook on life: he understands the need to study and pursues his education along with his work. He has also opened a bank account and developed the habit of saving.

Ram Singh Dasana is 19 years old and hails from Gawar village in a predominantly tribal area in Rajasthan. Like most youth from his village, he could not pass the 10th Class exam. He went to Mumbai and found work in a hardware shop but could not live on such a meagre amount in the city and came back to his village within two months. Subsequently, he started working in a general store in Udaipur for Rs 1,500 a month as a salesman, and showed a knack for the work. While visiting his village, he heard of a training course in sales and marketing being organised in Udaipur by Aajeevika Bureau, sponsored by Rajasthan Mission on Livelihoods and the Sir Ratan Tata Trust. He joined the programme and worked hard. After finishing, he was turned down for a job at a multinational corporation (MNC) because he had not passed 10th Class, but found a job at a retail chain outlet as a delivery boy, earning Rs 3,000 a month. He has decided to take the 10th Class exams again so he can be promoted to salesman.

Source: Adapted from detailed profiles at Aajeevika Bureau.

Box 3.4: Watershed reforms as an exit route from poverty

The Thange family, from the Hindu Maratha caste, represents an impressive case of movement out of abject poverty. The family comprises the parents, two sons (aged 33 and 27), two daughters-in-law and three grandchildren.

Before the watershed reforms, the family owned a little land (3 acres) but productivity was low, as it was rain-dependent. They lived in a small thatched hut. They struggled hard to secure even two square meals a day, working as agricultural labourers on other people’s land.

The reforms in May 2007 changed their lives dramatically. Their land is no longer rain-fed but is fully irrigated from a dug well. Productivity levels have increased dramatically. The profit accrued from agriculture, along with the older son’s salary (he works in the local high school), is used to invest in livestock. Higher productivity also means that green fodder is available for the animals. They now own 13 cows, three goats and six hens, and dairy production is an impressive 200 litres per day.

The family has graduated from a thatched hut to a 1,400 square foot *pucca* house. The house is additionally used as an *anganwadi* (government-sponsored child and mother care centre). The family owns three motorcycles, one tractor, a television, a cooler, a fridge and a mobile phone. Their monthly income has increased from around Rs 2,000 to Rs 35,000. They are in the process of changing from a BPL ration card to an Above Poverty Line (APL) card.

Source: Mehta and Satpathy (2008).

vulnerable to long spells of poverty in the event of a large or severe crop shock (Gaiha and Imai, 2004).

Descent into poverty is found to be associated with lifecycle changes and crises like floods and ill-health. The key causes of downward mobility are crisis or discrete shocks, unfavourable lifecycle factors and structural factors, such as loss of natural or human or financial assets or adverse market conditions (Sen, 2003). Resilience to shocks also depends on ownership of assets by the household prior to the shock.

Similarly, based on a panel of 300 poor women informal sector workers and their households in Madras city over 1980-85, Noponen (1991) found that, on average, four economic stress events affected the sampled households over the five-year study period. Ill-health had the greatest influence on the sampled households. Stress of fire- or flood-related house damage was also prominent. The overwhelming response to economic stress events was 'indebtedness.'

Exploring household poverty trends in 12 villages of southern Rajasthan, Krishna (2003a) found that, while many had escaped from poverty over the previous 25 years, an almost equal number had fallen into poverty in the same period: the net decline in poverty was quite small. Similarly, in a study conducted in 1993 in 20 villages in Vadodara and Panchmahals districts of Gujarat, 9.2% of households had escaped from poverty over the previous 25 years but another 7.3% had descended into poverty (Krishna et al., 2003).

In a survey conducted in 2004-05 in the poorest pockets of Uttar Pradesh, major reasons cited for descent into poverty included ill-health (74% of households), expenditure on social functions such as marriage (67%), loss of jobs (9%) and failure of crops (7%), as well as migration of a working member or loss in business, among others (Jha, 2007). In the 20

villages in Gujarat cited above, ill-health and health-related expenses were mentioned as critical in 85% of all cases of falling into poverty, not just for the relatively poorer households but also for several well-to-do households (Krishna et al., 2003). This situation is exacerbated if high-interest private loans are taken to tide people over crisis, which may lead to further entrenchment in poverty.

NRHM (2005) notes that 25% of Indians fall below the poverty line because of hospital expenses. Hospitalised Indians spend on average 58% of their total annual expenditure on medical care. Most do not have insurance and borrow heavily or sell assets to cover expenses. Health shocks are particularly severe when the disease is severe and requires medication for an extended period. Apart from direct costs, there are indirect costs of lost income owing to days missed and/or diminished productivity of the ill person and carers (Begum and Sen, 2004). Prolonged illness exacerbates the distress of those who are poor and drives many non-poor below the poverty line.

At the macro level, public health expenditure is low, at 1.3% of GDP in 1990, declining to 0.9% in 1999 (NRHM, 2005). India devotes a smaller share of its income to health spending than Bangladesh (1.4% in 2000) and Sri Lanka (1.8% in 2000) (Bhalotra, 2006). In the case of HIV, for instance, funds are relatively large, but the majority are unable to access medication (Mehta and Gupta, 2006). The NRHM, launched in 2005, is working towards addressing this 'macro-micro disconnect' (ibid) and making health services more accessible, affordable and needs-based, with a much-needed focus on delivery of care and recipients of care.

Meanwhile, another disturbing phenomenon with regard to entry into poverty is the spate of farmer suicides in the period 2002-06, mainly by landed farmers who do not fall into

Box 3.5: HIV/AIDS as a factor in entry into poverty

One interviewee in Mehta and Gupta (2006) was a 25-year-old HIV-positive widow with two daughters. Her husband died of HIV/AIDS and she works as a domestic worker and earns Rs 1,800 per month. She spends Rs 1,500 per month on antiretroviral (ARV) medicine and hopes to get access to ARV from the government hospital, but demand is significantly higher than supply and waiting lists are long. Her major worry is providing for her daughters and what will happen to them after she dies.

Another group of interviewees was a homeless family living on a footpath in Kurla in Mumbai, in a 6 by 6 foot space under a makeshift roof made of a plastic sheet. The husband used to work as a plumber and supported the family before falling ill. The doctor told him to take medicine for six months. The medicine cost Rs 800 per month. The wife sold her jewellery for Rs 10,000, which enabled him to take the medicine for four months, but then he had to discontinue. They have six children, and the whole family lived with the husband's family before, but then they were thrown out when he fell ill. With no income and nowhere to live, they started living on the footpath. The Mumbai Municipal Corporation demolishes the tiny space they live in every few months.

An NGO heard the family members were going to commit suicide, so they started helping with basic rations, medication and educational expenditure for the children for a few months – to be tapered off once things stabilised. The wife started working part time cleaning floors and washing utensils and clothes, and now earns Rs 1,500 per month. The husband is HIV-positive and is now taking ARV medicine but suffers from fever, vomiting, diarrhoea and weakness. There are days when he is so unwell he cannot get up and his wife has to take leave to care for him. They have to visit the hospital for medication several times each month and each visit is expensive. They have to spend on x-rays and CD-4 tests, so the wife has had to borrow money from the houses where she works.

Source: Mehta and Gupta (2006).

the 'poorest' bracket but who are pushed into poverty and desperation. Almost all the cases are debt-related (Banik and Bhaumik, 2006) and are of small and marginal farmers (TISS, 2005). Cases are reported from Andhra Pradesh, Kerala, Maharashtra, Assam and Karnataka, often states that have performed relatively well according to official estimates of poverty reduction. Maharashtra, despite a high growth trajectory, has pockets of severe deprivation.

This phenomenon is not limited to drought-prone areas. In fact, farmers are committing suicide in more irrigated areas as well. Sainath (2004) cites the transition from food crops to cash crops, especially water-intensive and high-outlay crops such as sugarcane, as effecting major changes in the agriculture sector in Andhra Pradesh and proving fatal for farmers. In this state, crop failure for two or more consecutive years led to distress sales of land or cattle. Many had spent exorbitant sums

accessing water and had lost money in borewells. Across the high-distress states, most farmers were not getting remunerative prices.

A study conducted by the Tata Institute of Social Sciences (TISS, 2005) on suicides in Maharashtra included landless and the landed (small, middle and large landowning farmers) and identified the main causes as repeated crop failures, inability to meet the rising cost of cultivation and indebtedness. A major reason for crop failure was pest attacks. Most families indicated that they did not have access to extension machinery from the government to provide correct information on how to deal with pests and the declining productivity of land. Information on crop care comes only through agents selling products, who create a 'false sense of prosperity,' prompting farmers to undertake risks through fertiliser-based cropping or use of sub-standard products. Rising input costs, such as for electricity, high-yielding seed varieties, fertilisers, energy

(diesel) and transportation, are not commensurate with yield and price obtained. The minimum support price is not available to all farmers, particularly small and marginal farmers. High-yield varieties, pesticides and fertilisers require water, which leads to severe water scarcity as well. Over 75% of farmers had loan commitments to non-formal sources, and debts had accumulated much beyond what they could return. This was exacerbated by lack of opportunities for non-farm employment.

Some of the key reasons for farmer suicides include the shift to commercial farming without the support of state extension; lack of technical support owing to withdrawal of state agricultural extension services; dependence on sales staff for knowledge on seeds, pesticides, fertilisers, etc. and on general crop care; decline in public investment in agriculture and irrigation because of fiscal pressures; low rates of germination of seeds provided by large global firms; poor seeds and pesticides; and debt at very high rates of interest from private moneylenders to sink bore-wells that fail (Mehta and Ghosh, 2005).

7. DRIVERS, MAINTAINERS AND INTERRUPTERS OF POVERTY: A SUMMARY

While the extent of poverty is measured systematically and regularly, attempts to understand the duration of poverty are few and episodic, with researchers using alternative approaches to assess this dimension. The panel data approach has been used in studies based on the NCAER and ICRISAT datasets, but these pertain to rural India. Urban panel studies are rare in the Indian context. Additionally, anthropometric measures of nutrition or under-nutrition have been used to assess chronic poverty, and life history methods have also been adopted to assess poverty dynamics.

Studies on the dynamics of poverty indicate that a significant proportion of households

remain in poverty for long periods of time. Estimates of high levels of incidence of poverty over long periods reflect persistence of poverty facing the poor. Absence of ladders that can enable the poor to move out of poverty translates into such persistence of poverty. Tragically, a large proportion of those who are poor work more than eight hours a day on tasks that require manual labour and are characterised by high levels of difficulty and drudgery. The number of days for which they receive work and the amounts they are paid are critical determinants of their poverty.

Analysis of panel data and a review of the literature point to factors that act as ‘drivers’ forcing people into poverty. These could be related to the sudden onset of a long-term and expensive illness, a disaster such as a flood or earthquake, a failed crop, a failed investment or a policy change that leads to a loss of livelihood or reduction in income. Similarly, there are factors that ‘maintain’ people in poverty. These include illiteracy, living in a remote geographic location that provides few livelihood opportunities, poor access to health care facilities, forced sale of assets to meet a crisis, indebtedness and bonded labour – any of which could force people to get stuck in poverty. ‘Interrupters’ are factors that can enable escape from poverty. These include access to diversified income sources, linkages with urban areas, improvements in rural infrastructure, accumulation of human, physical and financial assets, access to water for irrigation and increase in wages. Table 3.6 lists a number of ‘drivers,’ ‘maintainers’ and ‘interrupters’ of poverty that require policy attention.

There is a substantial literature exploring the links between growth and poverty reduction, based on which there is an emerging consensus that growth alone will not make a dent in either rural or urban poverty, or that it will take too long. It is important to take cognisance of

Table 3.6: Drivers, maintainers and interrupters of chronic poverty

| Drivers | Maintainers | Interrupters |
|---------------------------|-----------------------------|--|
| Health shock | Illiteracy/lack of skills | Diversification of income |
| Sudden disability | Poverty/disability/old age | Intensive farming/crop diversification |
| Large social expenditure | Social exclusion | Off-farm work/new job |
| High interest borrowing | Geography (remoteness) | Urban linkages |
| Investment failure | Drink/drug addiction | Improved rural infrastructure |
| Crop failure | Poor health care facilities | Kinship networks |
| Natural disaster | Larger household size | Asset accumulation |
| Loss of productive assets | Lack of job information | Marketable skills/linkages |
| Macro policy change | Forced sale of assets | Information network on job opportunities |
| Loss of job | Indebtedness | Decrease in dependency |
| Social and class conflict | Bonded labour | Increase in wages |
| | Governance failure | Access to credit |
| | | Social safety networks |

Source: Based on Nath (2004), from Bhide and Mehta (2004) and Mehta and Shepherd (2004).

poverty dynamics and to focus attention on factors that can prevent persistence of poverty, enable exit from it and prevent entry into it. Each of these three aspects needs policy attention. Ensuring the effectiveness of poverty

reduction programmes is a severe challenge facing policy makers. The dynamics of poverty also has effects that spill over into the political choices people are compelled to make. The next two chapters address some of these issues.

Poverty, People and the Paradigm Shift: New Trajectories of Politics and Governance in the LPG era¹

1. INTRODUCTION

Post-1991-92 is recognised as the era of paradigm shift in India's political economy, based on the coming together of three processes of economic change: liberalisation, privatisation and globalisation (LPG). This shift had been coming since the early 1980s, although the balance of payments crisis in 1990-91 was the decisive trigger. India then moved away from the regulatory model of development, which it had worked under for several decades since Independence and which was much criticised for its slow rate of growth and its limited progress on the poverty alleviation front. The economic reforms that followed, to encourage free and fair competition in all economic spheres as a spur to efficiency and growth, were introduced through decontrol, deregulation and a reduction in government intervention. These reforms generated an economic growth rate above the world average, one approaching that of China. This new direction has led to the frequent identification of India as one of the prospective great powers of the 21st century.

However, this period has also been criticised as being one of marginalisation of the common

people and of 'jobless growth,' which is found to be associated with four problems: 1) increasing inequality of income and opportunities; 2) a widening of the inter-sectoral productivity gap; 3) a continued decline in the share of value added and a rise in profit; and 4) a faster widening wage gap between the skilled and the unskilled labour force. There has been a decline in employment in the primary sector in absolute terms, as well as almost no non-farm diversification, and the growth rate of employment in the secondary sector and services has been only 1% per annum. In social terms, this has meant a decline in female employment and sluggish growth in male employment. It is also clear there has been no improvement in the chances of agricultural labourers and marginal farmers, or those of casual workers in urban areas (Economic & Political Weekly, 2010).

According to a Prime Minister's High-Level Committee (2006) report (Sachar Committee) focusing particularly on the social, economic and educational status of Muslims in India,

'Despite the economic boom being talked about in India today one finds that Muslims in India have had to bear the brunt of the

¹ Anand Kumar.

so called “competitive forces” unleashed by liberalization. Internal and external liberalization has brought with it considerable costs in terms of unemployment and displacement of workers who have lost their jobs to competitive companies that import products. Muslims, by and large, are engaged in the unorganized sector of the economy which rarely enjoys protection of any kind and therefore the adverse impact of liberalization has been more acute for them.’

This has also been a phase of significant political and social change, as articulated through national elections, changing socio-political coalitions, the Five-Year Plans, new national acts, the MDGs and a number of social mobilisations, including extremist challenges. The emergence of alliances between major and smaller parties at central level is a very significant development, given that central government between 1952 and 1989 involved a single party majority. Between 1989 and 2004, the country underwent six general elections and was ruled by multiple coalitions. Since 1991, two national coalitions have been elected: one led by the Congress Party (1991, 2004, 2009; known as the United Progressive Alliance (UPA) since 2004) and one by the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) (1998, 1999).

In the past 20 years, a two-party system has evolved in most states too, particularly those affected by chronic poverty. There are also some coalitions, such as those in Jharkhand, West Bengal, Tripura, Bihar, Punjab and Kerala. Some regional parties participate in central government; meanwhile, the pattern of government across the country has become more and more federalised, with many states governed by a party or coalition other than that governing the centre. Multi-party coalitions, including through the making of post-election

alliances, are now the norm in the states as well as at the centre. This means relatively higher support across the board for smaller political parties with a narrower social and geographical focus.

One new and serious consequence of the period of frequent elections and multiple coalition governments has been politicisation of the civil administration. However, the political situation has become relatively more stable since 1989, and since 2004-05 there have been no mid-term elections or premature endings to a government at the centre. India has now been led by the same Prime Minister and political alliance for two consecutive terms.

It is significant that, since the introduction of economic reforms, several of the poorest states have been governed by regional political formations or by a national party that is not in power at the central level. There has also been a strong wave of identity politics among communities trapped in poverty. This has included a rise in the prominence of communal issues, formation and split of the ‘backward-class’ vote bank, *dalit* assertion and intensified efforts by women to attain political space. Tribal political elites in the Hindi belt have also successfully distanced themselves from others by demanding their own territories, which in 2000 were carved out of Bihar (Jharkhand), Uttar Pradesh (Uttarakhand) and Madhya Pradesh (Chhattisgarh).

A rise in the number of non-party networks of democratic people’s movements and civil society activists has been a prominent feature of this era. These have challenged the purpose and process of the paradigm shift, using peaceful and democratic means around issues of livelihoods, agriculture, displacement, disinvestment, the environment and human rights. Some have also been associated with the nationwide and sometimes worldwide networks of anti-globalisation groups.

The re-emergence and expansion of anti-

parliamentary and anti-constitutional underground extremist groups (also known as Maoists and Naxalites) has been a critical influence on the course of policy making and the political culture in the past two decades. This has promoted a dual response from the central state: benign neglect and cooption of peaceful protesters; and militarisation of violent and extremist conflicts. Both have created spaces beyond the party system and electoral politics, and both have contributed to a deficit in development, legitimacy and democratic governance.

This has essentially been a period that has witnessed a rediscovery of the virtues of the welfare state, in the context of promoting 'liberalisation with a human face' as well as fulfilling the promise of 'inclusive growth.' Steps towards realising the MDGs are indicative of this. The state has taken a number of new initiatives, in the fields of food security, livelihood guarantee, women's empowerment, social justice, education, employment, political decentralisation, active citizenship, good governance and enlargement of the role of civil society, among others. These changes have created new trajectories of politics and governance, which are unfolding in response to the changing realities of the economy, polity, society and people. These trajectories include new patterns of stratification, mobility and migration, power competition, conflict and social mobilisation. For example, a sizeable number of people have experienced mobility from the margins towards the middle classes and can now be counted as gainers from the economic reforms. On the other hand, a staggering number are trapped in chronic and other forms of poverty, even after two decades of economic reform.

This chapter aims to present a holistic view of the evolution of these new trajectories of politics and governance. It begins by looking at the results of the economic reforms and

related debates on the poverty situation (Sections 2 and 3). It follows this with a discussion of the provincialisation of poverty and the poverty of politics, generating a more local view of poverty in India (Section 4). In relation to both the national and the local situation, Section 5 gives an overview of the major political deficits associated with the LPG approach. Section 6 then reviews the arguments of those protesting the paradigm shift in the context of the new trajectories of politics and governance, and Section 7 looks in more detail at the extremist dimension of protest. Section 8 concludes the chapter.

2. ECONOMIC REFORM RESULTS AND 'MISGIVINGS'

What results have the economic reforms had in the context of growth, poverty and politics? Who has gained and who has been left behind? Answering these questions will give us an insight into the continuities and changes in patterns of conflict and social movement, as well as those in political formations and political behaviour.

It is useful to refer to the 'medium-term perspective' the Prime Minister's Economic Advisory Council generated in 2001, 10 years after the economic reforms began, in order to understand the changes that were made subsequently. This report noted that the growth rate of the economy in the post-reform period was higher than in the previous decade, putting India among the top 10 fastest-growing developing countries. The rate of inflation was modest. In some sectors, such as software and information technology (IT), the economy performed 'exceptionally well.' Estimates of poverty also showed a significant decline as compared with 1993-94. The report also noted a substantial change in public and political perceptions towards favouring greater competition and recognising the potential benefits of letting markets function.

The report also admitted that the impact of economic reforms was uneven, with many more losers than gainers. The reforms also created a wave of resentment and resistance across the country (Sharma, 2007). Grey areas were the condition of agriculture and the peasantry, the new poverty caused by large-scale unemployment, price rises, a lack of job security and the poor condition of the unorganised sector. Displacement, livelihood crisis and land alienation caused by big projects evoked a series of local and national mobilisations, with several serious resistance movements against some of the special economic zone (SEZ) proposals. Environmental problems associated with some of the projects, particularly related to water resources, also contributed in this context.

In response, the Prime Minister's Economic Advisory Council argued that the reforms were not pro-elite or indifferent to the poor. If the gains had not reached the poor, it stated, it was because of a lack of implementation of the reforms in agriculture, small-scale industry, education and health care. The report stressed that Indians must not deprive themselves of the advantages of international trade, which had been a source of strength for the Chinese economy, for example:

‘National pride and self esteem are best promoted by ensuring that we have high economic growth and can produce good quality products that sell all over the world. It cannot be promoted on the basis of an economy producing poor quality, high cost goods which need a protected market to survive at home and which no one would buy abroad. It is worth examining how China has succeeded in achieving a high rate of growth and virtual abolition of poverty on the basis of billions of dollars worth of exports of a wide variety of goods. It is that which has earned China respect in the world as an economic giant.’

The report asserted that anxieties about foreign direct investment (FDI) represented an ‘isolationist mentality’ and were misplaced, as FDI ‘adds to our investible resources, technical know-how and organizational capacity,’ and foreign firms also assist in exploiting foreign markets. The report underlined the need to overcome India's fear of marginalisation in the global economy, pointing to the inevitability of globalisation and the imperative for India to reform rapidly and to position itself to compete.

The report also addressed the question of the role of government under a *laissez-faire* approach:

‘Economic reform does not imply a minimized role for the government. What it means is a redefinition of the role of the government – away from government ownership and intervention in economic matters and towards greater attention to social and economic infrastructure and to law and order, efficient justice, rule of law and, in general, to better governance.’

Dr. Manmohan Singh, architect of the LPG approach since 1991, first as Finance Minister (1992-1997) and then as Prime Minister (since 2004), found it necessary in 2007 to present a social charter spelling out expectations of the corporate elite in the context of inclusive growth. Dr. Singh had become aware that corporate leaders were growing indifferent to the prevailing economic conditions of the people and that a situation of growth vs. equity was unfolding. The social charter specifically points to the need to address growing corruption, prevalence of monopoly practices and lack of competition in the business sector (Box 4.1).

The business community, represented by Venugopal N. Dhoot, Chairman of Videocon Group and President of the Associated Chambers of Commerce and Industry of India, responded as follows (Mumbai Mirror, 2007).

Box 4.1: Social charter for business leaders

1. Have a healthy respect for workers: invest in their welfare, health, children's education and pension.
2. Corporate responsibility: social responsibility for the needs of the community and region.
3. Employ weaker sections: the number of SCs/ST/OBCs, minorities and women must increase. Show sensitivity to the physically less able and employ retired armed forces personnel.
4. Give moderate pay to promoters and executives and prevent vulgar displays of wealth by the rich.
5. Invest in people: employment promotion as well as scholarships to those who show promise.
6. End cartels and indecent profits: end keeping prices high through cartel formation and stop obstruction of forces of competition.
7. Invest in eco-friendly technology: reduce conspicuous consumption as it is socially undesirable and environmentally unsustainable.
8. Promote enterprise and innovation: maintain a competitive edge and invest in research and development.
9. Fight corruption: need for a code of conduct to fight corrupt business practices.
10. Be sensitive to social responsibilities.

Source: Mumbai Mirror (2007).

'Manmohan Singh is correct when he asks corporate India to resist excessive remuneration to promoters and senior executives and to reduce conspicuous consumption. But he should also show how such wealth can percolate down to the lower classes, as there is no mechanism in India by which the riches of promoters, chief executive officers (CEOs) and senior executives can be sent to the under-privileged. You have to understand that CEOs are getting fat salaries on the back of the competitive work environment across the country and the globe. Besides, retaining talent is one of the biggest challenges India is facing. At the same time, of course, we should be responsible towards

society through our positive deeds and behavior.'

3. THE POVERTY SITUATION

It is next relevant to look at poverty and its changing profile in relation to the reforms, beginning with the oft-repeated claim by policy makers that India has successfully reduced the overall share of the poor in the population in the past three decades – from 44.5% in 1983 to 36% in 1993-94 (three years after the reforms began) to 27.5% in 2004 (13 years after). As Chapter 2 showed, though, official methods of measuring poverty have come in for much criticism, with estimates of the HCR reaching as high as 80% of the population under different approaches. Given that the government has used official figures to underpin continued reforms, this is a significant issue.

Moreover, the total number of the poor has remained nearly the same in the past 30 years, at around 300 million. The decline in poverty has also been faster in developed states and among socially advanced groups. The pace of the decline in rural poverty actually slowed after the reforms began, although the poorest in rural areas have experienced a significant improvement in income, thus coming closer to the official poverty line income level. The decline in urban poverty has been faster, and there has been a rise in rural-urban and intra-urban income inequalities, especially since 1992 (Bhide and Mehta, 2006).

Village-level infrastructure and extent of urbanisation are significant variables: policy-level interventions at the local level that improve access to infrastructure seem important in reducing persistence of poverty. Of land, livestock and house, land is the only asset that is important in distinguishing between persistence of and exit from poverty. Meanwhile, the role of ST status in the social composition of poverty has persisted, although

there has been a decline in the significance of SC status since the 1970s. Composition of households in terms of dependants or percentage of females (access to labour markets) is a significant factor in influencing the transition out of poverty, as Chapters 2 and 3 discussed.

A rise in agricultural productivity after the Green Revolution, an improved per capita GDP growth rate, a rise in wages and the moderate inflation rate experienced for a great part of this period explain the bulk of the decline in poverty. Various government poverty alleviation programmes and public distribution of food grains have also contributed significantly to poverty reduction, especially transient poverty in periods of drought. Improvements in literacy and a rise in the awareness of the poor by means of the mass media have also played a significant role in this. Furthermore, the increasing involvement of NGOs in empowering the poor and the sustained functioning of democratic institutions have contributed a great deal to the protection of human rights and to building up the potential for social action.

The slow pace of change is attributable mainly to unfavourable initial conditions, marked by a failure of the land reforms to redistribute land to the landless and the consequent persistence of the inequalities inherent in the country's social structure and power relations. These factors have undermined the effective implementation of many of India's poverty alleviation programmes.

Focusing specifically on the relationship between the economic reforms and rural poverty, the reforms have improved the terms of trade for agriculture, by reducing protection of the industry and thus increasing private investment. But these benefits have been outweighed by a decline in public investment in agriculture and slow growth in rural infrastructure. Supply of institutional credit to agriculture and other rural activities has

regressed, with substantial declines in the number of smallholder bank accounts and in the credit-deposit ratios of bank branches in rural and semi-urban areas. Growth of public expenditure on social services and rural development has decelerated, particularly by those states that account for the bulk of such spending, explained in large part by a decline in transfers from the centre.

Experience from other countries shows that a decline in rural poverty is associated with a significant decline in the proportion of the labour force engaged in agriculture and its increasing absorption in the non-farm sector. In India, the pace of diversification of agriculture and the growth of the non-farm sector have been slow. Consequently, the proportion of the labour force dependent on agriculture is quite high – two and half times the sector's contribution to GDP. Growth in agricultural productivity has also been slow, exacerbated by inadequate roads, markets and power and low literacy and skills levels. States where productivity is high and where the rural sector has been accorded high priority have a much lower proportion of workers dependent on agriculture against the national average (relative to its contribution to state GDP). Such states have also experienced a more rapid decline in rural poverty. On the other hand, states which were at the forefront in implementing economic reforms but which did not seem to accord due priority to agriculture and rural infrastructure have a disproportionately large labour force dependent on agriculture and the decline in rural poverty has been slow.

It is also important to note that growth alone is not sufficient to prevent people from falling back into the poverty trap. Assessing whether economic growth has translated into a high degree of poverty reduction requires more careful investigation of the factors that act variously as incentives and obstacles, whose

nature is likely to change in relation to the local political economy. Growth must be complemented by, for example, improvements in mother/child care facilities, nutrition and health care for children, women and the aged. This is particularly because falling into poverty is usually associated with a combination of factors, which often include poor health and large expenses on health care, as well as social functions associated with marriage and death: high-interest loans are taken out from private sources to meet these often crippling expenses (Krishna, 2003b, 2010).

Indices of human development, such as levels of literacy, gender disparities and provision of basic needs like drinking water and health care, show generally poorer performance in the less developed states and among socially disadvantaged groups. For example, the IMR in 2005 was 14 per 1,000 live births in Kerala but 76 in Madhya Pradesh. Male (female) life expectancy in the period from 2001 to 2006 was only 59 (58) years in Madhya Pradesh, against 71.7 (75) years in Kerala. Bihar had the lowest literacy rate in 2001 (47% male and 33.1% female), against Kerala's 90.9% and 87.7%, with Maharashtra, Tamil Nadu, Gujarat and Punjab also far ahead of Bihar, Uttar Pradesh and Madhya Pradesh on this measure. It is not by chance that there is a regular flow of manpower from the low- to the high-literacy states. Meanwhile, nutritional poverty persists at a high level: 42% of children are still underweight across India. This rate is below 40% in Assam, Kerala, Tamil Nadu and Haryana and above the national average in Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, Uttarakhand and Chhattisgarh.

What is the inference of this pathology of poverty two decades after the economic reforms began? The policy shift has been of less consequence for agricultural states and households, as well as for urban enterprises in

the unorganised sector. It has not been so influential in regions with insufficient infrastructure to carry forward the growth impact to reduce poverty. It has also been least helpful for socially marginalised groups and in spatially remote areas. As such, it appears there may be a need to reorient established policies and programmes through grassroots social action and a challenge to established politics and social forces, to prioritise five dimensions:

1. Diversification and the development of physical and social infrastructure to raise agricultural productivity;
2. Public investment in less developed and remote areas where poverty is concentrated;
3. Fiscal reforms and a reduction in inessential expenditure to enable greater access to institutional credit;
4. Active participation of the people in decision making to improve governance and decision-making processes; and
5. Active participation of the people in programme and policy implementation processes.

These last two points need greater devolution of powers to elected *Panchayats* (local governments) and more space for NGOs and social movements representing the marginalised (Hanumantha Rao, 2005).

4. THE PROVINCIALISATION OF POVERTY AND THE POVERTY OF POLITICS

It may also be useful to take a more local view of poverty, using a political lens. Here, we look at two key political processes and their consequences for poverty in the poorer states: that is, competition among political parties through electoral processes and social

mobilisation by civil society groups and networks. It is meaningful to look at all seven significant poverty states separately (Uttar Pradesh, Bihar, Madhya Pradesh, Orissa, Uttarakhand, Jharkhand and Chhattisgarh), to show the common features as well as the specificities in terms of their economy, political order and social structure. Table 4.1 looks at economic commonalities.

Table 4.1: People below the poverty line in the seven poorest states, 2004-2005

| | HCR (%) | Poor persons (<i>lakh</i>) |
|----------------|---------|------------------------------|
| Bihar | 41.4 | 369.2 |
| Madhya Pradesh | 38.3 | 249.2 |
| Orissa | 46.4 | 178.5 |
| Uttar Pradesh | 32.8 | 590.0 |
| Chhattisgarh | 40.9 | 91.0 |
| Jharkhand | 40.3 | 116.4 |
| Uttarakhand | 39.6 | 36.0 |
| India | 27.5 | 3,017.0 |

Source: Planning Commission (2008)

Orissa is the poorest state in India today. It is 19% below the national average of people below the poverty line. Uttar Pradesh is nearest to the national average, because of progress made in its western districts after the Green Revolution, but it also has the largest number of people below the poverty line. These are concentrated mostly in agricultural and handicraft-based livelihoods in the east, central and Bundelkhand parts of the state, with growing demand in the east and Bundelkhand for the creation of separate states. Bihar, Uttarakhand, Jharkhand, Madhya Pradesh and Chhattisgarh all have around 40% of their population below the poverty line.

All except Orissa are northern hinterland

states, where agriculture and allied activities are prominent.² All except Madhya Pradesh have been categorised as ‘low-performing state economies’ (Madhya Pradesh belongs to the ‘medium-performing state economies’ group on the basis of its relatively better rate of growth (Kalirajan et al., 2010). They have all attracted a very low proportion of private domestic investment, and also of FDI, at least during the 1990s (Madhya Pradesh has since received a significant proportion of private domestic and foreign investment proposals and Orissa has attracted a significant proportion of approvals from private foreign investors). In the case of public investment, there is a positive association between public capital outlays and state GDP growth rates (see Kalirajan et al., 2010 for more).

Politically, the states are divided into two categories: those under the rule of a national party (and its allies) and those under the rule of a dominant regional party (and its allies) (Table 4.2). In the first category are Madhya Pradesh, Chhattisgarh and Uttarakhand, where there has been competition for power between the Congress Party and BJP with no significant presence of other parties. In the second category are Uttar Pradesh, Bihar, Jharkhand and Orissa. Here, the national parties have been present for most of the period since the economic reforms as junior partners (as in Bihar and Jharkhand, and Orissa for a term) or as insignificant opposition.

Political stability is another useful basis for categorising the seven states. Except Jharkhand, all states seem to have been enjoying relative political stability in legislative terms. All except Jharkhand have been able to introduce *Panchayati Raj*-related provisions relatively successfully in the past decade. In fact, Bihar has been given credit for leading the country in terms of women’s

²All the four ‘high-performing state economies’ are maritime (Karnataka, Maharashtra, Tamil Nadu and Gujarat), as are the three states thought to have most potential to improve (West Bengal, Andhra Pradesh and Kerala).

Table 4.2: Ruling party and main opposition in the seven poorest states, 2010

| | Ruling party | Main opposition party |
|----------------|---|-----------------------|
| Bihar | Janata Dal (United)*+BJP (2 nd term) | Rashtriya Janata Dal* |
| Chhattisgarh | BJP (2 nd term) | Congress Party |
| Jharkhand | Jharakhand Mukti Morcha**+BJP | Congress Party |
| Madhya Pradesh | BJP (2 nd term) | Congress Party |
| Orissa | Biju Janata Dal** (2 nd term) | Congress Party |
| Uttar Pradesh | Bahujan Samaj Party* (since 2007) | Samajwadi Party |
| Uttarakhand | Bharatiya Janata Party (2 nd term) | Congress Party |
| India | Congress-led alliance (2 nd term) | BJP-led alliance |

Note: * = regional party (in more than one state); ** = party in only one state.

empowerment at grassroots level in local government.

Meanwhile, the states can also be divided in terms of presence or absence of major social movements and extremist underground activities. All of the seven states have experienced tumultuous times, which have led to very deep political and cultural divisions, generating a tendency towards identity politics, which goes against the politics of common causes and results in a pushing away of questions of poverty-related programmes and their implementation. Such politics are strengthened during electoral mobilisation.

From an administrative viewpoint, Chhattisgarh, Orissa and Jharkhand have faced similar institutional constraints in terms of confronting the challenge of Maoist violence and related extremist political groups in the past few years. They do not belong to the political formation ruling at the centre, which can lead to conflict between the centre and the states. They also have a large number of India's most backward districts between the three of them, many of which are also listed as extremist-affected districts. Uttar Pradesh, Madhya Pradesh and Uttarakhand do not have a significant presence of Maoist groups at

present (Planning Commission Expert Group, 2008). More details on the issue of extremism in India can be found in the sections below.

In terms of social structure, like all other states of India, these seven states have great diversity in terms of caste, religion and language. In general terms, Jharkhand, Uttarakhand, Chhattisgarh and Orissa have a larger presence of STs and SCs than of other castes and communities. Uttar Pradesh, Bihar and Madhya Pradesh have mostly the dominant castes, but with a significant presence of SCs also. These social differences acquire political significance in the context of the poverty problem because, in many states, there is high gap in levels of poverty between the general group, the OBCs, the SCs, the STs and the backward sections of the Muslims and other minorities (see Table 4.3).

Gender-wise, all the states have a female-male sex ratio that is higher than the national average. Maternal mortality rates (MMRs) and IMRs are also high, as a result of insufficient health services. None of the states has any significant women's movement dealing with issues of gender justice, in spite of the presence of several women in leadership roles, including in chief minister positions.

In religious terms, Hindus and Muslims make up the majority in Uttar Pradesh, Bihar and Madhya Pradesh. There are a number of Christians in Jharkhand and Orissa. Clusters of Buddhist, Jain and Sikh communities live mostly in the urban centres of these states.

Except Orissa (official language Oriya), all the states use Hindi as the official language, although there are significant other language groups in most of them, including Urdu and several local dialects.

Table 4.3 shows the distribution of poverty by social group in these seven states.

According to Table 4.3, there is a gap of more than 10% between the number of BPL population in the country and that in Orissa, Bihar, Chhattisgarh and Jharkhand. If we exclude the western part of Uttar Pradesh, the same would be true for this state. Second, there is significant variation along caste lines. The gap is widest between the general group and the SCs and STs (at 25% nationally). The gap between the general group and the OBCs is also significant (10%). The BPL-related difference between Hindus and minorities is also important, as it is an indicator of the degree of secularity in the socioeconomic

approach towards poor people. This gap is not so prominent between Hindus and Muslims (around 4%). But other minorities, like Christians and Buddhists, are reported to be in very difficult conditions in some states, including Orissa (70%), Jharkhand (46%), Uttar Pradesh (40%) and Bihar (33%).

It is also important to note that a set of demands has emerged in the poverty zone in the past 20 years as a result of a number of events and episodes relating to rural mobilisation. This is key to understanding the new agenda of peasant groups and activists in these areas, which most notably involves calls to repeal the Land Acquisition Act of 1894 in conjunction with demands to repeal the SEZ Act of 2005. There have also been calls to complete the unfinished agenda of land reforms, with support from tenant cultivators and landless peasants, based on a second, broader-based, Green Revolution that involves poor and middle peasants. There have been protests against declining investment in agriculture and corporatisation of the sector, as well as against genetically modified (GM) crops and World Trade Organization (WTO) initiatives in the field of agriculture. There is also a constant cry for the deepening of

Table 4.3: Population below the poverty line in the seven poorest states, by social group – rural, 2004-2005

| | BPL population by group (%) | | | | | | |
|----------------|-----------------------------|------------|---------|------|---------|---------|------------------|
| | All | All Hindus | SCs/STs | OBCs | General | Muslims | Other minorities |
| Bihar | 35 | 34 | 56 | 29 | 13 | 38 | 33 |
| Jharkhand | 38 | 38 | 49 | 32 | 17 | 36 | 46 |
| Madhya Pradesh | 30 | 31 | 45 | 22 | 6 | 25 | 2 |
| Chhattisgarh | 33 | 33 | 40 | 27 | 26 | 40 | 11 |
| Orissa | 41 | 40 | 60 | 30 | 16 | 22 | 70 |
| Uttar Pradesh | 28 | 28 | 39 | 26 | 10 | 33 | 40 |
| Uttarakhand | 11 | 12 | 17 | 19 | 7 | 8 | 21 |
| India | 22.7 | 22.6 | 34.8 | 19.5 | 9 | 26.9 | 14.3 |

Source: Prime Minister's High-Level Committee (2006).

democratic rights at the village level through further improvements to the *Panchayati Raj* institutions.

5. THE FOUR DEFICITS IN THE LPG APPROACH

This subsection discusses the major defects or deficits in the LPG approach from the perspective of the needs of the poor and the challenge of poverty, as described above for India as a whole and for the poorest states. These major deficits relate particularly to the political context in which the approach has unfolded.

Legitimacy deficit

First of all, the state has been rolled back, through disinvestment, and the market has moved forward, through liberalisation (particularly the finance and IT sectors); privatisation (a large number of enterprises have been opened up through de-licensing and disinvestment); and commercialisation (of a variety of services, such as health, education, water, information, etc.). This has created a shift from government to a form of governance concerned with the relationships among three actors: state, market and civil society. The monopoly of political institutions providing services has been diluted, with the private sector and civil society institutions filling the space (Mathur, 2008). The alliance between the political elite and the economic elite has strengthened and the role of the bureaucratic elite has declined. However, the political elite is losing support because of the increasing preference it gives to the interests of national and global entrepreneurs and because of major incidents of corruption in high places.

According to Bimal Jalan, eminent economist, former Governor of the Reserve Bank of India and now a nominated member of *Rajya Sabha* (the council of states elected by the states' assemblies), the disjuncture between economics and politics has become deeper and more

prominent over the past few years. As the economy has become more vibrant and resilient, politics has become 'messier' and more fragmented. India is now among the fastest-growing countries in the world, with a strong balance of payments and one of the highest levels of foreign exchange reserves. Capital inflows, domestic savings and investment rates are high. The rate of inflation is modest and financial and macroeconomic projections are highly favourable. The political situation, though, is becoming a matter of great concern, with increasing lawlessness in several parts of the country, growing incidence of political corruption, lack of coherence in the functioning of government, even at cabinet level, and public delivery of health, literacy, sanitation and rural infrastructure in an abysmal state. It is difficult to visualise a poverty-free and prosperous India without an effective system of governance (Jalan, 2008).

This wave of so-called 'millionairisation of mass politics,' particularly the parliamentary sphere of the Indian political system, through expensive elections and non-performing legislatures, can be termed a situation of leadership crisis, or a 'legitimacy deficit.'

Development deficit

Home Minister P. Chidambaram has pointed to a 'trust deficit' in the context of people's resistance to government-approved projects of industrialisation, which probably relates to the ongoing 'development deficit' of the past two decades. Growth has not been inclusive. This fact is reflected in the still very large numbers of very poor people in the country and the very significant area constituted by poor states (Mehta and Shepherd, 2006; Radhakrishna and Ray, 2005).

This has impacted the geography, sociology, economics and politics of poverty in India since 1991-92 on the basis of gainers and losers:

- The geographical divide shows through the increased relative share of poverty and the poor of backward states such as Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and Maharashtra.³
- In social terms, poverty is disproportionately high among SCs, STs and the more backward OBCs.
- In gender terms, income poverty among females tends to be marginally higher in both rural and urban areas. Women are also victims of several other forms of discrimination and exclusion. For example, there are complaints of unfair wages to women. Women also remain marginalised in most state-sponsored poverty alleviation schemes and programmes, including credit support, health care, education, old age pensions and political reservations. This problem is more acute among single women (never married, separated, divorced and widowed) and female-headed households.
- In occupational and economic terms, agricultural labourers, self-employed farmers, the artisans of rural India and the casual workers of urban India are victims of chronic poverty.
- Politically, more and more poor people from discriminated against and deprived communities of poverty zones are turning to extremist political groups for relief and justice, particularly against a background of increasing mistrust of industrialisation-related initiatives of the corporate sector. This is accentuated by a decline in the significance of poverty and the

interests of the poor in political parties' policies and programmes (Nath, 2006).

Democracy deficit

There is more and more evidence of a 'democracy deficit' in the sphere of state–society relationships, reflected in the spate of coalition governments at the centre over the past 15 years. Political empowerment of OBCs, SCs and STs through their inclusion in central and state coalition regimes does not appear to have halted a growing indifference to poverty and to citizens' peaceful protest activities.

The poor, particularly the chronically poor, have been unable to exercise influence commensurate to their electoral strength, for three reasons. First of all, since the paradigm shift, poor states have been influenced deeply by identity politics and ethnic mobilisations (particularly in the northeast and other pockets of high tribal concentration). This has meant a growth in vertical solidarity and mobilisation around issues of identity and representation, and a decline in horizontal solidarity and mobilisation around issues of wages, prices, livelihoods, infrastructure and land reform. This has consequently contributed to a decline in the significance of issues of poverty, as well as leading to fresh waves of caste, communal and ethnic polarisation.

Second, although a very large number of people suffer from chronic poverty, many of those in this category are SCs, STs, older people, disabled people or members of women-headed households, who for the most part have little power in the community.

Third, mainstream parties have been found by many to be obtaining support by other means,

³The list became longer in 2000 when three new states were created – Jharkhand, Uttarakhand and Chhattisgarh.

including purchase of votes, intimidation and rigging. Meanwhile, increasing militarisation of the state response to militant movements and an increasingly visible crime-politics-nexus is weakening the appeal of political parties. This has all contributed to the rise of extremism across the country (see sections below).

Governance deficit

The declining capacity of the state and its institutions is a major indicator of a 'governance deficit' in India, compounded by a growth in corruption among state functionaries. It is common knowledge that the Indian bureaucracy has not adjusted to the new paradigm of governance and continues to act in a mode reminiscent of an era gone by. Meanwhile, a surge in new institutions, networks and actors has led to the neglect of existing institutions. All have a tendency to encroach on the functions of one another, demonstrated by frequent 'squabbles' among Parliament, the Supreme Court and the bureaucracy (Mathur, 2008).

The realities in the poorer states can be summarised in the words of P.S. Appu, former Chief Secretary of Bihar (2010):

'If the laws are suitably modified and efficiently implemented, it may become possible to make a dent on India's abysmal poverty. But considering that India's administration has become dysfunctional, the panchayati raj system is a shambles, pervasive corruption is eating into the country's vitals, and governance has evaporated, there is not much room for optimism.'

The problem of bad governance has been studied in great detail from the perspective of service delivery and poor households (Transparency International India, 2008). In 2008, about one third of BPL households paid

a bribe to access one or more of 11 public services, including health, education, police services, voter ID cards, water, sanitation, the PDS and electricity. Many of the corruption cases were found to be related to overcoming procedural delays and ignoring the need for official records and documents. Assam, Jammu and Kashmir, Bihar, Madhya Pradesh and Uttar Pradesh had alarming levels of corruption.

Response by the state and the political elite

The state and the elite have tried to respond to these deficits by means of a set of empowerment measures, including bold initiatives in drinking water, microfinance, health, sanitation, education and livelihood promotion, through a variety of schemes and projects.

In addition, the political geography at the national level was reorganised in 2000 with the creation of three new states – Jharkhand, Uttarakhand and Chhattisgarh – out of the three largest poverty states – Uttar Pradesh, Madhya Pradesh and Bihar – to provide political space and identity to STs in these regions. This was also a step towards ending the asymmetrical relationship between these new states and their 'parent' states, which had been continuing as a colonial legacy.

Similarly, there has been more capacity building and empowerment of the *Panchayati Raj* institutions related to grassroots democracy. The 74th Constitutional Amendment Act in 1992 created legitimate space for 2.5 lakh elected grassroots institutions of local government in rural and urban India, leading to the election of 32 lakh representatives, including 10 lakh women, who are now responsive and responsible to the people. There have been efforts to make these the key agencies in implementing employment guarantee programmes and rural infrastructure schemes. A total of Rs 81,000 crore has been channelled to rural development and welfare

through local government since the implementation of the constitutional amendment (Ayyer, 2007).

Most significantly, a set of new acts promotes inclusion and prevents exclusion, dealing with the rights to information, employment, education, participation in grassroots governance (with a 50% quota for women in *Panchayati Raj* institutions) and natural resource management (see Chapter 6 in particular).

However, and despite all of these efforts, the deficits remain, and continue to contribute to protest against the LPG approach and against the paradigm shift that has occurred in the past 20 years. The next section gives more details on the position of these protesters.

6. POLITICS OF THE PARADIGM SHIFT PROTESTERS

Government's claims of a need to carry on the reforms while dealing with the infrastructure deficit and upgrading the capabilities of marginalised groups have not satisfied protesters who are distrustful of the market and trade-based prescriptions of growth with equity. This group fears the intentions of the General Agreement on Tariffs and Trade (GATT), the WTO, the World Bank and the International Monetary Fund (IMF), which are based on the inevitability of corporate capitalism-based globalisation. Protestors have rallied around a set of objections to the economic reforms, saying they have opened the doors of the Indian economy, society and polity to foreign companies and transnational institutions.

This new type of politics against the LPG approach in India protests the paradigm shift by bringing together the adversely affected sections of society. The movement has succeeded in attracting the attention of farmers, fishers, small-scale entrepreneurs, self-

employed persons, the science and technology community and social activists, creating platforms based on economic nationalism (*swadeshi*); political freedom (national sovereignty); anti-imperialism; and inclusive growth. There are different formations within this movement, each with its own political orientation (leftist, rightist, Gandhian socialist, environmentalist, feminist, etc.); the Alternative Survey Group, the Anti-GATT Forum, Swadeshi Jagaran Manch (SJM) and Azadi Bachao Andolan are among the more important. In addition, the ideological framework of Maoism and the political practice of Naxalism have grown in several pockets of the 'red corridor,' which connects the extremists of Andhra Pradesh and the Maoists of Nepal via Orissa, Jharkhand, Chhattisgarh and Bihar (see Section 7).

What is the orientation? According to Shiva (1998) – one of the key anti-globalisation pro-*swadeshi* campaigners – globalisation is not a natural phenomenon, but an ideology to promote rule by corporations. It is not a new stage of human evolution, but a new version of colonialism. It is not going to increase citizens' freedom and democracy by reducing the power of the state, but will subordinate citizens to corporations after dismantling the state. It will not lead to prosperity through growth in goods and services, as it is going to promote growth only in international trade and financial transactions. It is going to damage the environment, first through non-sustainable production and consumption patterns and second by dismantling laws and policies for environmental protection. Finally, Shiva asserts that the claim that globalisation will lead to peace by removing national borders and creating a global village is also untrue, as globalisation promotes violence and disintegration of societies through economic insecurities, ethnicisation of communities and ghettoisation of all forms of dissent. Shiva points to alternatives to the present form of

globalisation, as outlined in Gandhian, socialist, feminist, environmentalist and several other approaches.

A number of networks of protesters have focused on the implications of the entry of foreign corporate houses into agriculture and manufacturing, particularly through the SEZ scheme, which was enacted into law in May 2005 and came into operation in February 2006. They say the successive governments of India have renounced traditional policies of *swadeshi*, self-reliance and import substitution and have opened the Indian market and economy to big companies, both foreign and domestic. Consequently, giant MNCs have taken control of industry and the financial and service sectors and have the freedom to operate in agricultural and retail markets. The protesters see it as objectionable that MNCs demand the government's non-interference, as well as thousands of acres in 379 locations (SEZs) on which to establish their business, housing 'colonies,' parks, etc., unhindered by laws and administrative rules. The activists' response has been a series of protest activities in different parts of India, with the aim of interlinking these and incorporating broader society to generate a nationwide movement against the SEZs:

'But the good thing this time is that people have awakened earlier. People of Nandigram (West Bengal) have thrown out a SEZ of the criminal Salim Group from their area by offering a big sacrifice of their life and honour. Brave farmers of Hazaribagh (Jharkhand) are struggling to save their 180 villages from destruction. People in Raigarh (Maharashtra), Kaling Nagar and Kshipur (Orissa) and in Jhajjar (Haryana) are fighting to save their land and life. This struggle has to extend over the whole country. Now it is for the common people – farmers, *adivasis*, students and youths, workers and small

traders – to get united and fight and win this new freedom struggle' (Tyagi, 2007).

The repression of protesting peasants in Nandigram by the government of West Bengal did create nationwide indignation. As Mahashweta Devi, one of Bengal's most eminent writers and social activists, writes,

'Nandigram SEZ has taken a bath with the blood of mothers, sisters, children, brothers and husbands. We have all seen on TV scenes of firing on hapless and unarmed women, children, youths and farmers, done with the aim of murder since the injured and dead received bullets in their stomach, throat and chest. Many people were killed by being cut into pieces. In Nandigram, common people dug pits to cut off roads to stop the entry of the police. After the massacre, those pits were filled with the dead bodies and over them concrete and cement were put to level them. After the massacre, many women were raped, and bullets were shot into the private parts of some women and men. In Nandigram, the sacrifice of life by innocent people will not go to waste. Inspired by their martyrdom, people of Singur, Haripur, Varuipur Barsat and Rajarhat have launched their fight with full strength against land acquisition. The battle is like a freedom struggle. It will continue till the goal is achieved' (in Tyagi, 2007).

Meanwhile, Vedanta Alumina Limited Group, a global company under the ownership of a non-resident Indian, failed to establish a mining project in Nyamgiri Hills of Orissa, despite full support from the state government. The resistance of the Dongaria Kondh tribe and several civil society groups underscored the limits of the new paradigm – Vedanta Group termed it a 'question of controversy, votes and tribals' (India Today, 2010) – and the project failed to get clearance from the centre and the

Supreme Court. It was found to be violating the Forest Rights Act, the Forest Conservation Act, the Environment Protection Act and the Panchayats (Extension to Scheduled Areas) Act, which applies to STs covered under the Vth Schedule of the Constitution of India (Nai Azadi Udghosh, 2010).⁴

These and similar ideas have become popular around the country as people have come forward to resist encroachment on their land for SEZs, on their hills and land by foreign and Indian mining companies and on their livelihoods by the entry of MNCs into their local markets. They have received support from the World Social Forum and have provided an ideological orientation for the launch of movements on the right to food and work. India hosted the fourth World Social Forum meeting in New Delhi and Mumbai (16-21 January 2004), with the very active participation of trade unions, peasant organisations, human rights groups, environmental activists and a variety of socio-cultural and political networks. This was the first ever meeting outside Brazil.

The protesters have been particularly critical about the role and prescriptions of the World Bank in the fields of health, education, housing and the economy. For example, an Independent People's Tribunal on the World Bank's Country Assistance Strategy and its social, economic and environmental implications and impacts was held in New Delhi on 21-24 September 2008, as the culmination of a long process of consultations across the country. This underlined the sectoral and regional impacts of World Bank projects in India, especially on vulnerable communities, including women, children, *dalits*, minorities, *adivasis*, workers, fishers and farmers. It also interrogated the impact of World Bank loan conditionality on India's sovereignty and

democratic processes, especially for the social sectors (food, health, water and education), particularly in terms of poverty alleviation and reducing inequality. The 13-member jury included former justices of the Indian Supreme Court and High Courts, writers, scientists, economists, religious leaders, social workers and former Indian government officials. Its Statement of Findings took note of the fact that,

‘[...] the World Bank tends to legitimize its action through its self-proclaimed mandate of poverty reduction and development. While in reality, its actions exclude the poor in the best of cases, and hurt and worsen their situation in most other cases. And yet the poor in India excluded and hurt by the World Bank are not marginal in numbers, constituting 27.5% of the population while three-fourths of the entire population live around Rs.20 per person per day (purchasing power). To exclude and hurt the majority of Indian citizens in the name of development and poverty alleviation is not merely callous; it verges on a social crime’ (World Bank Tribunal Secretariat, 2008).

The Alternative Survey Group, a group of academicians and policy analysts, has since the early 1990s presented annual alternative economic surveys with the purpose of critiquing liberalisation policies and programmes, with special attention to the issues of poverty, employment, health, education, agriculture, industry, governance, social exclusion and social movements. The group suggests (2004) that liberalisation as a development policy is magnifying ‘mal-development,’ highlighting the fall in India's HDI ranking from 124 in 2000 to 126 in 2004. It is causing structural imbalances and institutional distortions, which are resulting in a transformation of the political economy that

⁴ Although another company with the same ownership but a better environmental plan has been invited to develop the mine instead.

is disempowering the masses (ibid, 2006). The economic reforms have contributed towards pampering the corporate sector and pauperising the masses: since the reforms, just 36 billionaires command wealth equal to one quarter of the country's GDP; and annual pay of the top eight corporate executives is between Rs 10 crore and Rs 24.5 crore, whereas the wage rate for women casual workers is only Rs 34.51 and for male adults Rs 51.2 (ibid, 2007).

The Alternative Survey Group (2008) identifies the dual political implications of liberalisation-based policies as being decline of the developmental state and decay of the democratic system from the perspective of marginal groups. It points to four main causes for concern for the future under such policies: declining purchasing power of the rupee owing to price rises; a reduction in manufacturing activities, enabling corporate capital to move into retail trade and other domains of small entrepreneurs and self-employed persons; a deepening crisis in Indian agriculture, as indicated by the large numbers of farmer suicides; and an increasing trade deficit.

7. THE EXTREMIST DIMENSION OF PROTEST

Protests have also taken increasingly extreme forms. Violent responses to poverty and injustice in post-colonial India first arose in the form of the Naxalbari uprising in West Bengal in May 1967, under the first non-Congress United Front government. This provided impetus for the formation of the Communist Party of India (Marxist-Leninist) (CPI (ML)) in April 1969 and the Maoist Communist Centre (MCC) in October 1969. These organisations were subject to strong repressive measures in the 1970s, which forced them to abandon the line of mass peasant struggle and shift to guerrilla activities, mainly in the forests and mountainous areas beyond West Bengal.

The 1980s and 1990s saw a number of

extremist activities in pockets of Andhra Pradesh, Maharashtra, Jharkhand and Chhattisgarh. The People's War Group (PWG), founded in 1980, was the key organisation of the extremists in this phase of activism. CPI (ML) Liberation was another significant formation, making its presence known in the peasant conflicts of Bihar. The Indian People's Front (IPF), a group of radical communists with a focus on mass activities through a variety of front organisations, was established in 1982. The Maoist Communist Centre of India (MCCI), formed in 2003, a major organisation of the CPI (ML) tradition, has in recent years been associated with violent activity in tribal and poor peasant communities across India.

PWG, MCCI and CPI (ML) Party Units merged in September 2004 to form CPI (Maoist). This move is associated with a new wave of extremist activities, aimed at transforming existing armed squads into a full-fledged People's Liberation Army and existing guerrilla zones into base areas. This group was a major force in the backward regions of Andhra Pradesh until strong police measures between 2006 and 2008 forced it out and into new pockets in Chhattisgarh, Madhya Pradesh, Orissa and West Bengal. The government of India has admitted that, in the past few years, this trend has become significant in underdeveloped regions and among poorer sections, particularly *adivasis* and *dalits* in hilly and forest zones (Times of India, 2009a). It also reports that 2,000 police stations in 223 districts of 20 states, accounting for 40% of India's geographical area, are now 'Naxal-affected' (Sen, 2010; Times of India, 2009b). These are concentrated particularly in the 92,000 square km red corridor area.

Prime Minister Dr. Manmohan Singh has in the past few years repeatedly called this the biggest internal security threat for India. Although he refuses to accept that extremist

activities are spreading because of poverty and underdevelopment (Mehra, 2009), it is difficult to dismiss the fact that most Maoist and extremist strongholds are in terrains and areas that have remain alienated from the economic, political and socio-cultural processes of development and progress. Most Naxal-affected areas have at least 10 common features associated with marginality (Box 4.2), and also have become subject to encroachment by global and Indian corporations seeking minerals and other resources often found in tribal regions.

Box 4.2: Factors associated with districts affected by extremist activities

1. High share of SC/ST population;
2. Low level of literacy;
3. High level of infant mortality;
4. Low level of urbanisation;
5. High share of forest cover;
6. High share of agricultural labour;
7. Low per capita food grain production;
8. Low level of road length per 100 km²;
9. High share of rural households with no bank account;
10. High share of rural households without specified assets.

Source: Planning Commission Expert Group (2008).

A closer look shows affected states are divided into ‘forward’ or progressive districts and ‘backward’ or left-out districts, or pockets of districts (Table 4.4).

Through violent resistance to corporate and state projects of mining, dam building and land acquisition, this appears to be a social movement against the colonisation of tribal territories and exploitation of the poor. In an interview, a CPI (Maoist) spokesperson demanded that (Rajkumar, 2010):

1. All mining and other so-called development projects that lead to displacement of tribals and destruction of their way of life be immediately disbanded;
2. All memoranda of understanding with ‘imperialists’ like Vedanta and big business houses be scrapped; and
3. Lands snatched from tribals by unscrupulous landlords, other non-*adivasis* and the government be restored to their rightful owners.

But are the Maoists really in command of 40% of the country, as the government recently claimed (Times of India, 2009b)? Rajkumar admits that,

Table 4.4: Factors distinguishing extremism-affected and ‘forward’ districts

| | Affected vs. forward districts (%) | | | | |
|----------------------------|------------------------------------|-----------|--------------|--------|----------------|
| | Orissa | Jharkhand | Chhattisgarh | Bihar | Andhra Pradesh |
| Share of SCs/STs (%) | 65/23 | 45/30 | 69/36 | 19/18 | 26/22 |
| Literacy rate (%) | 44/76 | 40/51 | 50/68 | 46/48 | 56/68 |
| IMR per 1,000 live births | 123/73 | N/A | 76/57 | N/A | 34/28 |
| Urbanisation (%) | 17/23 | 10/37 | 7/29 | 12/8.6 | 24/27 |
| Forest coverage (%) | 39/15 | 38/16 | 53/28 | 8/1 | 17/14 |
| Agricultural labourers (%) | 35/25 | 29/20 | 26/34 | 52/46 | 40/51 |

Note: For each state, the table compares four affected districts with four comparatively developed districts. The classification should be taken as informal and indicative. The figures presented are unweighted averages of the relevant district-specific figures.

Source: Adapted from Planning Commission Expert Group (2008).

‘Although we influence over a wider area, our actual control is confined to a small area when compared to the vast geographical area of our country. And this area is witnessing real development. The exploiting classes have absolute control over more than 90 per cent of the country’s geographical area. If at all they wish to reach out to the masses with their so-called reforms, who is preventing them from doing so? Instead of addressing the burning problems of the poor in these vast regions under their absolute control they are talking of recapturing the territory from the Maoists.’

The uneven pattern of change is providing fertile ground for politics against relative deprivation in all the major states. In the case of Naxal-affected districts, this is exacerbated by the pre-existing tribal/non-tribal divide in terms of economy, social system and culture. In non-Naxal states, there are movements for regional autonomy or new statehood to remove the sting of marginalisation and relative backwardness.

With regard to the density and spread of extremist politics in recent years, an average of more than 1,500 incidents were reported

nationally every year between 2003 and 2008, with a high of 2258 in 2009 (Table 4.5). These incidents have led to the death of hundreds of civilians, Naxal activists and police personnel each year and have created a brutal cycle among all actors involved. Table 4.5 shows that the extremists have the capacity to consistently inflict serious blows on the state through violent activities, including attacks on police camps and the killing of police personnel.

In most Naxal-affected areas, there is large-scale deployment of police and paramilitary forces under strong laws and acts, such as the Unlawful Activities Prevention Act (UAPA) and the Chhattisgarh Special Powers Act. As many media organisations and civil rights groups point out, the state system has also become engaged in arming groups of citizens to resist extremist activities in Naxal-affected states, working in close cooperation with the Central Reserve Police Force (CRPF), the national police and other state agencies. Meanwhile, Naxal groups are operating as parallel ‘authorities’ – collecting ‘taxes,’ forcing families to send their youth to join the movement, killing suspects and those who do not follow their instructions. They also target

Table 4.5: Extremist Incidents, 2002-2010

| Year | No. of Events | Civilians Killed | No. of Security forces Killed | No. of Naxalites Killed |
|-------|---------------|------------------|-------------------------------|-------------------------|
| 2002 | 1465 | 382 | 100 | 414 |
| 2003 | 1597 | 410 | 105 | 216 |
| 2004 | 1533 | 466 | 100 | 87 |
| 2005 | 1608 | 524 | 153 | 225 |
| 2006 | 1509 | 521 | 157 | 274 |
| 2007 | 1565 | 460 | 236 | 141 |
| 2008 | 1591 | 660 | 231 | 199 |
| 2009 | 2258 | 799 | 317 | 217 |
| 2010* | 1995 | 937 | 277 | 161 |

Source: Report on Ministry of Home Affairs, Government of India (*upto November 30, 2010).

http://mha.nic.in/uniquepage.asp?Id_Pk=540.

Table 4.6: Incidents and deaths in extremism-affected states, 2004-2008

| States | Incidents/deaths | | | | |
|---------------------|------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Andhra Pradesh | 310/74 | 535/208 | 183/47 | 138/45 | 92/46 |
| Bihar | 323/171 | 186/96 | 107/45 | 135/67 | 164/73 |
| Chhattisgarh | 352/83 | 385/168 | 715/388 | 582/369 | 620/242 |
| Jharkhand | 379/169 | 312/119 | 310/124 | 482/157 | 484/207 |
| Maharashtra | 84/15 | 94/53 | 98/42 | 94/25 | 68/22 |
| Orissa | 35/8 | 42/14 | 44/9 | 67/17 | 103/101 |
| West Bengal | 11/15 | 14/7 | 23/17 | 32/6 | 35/26 |
| India | 1,33/566 | 1,608/677 | 1,509/678 | 1,565/696 | 1,591/721 |

Note: Bold states are poor. Not bold states are not so poor.

Source: www.mha.gov.in.

official facilities, including schools, hospitals and other welfare activity centres, which has lost them support: obedience comes mainly through fear (The Week, 2010).

It is useful to look at a comparative picture of this process in terms of poor and not-so-poor Indian states. Table 4.6 presents data on five years of incidents and deaths caused by extremist conflict, for four poor states – Orissa, Bihar, Jharkhand and Chhattisgarh (in bold) – and three relatively less poor states – Andhra Pradesh, Maharashtra and West Bengal. In the given period, Andhra Pradesh (not so poor) demonstrated a rapid drop in both incidents and deaths. Maharashtra (not so poor) and Bihar (poor) also showed a drop in the number of incidents and deaths. But there was a significant increase in extremist incidents and related deaths in Chhattisgarh, Jharkhand and Orissa (all poor) and West Bengal (not so poor), indicating expansion and intensification mainly in areas that suffer poverty.

However, it is important not to assume a necessarily direct causal link between poverty and underdevelopment and extremism. A continued prominent streak of extremist activities in states like Maharashtra and an

increase in West Bengal, both states that have been marked by higher growth and political stability, suggest that other components provide space for extremist activities (or not).

8. CONCLUSIONS

To summarise this narrative on the relationship patterns between poverty, people and the new paradigm in India, the past two decades have been very significant from the point of view of both economic development and political change. Market-induced global competition has been successful in creating a stable and growing economy, which has also influenced poverty reduction in several ways. However, success in enhancing the growth rate is set next to failure of the paradigm in terms of making a major impact on the economics, sociology, geography and politics of poverty. The dynamics of the paradigm shift have been accompanied by several deficits, mainly in relation to legitimacy, development, democracy and governance.

This combination of success and failure has created a social setting for a new trajectory of politics since the 1990s, and has been at the root of several new trends in political

mobilisation of the poor and in policy making. Protests and activism have taken the following forms: use of electoral power to change the political regime; party-based activism; civil society movements to resist programmes and projects seen as contrary to the interests of the poor; tribal-, class- and caste-based conflicts; and local and national resistance movements. Meanwhile, in the policy sphere, this period has been marked by a shift from benign neglect to rapid enactments of a set of basic capacity-building rights to check destitution and disenchantment among those seen as the losers in the economic reforms.

There has been a new emphasis on policies being inclusive, through the rights-based

approach to citizenship entitlements. This means also addressing the needs of marginalised millions of women, the STs, the SCs, the most backward sections of the Hindus and Muslims and other faith communities. 'Coalition imperatives' in government at central and state levels are certainly a disturbingly new feature in India's post-colonial polity. Meanwhile, the growing reach and significance of democratic protest movements and extremist extra-constitutional challenges around issues of the poor and poverty are equally critical for a country that was until very recently appreciated for its rapid advance towards relatively peaceful parliamentary democracy.

Understanding Poverty Reduction Outcomes of Development Interventions: ICDS, PDS, NRHM, MGNREGA and Ralegan Siddhi and Hivre Bazaar¹

1. INTRODUCTION

Over the past six decades, there have been systematic efforts to reduce poverty in India. These include increasing economic growth; direct attacks on poverty; land and tenancy reforms; participatory and empowerment approaches; and provision of basic minimum services (Mehta and Shah, 2003). These efforts, plus the efforts of the poor themselves, have contributed to a decline in poverty incidence measured by official assessments, from 54.9% in 1973-74 to 36% in 1993-94 and then 27.5% in 2004-05. However, the official poverty line is a matter of some debate: other estimates of poverty in the country are much higher (see Chapter 2). In addition, interventions have fallen far short of the goal of eradicating poverty (see Chapters 1-4). This means poverty reduction is both the most critical development issue and a policy failure.

India has implemented a large range of poverty alleviation programmes and schemes, in recognition of the chronic and multidimensional

nature of poverty, the prevalence of a geography of poverty (its concentration in certain states) and the existence of a sociology of poverty (the proportion of the poor is higher in certain social groups). The main occupational features of the poor are well-recognised: they are concentrated in agricultural labour and artisanal households in rural areas and among casual labourers in urban areas. Most are unskilled and food-insecure and lack assets; some are dependent on others.

The main thrust of India's policy alleviation strategy has been the use of economic growth as a driver of employment and income for the poor and also to directly provide employment and income support to the poor. The large number of programmes and schemes that target vulnerable groups fall into the latter category. Direct attacks on poverty have provided wage employment; support to asset building and self-employment; food, nutrition, skills, education, housing and income support; and subsidies for especially vulnerable groups.

¹Aasha Kapur Mehta, Shashanka Bhide and Sanjay Pratap.

Meanwhile, programmes with universal coverage, such as rural water supply and sanitation, rural electrification and rural infrastructure, have also benefited the poor, directly or indirectly.

In recognition of the economic backwardness and concentration of poverty and deprivation in certain parts of the country, and as the programmes evolved, area-based interventions were set up, initially in desert and drought-affected areas or regions. This led to a further typology among poverty reduction programmes, distinguished by their focus on 'poor or backward regions' or 'regions distinguished by specific disadvantage.' For instance, the Drought-Prone Area Programme, the Desert Development Programme and the Hill Area Development Programme specifically targeted areas that also had an implicit disadvantage in terms of land productivity, access to infrastructure and development of industry. From a number of precursor programmes (Nayyar, 2004) has emerged the Backward Regions Grant Fund, which aims to support the development of 250 backward districts, with a specific component targeting SC and ST categories so as not to bypass the poor.

The various targeted programmes, be these development-oriented or aimed at poverty reduction, reflect both the evolution of approaches and the need for flexibility in the design of schemes depending on the specific conditions of a region or economic environment. Evolution has occurred in terms of not just targeting or coverage, but also institutional mechanisms for delivering projects or project services. For instance, forest conservation programmes have moved away from a government-controlled approach to one of 'joint forest management,' in which local people participate and in which management plans recognise the livelihood needs of forest populations.

As Section 2 shows, many of these schemes represent short-term efforts to ameliorate poverty and provide consumption support to the poor. But how do we explain why large numbers of people still live in poverty, despite plans, policies, programmes and budgetary allocations towards poverty alleviation? What are the 'fault lines' (Nath, 2004) in Indian poverty alleviation efforts? Can these be identified and corrected? Do policy responses address the dynamics of poverty that Chapter 3 described?

Section 2 tries to relate some of the major programmes to this last question. Sections 3, 4, 5 and 6 analyse major programmes and schemes in order to understand inadequacies and draw lessons as to why they have not succeeded in addressing poverty and achieving their objectives. Section 7 looks at village-based initiatives such as Ralegan Siddhi and Hivre Bazaar, as different strategies for poverty alleviation, to identify lessons from their success. Section 8 concludes the chapter.

2. DO POVERTY ALLEVIATION SCHEMES ADDRESS THE DYNAMICS OF POVERTY?

To be effective, poverty alleviation schemes need to address chronic poverty and the dynamics of poverty. Table 5.1 lists some of the major direct and indirect poverty alleviation programmes and schemes and categorises them into five groups, that is, those pertaining to employment and self-employment; infrastructure and basic services; nutrition and education; health and insurance; and programmes for specific groups. It tries to identify whether each scheme seeks to prevent entry into poverty, enable escape from it or ameliorate persistent poverty and improve quality of life.

Table 5.1 shows how, except for self-employment, self-help group and infrastructure-related programmes and

Table 5.1: Poverty alleviation schemes and poverty dynamics

| Programme/scheme | The scheme seeks to: | | |
|--|----------------------------|----------------------------|---|
| | Prevent entry into poverty | Enable escape from poverty | Ameliorate persistent poverty/ improve quality of life |
| Employment and self-employment | | | |
| Mahatma Gandhi National Rural Employment Guarantee Act | | | x |
| Swarnjayanti Gram Swarozgar Yojana | | x | |
| Swarna Jayanti Shahari Rozgar Yojana | | | |
| Urban Self-Employment Programme | | x | |
| Urban Wage Employment Programme | | | x |
| Support to Training and Employment Programme for Women | | x | |
| Self-help groups and microfinance | x | x | |
| Nutrition and education | | | |
| Targeted Public Distribution System | | | x |
| Integrated Child Development Services Scheme | | | x |
| Midday meals | | x | x |
| Sarva Shiksha Abhiyan | | x | |
| Health and health insurance | | | |
| National Rural Health Mission | x | | x |
| Janani Suraksha Yojana | x | | x |
| National AIDS Control Programme III | x | | x |
| Aam Admi Bima Yojana | x | | x |
| Rashtriya Swasthya Bima Yojana | x | | x |
| Infrastructure and basic services | | | |
| Pradhan Mantri Gram Sadak Yojana | | x | |
| Indira Awaas Yojana | | | x |
| Total Sanitation Campaign | x | | x |
| Bharat Nirman | | x | |
| Jawahar Lal Nehru Urban Renewal Mission | | x | |
| Accelerated Rural Water Supply | x | | x |
| Integrated Watershed Management Programme | x | x | |
| Backward Regions Grant Fund | | x | |
| Programmes for specific groups | | | |
| Scheduled Caste Sub-Plan and Tribal Sub-Plan | | x | x |
| Integrated Child Protection Scheme | | | x |
| National Old Age Pension Scheme | | | x |
| Kishori Shakti Yojana | | x | |

Source: Mehta and Pratap (forthcoming).

schemes, most interventions listed in column 1 aim to ameliorate persistent poverty. Sustained implementation of these programmes may assist the poor in very gradually improving their capacity to earn better wages, either through improved nutrition or through accessing benefits from other programmes. Nutrition and health-related schemes seek to ameliorate distress and prevent entry into poverty as a result of ill-health. Self-employment, midday meals, education, infrastructure development, special component schemes and Kishori Shakti Yojana (working on empowerment of adolescent girls) seek to enable escape from poverty, although impacts of midday meal and education-related schemes on the intergenerational transmission of poverty will occur only in the long run.

If these schemes had been adequate and effective, a significant dent would have been made in poverty. Why has this gamut of schemes failed to deliver the desired outcomes? Are there design flaws? Weaknesses in implementation? Inadequate funds? Errors of exclusion owing to lack of access to scheme benefits resulting from an inability to obtain BPL cards by those who deserve them? Inadequate provisioning amounts to a denial of services. Is the state evading its responsibilities in this regard? Does non-availability lead to discretionary implementation and manipulation of programmes and schemes by vested interests? (Arora, 1995). Some of these issues are analysed below in the context of the following programmes and schemes:

- ICDS and PDS from schemes pertaining to nutrition and education, to understand whether it alleviates hunger, ameliorates persistent poverty and improves quality of life;

- NRHM from programmes that prevent entry into poverty and are concerned with health-related issues; and
- MGNREGA from schemes concerned with providing employment, raising income and reducing the impact of poverty through work.

3. INTEGRATED CHILD DEVELOPMENT SCHEME

As Chapter 2 pointed out, food is clearly the foremost need of the poor, and those below the poverty line spend a very large proportion of their earnings on food. India is one of four countries with the highest prevalence of underweight in children under five (more than 40%). With 42% of the world's underweight children and 31% of its stunted children living in India (IFPRI, 2010), this is now a global concern:

‘A hungry child sees *roti* [traditional Indian round flat bread] everywhere. A mother told her child to see the round, white moon in the distance. With hunger pangs gnawing at his stomach, the child said all he could see was a *roti* in the distance, as if to say, all he could see was his hunger for food or *roti* in everything while access to it was as distant as the moon.’²

Deprived children lack access to development opportunities and face serious constraints to their development. A multitude of social, economic, political and environmental factors have lifetime consequences. Micronutrient deficiencies in diet, anaemia during infancy and maternal under-nutrition lead to poor brain development. Low birthweight among newborns has serious adverse implications, including stunting and reduced intellectual

² We are grateful to Shri C.B. Satpathy for this observation.

development. This affects nearly one of every three children born in South Asia (Mehta and Shepherd, 2004; M. Swaminathan, 2004).

ICDS is one of world's largest outreach programmes for early childhood care and development. It was launched on 2 October 1975. It is centrally sponsored and implemented through the state governments/UTs. Care and health services are provided in an integrated manner at the grassroots level through *anganwadis*. The programme reaches out to children below six years and to expectant and nursing mothers. Most children going to *anganwadis* belong to BPL families and relatively vulnerable sections of the population. However, in view of the high levels of malnutrition among children in India, and especially among children belonging to poor families, efforts are being made to universalise the programme.

Purpose, strategy and components

The objectives of ICDS are: 1) to improve the

nutritional and health status of children below the age of six; 2) to lay the foundation for proper psychological, physical and social development; 3) to reduce incidence of mortality, morbidity, malnutrition and school dropout; 4) to achieve effective coordination of policy and implementation among various departments to promote child development; and 5) to enhance the capability of mothers to address the normal health and nutritional needs of children, through proper health and nutrition education to lactating and nursing mothers aged 15-45.³ Table 5.2 shows the target group and provider for each type of service.

The ICDS administrative unit is the community development block in rural areas, the tribal block in tribal areas and the ward or slum in urban areas, irrespective of the number of villages and the population. Table 5.3 shows the revised population norms for setting up a project, *anganwadi* centre and mini-centre. The population norms have been lowered in an effort to increase reach.

Table 5.2: ICDS services, target group and providers

| Service | Target group | Service provider |
|--------------------------------|--|---|
| Supplementary nutrition | Children below 6; pregnant and lactating mothers | <i>Anganwadi</i> worker, <i>anganwadi</i> helper |
| Immunisation* | Children below 6; pregnant and lactating mothers | Auxiliary nurse midwife, medical officer |
| Health check-up* | Children below 6; pregnant and lactating mothers | Auxiliary nurse midwife, medical officer, <i>anganwadi</i> worker |
| Referral | Children below 6; pregnant and lactating mothers | <i>Anganwadi</i> worker, auxiliary nurse midwife, medical officer |
| Pre-school education | Children 3-6 | <i>Anganwadi</i> worker |
| Nutrition and health education | Women 15-45 | <i>Anganwadi</i> worker, auxiliary nurse midwife, medical officer |

Note: * The *Anganwadi* worker assists auxiliary nurse midwife in identifying the target group.

Source: MWCD (<http://wcd.nic.in/>).

³<http://wcd.nic.in/>.

Table 5.3: Population norms for *anganwadis*

| Population | Number of centres |
|---|-------------------|
| Rural/urban projects | |
| 150-400 | 1 (mini-centre) |
| 400-800 | 1 |
| 800-1600 | 2 |
| 1,600-2,400 | 3 |
| Thereafter in multiples of 800 | 1 |
| <i>Tribal, riverine, desert, hilly and other difficult areas/projects</i> | |
| 150-300 | 1 (mini-centre) |
| 300-800 | 1 |

Source: MWCD (<http://wcd.nic.in/>).

Prior to 2005-06, the government provided 100% of financing for inputs other than supplementary nutrition, which the states were to provide out of their own resources. The states experienced resource constraints in this regard, so in 2005-06 the central government decided to provide support up to 50% of the financial norms for the services provided or 50% of expenditure they incurred on supplementary nutrition, whichever was less. In financial year 2009-10, the central government modified the pattern of funding

to supplementary nutrition in states in the northeast from a 50:50 to a 90:10 ratio. Other states and UTs continued at 50:50, with all other ICDS components modified to 90:10 (from 100% central assistance earlier). The central government has also recently revised the cost of supplementary nutrition and norms (Table 5.4) for different category of beneficiaries, as follows:⁴

- For children aged 6-72 months, the amount has been increased from Rs 2 to Rs 4 per beneficiary per day.
- For severely malnourished children aged 6-72 months, it has been increased from Rs 2.7 to Rs 6 per beneficiary per day.
- For pregnant women and nursing mothers, it has been increased from Rs 2.3 to Rs 5 per beneficiary per day.

The Supreme Court has ordered that ICDS be 'geographically universalised,' that is, there must be an *anganwadi* in every habitation. A Supreme Court judgement dated 13 December 2006 ordered that the government sanction and operationalise a minimum of 14 *lakh* centres 'in a phased and even manner,' between that time and December 2008, including identification of SC and ST habitations for

Table 5.4: Revision of feeding and nutrition norms at ICDS *anganwadis*

| Category | Previous (per beneficiary per day) | | Revised (per beneficiary per day) | |
|--|------------------------------------|-------------|-----------------------------------|-------------|
| | Calories (kcal) | Protein (g) | Calories (kcal) | Protein (g) |
| Children (6-72 months) | 300 | 8-10 | 500 | 12-15 |
| Severely malnourished children (6-72 months) | 600 | 20 | 800 | 20-25 |
| Pregnant women and Nursing mothers | 500 | 15-20 | 600 | 18-20 |

Source: MWCD (<http://wcd.nic.in/icds.htm>).

⁴ <http://wcd.nic.in/icds.htm>.

centres as a priority (Saxena and Mander, 2009). Hence, ICDS has been expanded: Table 5.5 shows the total number of projects and centres.

Outcomes and issues needing attention

Malnourishment levels remain extremely high among India's children, as Table 5.6 shows. Only just over half of children weighed in *anganwadis* were of normal weight. Meanwhile, there were sharp disparities between states/UTs in this regard. While no children weighed in Arunachal Pradesh were malnourished, a shocking 95.64% of children weighed in Uttarakhand were. Even states with a better economic development record, such as Gujarat and Karnataka, showed close to 60% of children malnourished. At the national level, whereas 32.4% and 13.07% of children, respectively, were moderately malnourished (Grades I and II), 0.4% of children were severely malnourished (Grades III and IV). The highest levels of severe malnourishment were recorded in the Andaman and Nicobar Islands and Uttarakhand, followed by Orissa, Jharkhand, Gujarat, Chhattisgarh and Rajasthan.

A large number of reasons explain why ICDS has not significantly reduced malnutrition. The *Citizens' Initiative for the Rights of Children Under Six* Report (CIRCUS 2006) or the

Focus on Children Under Six (FOCUS) survey studied 203 villages of 18 districts of Chhattisgarh, Himachal Pradesh, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh. It found that ICDS was performing well in Tamil Nadu: *anganwadis* were open throughout the year, nutritious food was available every day, health services were regular, preschool education was provided and immunisation services were delivered regularly, in close coordination with the primary health care system. The scheme also functioned well in Maharashtra and Himachal Pradesh. Drèze (2006) notes that Tamil Nadu provides an example of the potential of ICDS, since 96% of sample mothers in the state considered ICDS 'important' for their child's well-being, and half of them considered it to be 'very important.' However, in Chhattisgarh, Rajasthan and Uttar Pradesh, immunisation services left much to be desired, and growth charts were missing, poorly maintained or out of date in most cases. Some health services had been neglected in all six states in the FOCUS 2006 survey.

The Tamil Nadu experience suggests that child attendance at the *anganwadi* is higher when cooked food is provided than when ready-to-eat items are distributed. In the FOCUS 2006, while supplementary nutrition was provided in all surveyed *anganwadis*, there was a

Table 5.5: Expansion of ICDS – sanctioned projects and *anganwadis*

| Sanctioned projects/ centres | Prior to 2008-09 | Additional* | Total |
|---|---------------------|-------------|------------|
| Projects | 6284 | 789 | 7,073 |
| <i>Anganwadis</i> | 10.53 lakh | 1.89 lakh | 12.42 lakh |
| Mini-centres | 36,829 | 77,102 | 1.14 lakh |
| Total (<i>anganwadis</i> + mini centres) | 10.90 lakh | 2.66 lakh | 13.56 lakh |

Note: Total number of centres budgeted for is 14 lakh, leaving a cushion for *anganwadis* on demand.

* State-wise number of projects/centres/mini-centres sanctioned in 2008-09 under the third phase of expansion of the scheme is also available.

Source: MWCD (<http://wcd.nic.in/icds.htm>).

Table 5.6: Nutritional status of children under ICDS by state, 31 December 2009

| State/UT | Total no. weighed | Normal weight (%) | % distribution of children by degree of malnourishment | | |
|-----------------------------|-------------------|-------------------|--|--------------|----------------------------|
| | | | Grade I | Grade II | Grades III and IV (severe) |
| Andhra Pradesh | 5,227,418 | 50.04 | 32.29 | 17.58 | 0.09 |
| Arunachal Pradesh | 59,121 | 100 | 0 | 0 | 0 |
| Assam | 1,886,366 | 64.47 | 25.87 | 9.08 | 0.58 |
| Bihar | N/A | | | | |
| Chhattisgarh | 1,955,948 | 46.97 | 33.82 | 18.48 | 0.74 |
| Goa | 53,885 | 62.44 | 31.21 | 6.27 | 0.07 |
| Gujarat | 3,525,703 | 43.13 | 37.58 | 18.49 | 0.8 |
| Haryana | 2,048,843 | 56.09 | 33.42 | 10.41 | 0.09 |
| Himachal Pradesh | 428,711 | 62.72 | 29.12 | 8.06 | 0.11 |
| Jammu and Kashmir | 197,577 | 68.88 | 25.6 | 5.47 | 0.06 |
| Jharkhand | 2,324,591 | 56.43 | 29.19 | 13.57 | 0.81 |
| Karnataka | 2,896,331 | 48.00 | 35.65 | 15.99 | 0.35 |
| Kerala | 1,861,742 | 62.82 | 29.89 | 7.24 | 0.06 |
| Madhya Pradesh | 6,805,350 | 56.14 | 29.93 | 13.53 | 0.41 |
| Maharashtra | 7,624,908 | 62.11 | 31.73 | 6.03 | 0.13 |
| Manipur | 190,815 | 86.17 | 9.71 | 3.88 | 0.24 |
| Meghalaya | 184,814 | 61.67 | 28.76 | 9.43 | 0.15 |
| Mizoram | 114,920 | 73.14 | 20.7 | 6.06 | 0.11 |
| Nagaland | 178,277 | 93.63 | 5.4 | 0.89 | 0.08 |
| Orissa | 4,336,917 | 47.33 | 37.17 | 14.69 | 0.82 |
| Punjab | 2,044,221 | 65.15 | 31.87 | 2.88 | 0.1 |
| Rajasthan | 3,909,343 | 52.69 | 31.36 | 15.25 | 0.7 |
| Sikkim | 36,114 | 82.59 | 15.56 | 1.8 | 0.04 |
| Tamil Nadu | 4,034,813 | 63.53 | 34.82 | 1.63 | 0.02 |
| Tripura | 197,995 | 61.61 | 30.25 | 7.82 | 0.31 |
| Uttar Pradesh | 8,400,169 | 47.34 | 32.04 | 20.18 | 0.45 |
| Uttarakhand | 117,259 | 4.36 | 2.47 | 91.06 | 2.11 |
| West Bengal | 5,209,557 | 50.84 | 34.81 | 14.22 | 0.55 |
| Andaman and Nicobar Islands | 21,562 | 84.36 | 13.27 | 0 | 2.37 |
| Chandigarh | 69,660 | 68.31 | 30.82 | 0.49 | 0.37 |
| Delhi | 272,002 | 50.07 | 33.62 | 16.29 | 0.02 |
| Dadra and Nagar Haveli | 14,696 | 27.69 | 48.22 | 23.71 | 0.37 |
| Daman and Diu | 7,663 | 47.23 | 42.24 | 10.48 | 0.05 |
| Lakshadweep | 6,851 | 61.13 | 38.01 | 0.63 | 0.23 |
| Pondicherry | 27,415 | 60.27 | 34.15 | 5.58 | 0 |
| All India | 66,271,557 | 54.16 | 32.4 | 13.07 | 0.4 |

Source: Computed based on MWCD data (<http://wcd.nic.in/>).

disparity in the quality of nutrition. In *anganwadis* of Uttar Pradesh, children were provided *panjiri* 'ready-to-eat' mixture. In Rajasthan, there was no variety, and many parents suggested this was the major reason for poor child attendance. There was variety in Himachal Pradesh and Tamil Nadu, although in Tamil Nadu a fortified, precooked 'health powder' was mixed with boiling water or milk for children below two years, and a hot lunch of rice, *dal* and vegetables freshly cooked with oil, spices and condiments, with occasional variants such as a weekly egg, was served to children in the three-to-six age group.

The FOCUS 2006 survey also found disparities with regard to physical infrastructure, ranging from independent all-weather buildings with adequate space for 'play-way learning' and separate spaces for storage and cooking in Tamil Nadu, to a one-room *anganwadi* in Uttar Pradesh. In Maharashtra, *anganwadis* were located near primary schools, with a source of clean drinking water as well as other essential facilities, such as furniture, utensils, storage containers, toys, charts and related equipment.

Where *anganwadis* are located in the home of the centre's worker or helper, there are frequent disruptions, as when guests are visiting the family. The rent budget for *anganwadis* in the National Capital Territory of Delhi is just Rs 500-750 per month. Unless space is available in a school or public building, which is rare, *anganwadis* are housed in small spaces such as house verandas (Mehta and Ali, 2008).

Anganwadi workers are frequently asked to perform tasks that are not related to ICDS. These can include attendance at events organised by political parties or visiting potential beneficiaries of non-ICDS schemes to check the veracity of information in completed forms. The FOCUS 2006 survey found that 79% of *anganwadi* workers had

been mobilised for non-ICDS duties during the previous six months and 60% had not been paid for the previous 30 days. In three districts of Delhi, Mehta and Ali (2008) found that, despite workers and helpers being the key to the success or failure of the project, the honorarium paid is extremely low: Rs 1,500 and Rs 750 per month, respectively, during fieldwork in 2007. Even these payments are often delayed for several months. MWCD issued a circular in October 2010 asking state governments to pay an additional honorarium to workers and helpers. This varies significantly, from Rs 200 in Uttar Pradesh to Rs 2,607 in Tamil Nadu.

Problems with regard to the functioning of ICDS include poor quality of supplementary nutrition provided; unsanitary conditions in and lack of regular cleaning of public spaces in slums and *jhuggi jhonpris* (squatter settlements); poor and unsafe water; and lack of funds for toys, weighing scales, charts, medical kits, mats, stationery, brooms, etc., which are inexpensive but important sources of support (Mehta and Ali, 2008). With overworked supervisors; scattered geographical coverage; overloading of staff with non-ICDS tasks; poor supervision owing to non-ICDS-related demands on time; lack of training, skills and motivation of workers and helpers, it is hardly surprising the programme cannot make a dent in malnutrition.

Citing data from the third National Family Health Survey (NFHS 3), Saxena and Srivastava (2009) note that 81% of children under six were living in an area served by a centre. However, only 32.9% of these had used any of its services in the preceding 12 months. Further, only 26.5% of children had received supplementary nutrition; 21% of pregnant women and 17% of lactating mothers had received supplementary food; and 20% of children had been immunised in the centre.

During 1998-2005 (between NFHS 2 and 3), the proportion of underweight children declined from 54% to 44% in Orissa and from 61% to 52% in Chhattisgarh (Saxena and Srivastava, 2009). Further, the proportion of children receiving services from *anganwadis* was over 65% in these two states, or twice as high as the national average and six times higher than in Bihar (9.9%). Therefore, Orissa and Chhattisgarh may still have high malnutrition and may be ‘among the poorest states but they are the best ICDS performers and most successful at reducing under-nutrition’ (ibid).

The trigger for change in Chhattisgarh was the *mitanin* (‘friend’) programme launched in 2002 (in Saxena and Srivastava, 2009). Orissa used a similar approach. The *mitanin* is chosen by the local community and trained and supported by a block training team, the auxiliary nurse midwife and the *anganwadi* worker. The authors recommend the use of an outreach- rather than a centre-based approach. In Chhattisgarh, for example, *mitanins* sensitise and counsel the entire family when they come to weigh children and explain the significance of the malnutrition grades. They also argue for independent verification of records, as *anganwadi* workers ‘have too many registers to complete and are reported to be under pressure to enter “correct” rather than accurate data’ (ibid). Additionally, they recommend packaged foods be banned, involvement of *panchayats* and mothers’ groups be increased and access to water and sanitation be monitored.

Based on a review of the literature and

fieldwork,⁵ it can be concluded that having a scheme in place is not enough. Unless projects are resourced adequately, strengthened significantly and monitored closely, they cannot carry out the massive task assigned to them. The scheme suffers from flaws such as overloading of staff at all levels; poor norms and lack of adequate funds for payment of rent for space and a honorarium to staff; inadequate funds for equipment; exclusion as a result of limited coverage; poor convergence with providers of services relating to cleanliness and safe drinking water; and lack of outreach and awareness generation to communities. Hence, high levels of malnutrition remain.

4. PUBLIC DISTRIBUTION SYSTEM

Background⁶

The PDS in India today is a part of the government’s food grains operations, which have the twin objectives of price support to farmers who produce the major food grains and assured supplies of food grains to the poor at reasonable prices. It is operated jointly by the central and state governments. The central government is responsible for procurement, storage, transportation and bulk allocation of food grains. The state government is responsible for distributing the grains to consumers through its network of fair price shops (FPSs). State governments also hold the operational responsibilities, including allocation within the state, identification of BPL families, issuing of ration cards, supervision and monitoring of the FPSs.

The PDS is a massive programme, often said to be the largest of its kind in the world in terms

⁵ Fieldwork was conducted in South, Southwest and Northwest districts of the National Capital Territory of Delhi to determine the number of additional *anganwadis* needed with a view to universalising ICDS and to identify corrective measures to enhance the performance of ICDS projects (Mehta and Ali, 2008). This required administration of questionnaires to and discussions with a large number of child development project officers, *anganwadi* workers, helpers, beneficiaries, etc., in the target districts as well as collection of information regarding the localities in each ward in the three districts; the population in each locality; and the spatial location of existing *anganwadis*.

⁶ A good description of the status and evolution of the PDS in India is available on the website of the Ministry of Food and Consumer Affairs (www.fcamin.nic.in) and in PEO (2005).

of coverage. It comprises about 500,000 FPSs and supplies grains to an estimated 65 million poor households. In 2009-10, it provided 23.4 million tonnes of grain to consumers. Out of this, 6.4 million were provided to the severely poor (Antodaya Anna Yojana, or AAY, card holders, a scheme to provide access to food for the poorest set up in 2000) and another 10.4 million tonnes to the remaining poor or BPL card holders. The remaining 6.2 million tonnes were purchased by non-poor households (APL card holders). Total purchases by all households from the PDS made up 94% of the grain made available. The percentage of purchases in the total allocation made available for distribution was the highest in the case of APL (97.4%), followed by AAY card holders (95.9%) and then BPL card holders (91.6%).

The PDS has evolved over the past seven decades since its origins during the World War II period and the Bengal Famine of 1943. Food shortages in the 1960s led to a streamlining of the system, and increased availability of food grains as a consequence of the Green Revolution in the late 1970s and 1980s saw the system extended to tribal areas and areas with high incidence of poverty. The scheme had an urban bias for several decades, but has become increasingly pro-poor.

A revamp of the system in 1992 strengthened it in backward regions. The Revamped PDS (RPDS) was launched in 1,775 blocks where area-specific programmes were being implemented, such as the Drought Prone Area Programme, the Integrated Tribal Development Projects, the Desert Development Programme and certain Designated Hill Areas. PDS infrastructure was improved in these areas, and food grains for distribution were issued at 50 paise below the central issue price (CIP). Elsewhere, the entitlement was increased to 20 kg per card from 10 kg. The RPDS sought to increase the

effective reach of PDS commodities and their delivery by state governments at FPSs, while providing additional ration cards for households left uncovered and addressing requirements like additional FPSs, storage capacity, etc. The revamp also expanded the basket of commodities for distribution through PDS outlets to include tea, salt, pulses and soap on top of rice, wheat, sugar, kerosene and edible oil.

The PDS saw another major change in 1997, when it was renamed the Targeted PDS (TPDS) and became more focused on supplying essential commodities to the poor. Grain was made available to BPL households at 50% of the 'economic cost' to the government and to APL households at the economic cost.

Prices fixed in July and December 2000 for BPL and AAY households, respectively, and in July 2002 for APL households, have not been revised since, even though the economic cost to the government has gone up considerably. States/UTs fix the retail price after taking into account factors such as margins for wholesalers and retailers, transportation charges, levies and local taxes. Under the TPDS, states were initially asked to issue food grains at a difference of not more than 50 paise per kg over and above the CIP for BPL households, which in turn was fixed at 50% of the economic cost. Now, states/UTs can ignore this restriction, except for AAY households, for which the end retail price is to stay at Rs 2 per kg for wheat and Rs 3 per kg for rice. AAY families today are supplied with 35 kg of grain per family per month, up from 25 kg per month in 2000 but at the same 2000 price. The allocation was increased from 20 kg in 2000 to 25 kg in 2001 for BPL households and, along with AAY and APL households, to 35 kg per month in 2002.

There has been a steady increase in the number of poor families the PDS covers. State

governments are responsible for identifying poor households to become eligible for BPL/AAY cards. However, there is a ceiling on the number of BPL households subsidised using central funds. This is determined by Planning Commission estimates of poverty in each state and not by the number of BPL cards each state issues. The PDS is supplemented by the midday meal scheme for students in government-run and -aided primary schools, as well as a few additional programmes that seek to supplement the nutrition of at-risk people.

The PDS and poverty reduction

Given its essential character of assuring supplies of basic nutrition, recent initiatives on food security are seeking to universalise the PDS to the entire population. This push is based also on the argument that current methods of identifying the poor are extremely weak and that the risk of excluding poor families from the system is extremely high. Evaluations have shown large errors in this regard. A study of 16 states (PEO, 2005) found a rate of exclusion of the poor from BPL card eligibility of 47% in Assam, 33% in Maharashtra, 30% in Bihar and 27% in Orissa. The exclusion error was less than 10% in Punjab and Andhra Pradesh. In Tamil Nadu, the PDS was universal, so there were no exclusion errors. However, the 'inclusion error,' implying provision of BPL cards to the non-poor, was high in Tamil Nadu, Karnataka and Andhra Pradesh. There is also the problem of 'ghost cards,' where the number of cards issued exceeds the number of households.

The need to reduce corruption and ensure better targeting is clear. In a study of the impact of the PDS on poverty, using data for 1986-87, Radhakrishna (1997) shows the impact of the untargeted and relatively less extensive approach had very little impact on poverty. He estimates that, without the PDS, the poverty

HCR might have been only 2 percentage points higher. However, with better targeting, the impact on the poor may have increased.

The current PDS supports only a part of the poor's food requirements. Desai et al. (2010), for both rural and urban areas, found only 55% of BPL and AAY card holders who had consumed rice in the previous month had bought it at a FPS, and only 13% had bought all their rice there. In the case of wheat, 44% of BPL/AAY families bought from a FPS and only 28% met all their needs through the PDS. Desai et al. also report that 60% of children up to 5th Class receive midday meals or free grains.

However, the reasons the poor did not buy wheat and rice from FPSs would likely include lack of readily available funds; inability to buy more than small amounts at one time and therefore a need to purchase small amounts frequently rather than the monthly amount all at once; lack of safe and protected storage space; need to purchase on *udhaar* (through short-term debt); inconvenient times and days of opening of the FPSs; and lack of availability of the grain at the shop when they go to buy their ration. Most of these issues can be rectified. Clearly, the effectiveness of the PDS in meeting the needs of the poor is also determined by the efficiency of the supply system.

5. MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

Background

MGNREGA guarantees 100 days of unskilled work at the minimum wage to each household. It was passed unanimously in the *Lok Sabha* (the lower house of Parliament) on 23 August 2005. It came into force in 200 districts on 2 February 2006 and was extended to an additional 130 districts in 2007-08. The Act was universalised with effect from 1 April 2008 and now covers the entire country.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is not just another wage employment programme. It is legally enforceable, and changes can be initiated only through constitutional amendment.⁷ It draws on India's long experience with wage employment generation schemes (Table 5.7).

Table 5.7: Milestones on the journey towards MGNREGS (1960-2010)

| Date | Main provisions (schemes) |
|------------------|--|
| 1960-61 | Rural Manpower |
| 1971-72 | Crash Scheme for Rural Employment |
| 1972 | Pilot Intensive Rural Employment Programme |
| 1973-76 | Small Farmers Development Agency Marginal Farmers and Agricultural Labour Scheme |
| 1977 | Food for Work Programme and Antyodaya Programme |
| 1980 | National Rural Employment Programme |
| 1983 | Rural Landless Employment Guarantee Programme |
| 1993-94 | Jawahar Rozgar Yojana Employment Assurance Scheme |
| 1999-00 | Jawahar Rozgar Yojana merged with Jawahar Gram Samridhi Yojana and made a rural infrastructure programme |
| 2001 | Sampoorna Grameen Rozgar Yojana |
| 2004 | National Food for Work |
| 7 September 2005 | Notification of NREGA |
| 2 February 2006 | NREGA introduced in 200 districts |
| 2007 | NREGA Phase II – extended to additional 130 districts |
| 1 April 2008 | NREGA Phase III – extended to cover all districts of India |
| 2 October 2009 | NREGA renamed MGNREGA |

Source: Kumar et al. (2010).

The programme is implemented as a centrally sponsored scheme on a cost-sharing basis. The central government bears the cost of payment of wages for unskilled manual workers; up to 75% of the material cost and wages of skilled and semi-skilled workers; and administrative expenses towards the salaries of programme officers, their supporting staff and *gram rozgar sevak* (village employment facilitators) as well as towards worksite facilities. The state government bears 25% of the material cost and wages of skilled and semi-skilled workers; unemployment allowance payable in case the state government cannot provide wage employment within 15 days of application; and the administrative expenses of the State Employment Guarantee Council.

MGNREGS has had the advantage of being able to build on the experience of the Maharashtra Employment Guarantee Scheme (MEGS), which has been in operation for several decades. While MGNREGS is patterned on MEGS, it deviates from it in many ways, as Table 5.8 shows.

The flaws in MEGS included: limited number of days of work actually provided; low wages; lack of worksite facilities; lack of upgrading of skills; limited administrative systems for monitoring and tracking implementation; poor sustainability of assets created under the scheme; and lack of convergence with other schemes (Shah and Mehta, 2008). MGNREGS has tried to correct many of these. Like MEGS, it makes provision for compensation and treatment in case of injury and for onsite facilities like safe drinking water, care of small children, periods of rest and first aid. It bans contractors and restricts the use of labour-displacing machines. It requires that the wage component be at least 60% of the expenditure in any project. It tries to create much-needed

⁷ Thus, the Act provides the legal foundation for the work guarantee, and the scheme is the means by which this guarantee comes into effect. The Act is a national legislation, but the scheme is state-specific.

rural assets through watershed development; water conservation and harvesting; irrigation works; forestry; land development; flood control; construction of roads; etc. (in Ghosh et al., 2008).

Impacts

What are the achievements of MGNREGS so far? In addition to access to work, many of those who work on sites where MGNREGS is being implemented are the chronically poor. Higher wages, reduction in the need for distress migration, reduction in indebtedness and investment in community assets in the village are among the key short-term impacts observed in some districts, as listed below:⁸

- Greater economic and livelihood security during lean periods, as there is a fallback employment option (Drèze and Oldiges, 2008; Sainath, 2008; Sudarshan, 2010a, 2010b).
- Increase in agricultural wages (CSE, 2008a; Kumar et al., 2010; MoRD, 2008; Singh, 2007).
- Reduction in distress migration (CSE, 2008a; Deccan Chronicle, 2007; Menon, 2008; MoRD, 2008).
- Reduction in indebtedness (MoRD, 2008).
- Investment in productive community assets, such as roads, water conservation structures, drought-proofing structures, flood protection, afforestation and plantation (CSE, 2008a; Menon, 2008).
- Increased participation of women, especially in Rajasthan and Andhra Pradesh (CSE, 2008a; Drèze and Lal, 2007; MoRD, 2008).
- Mobilisation of the poor for

livelihood-related activities and strengthening of the process of participatory democracy through economic decentralisation (Kumar et al., 2010).

- Women finding work convenient as it is close; no job search is needed; and the government is a trusted employer. This has reportedly encouraged non-working women, widows and the elderly to participate (Sudarshan, 2010a, 2010b).

The Office of the Comptroller & Auditor General (CAG) assessed MGNREGS in the early stages of its implementation, in terms of its conformity with MGNREGA's provisions and guidelines, finding most states were not following these (CAG, 2007). Other methods of monitoring include analysis of reports submitted by national-level monitors (Mehta et al., 2006a; 2006b), which form the basis for mid-course correction and help determine subsequent release of funds to state governments. A large number of researchers and activists also monitor MGNREGS: monitoring visits by outsiders cannot match the accuracy of reports from a locally present, continuously watchful civil society (Gopal, 2009; Kumar et al., 2010). Transparent sharing of information and a vigilant community are necessary to prevent corruption-based disenchantment.

To what extent are women able to exercise their right to work through MGNREGS? Sudarshan (2010b) found wide variations across states, within states and across districts in the share of work days going to women. In 15 states out of 26, the share of women in total work days was over 33% in November 2007 (data for 2006-07), and 20 of the same 26 in 2009-10. Six states had a share of 25% or less in 2006-07 (but just three states in this group in 2009 -10). At the two extremes in terms of

⁸ For details on districts, please refer to sources cited.

Table 5.8: MEGS and MGNREGS – comparing the design

| | MEGS | MGNREGS |
|---|--|--|
| Objective | <ul style="list-style-type: none"> To provide gainful and productive employment to those in need of work and who are prepared to do unskilled manual labour but cannot find work on their own. To create durable community assets for longer-term development. | <ul style="list-style-type: none"> Enhance households' livelihood security and strengthen livelihood resource base of rural poor through unskilled manual work; Safety net to reduce migration by rural poor in lean period; creation of productive assets to ensure development of rural areas; protecting environment; empowering rural women; fostering social equity; etc. |
| Eligibility | All adults in villages and C class towns. | Only households in villages in designated districts. |
| Coverage | 33 of 35 districts of Maharashtra (excluding Mumbai City district and Mumbai Suburban district). | Phase I 200 districts. Phase II an additional 130 districts. Phase III extended to the entire country from April 2008. |
| Administrative arrangements | No separate administrative machinery. Minimal administrative costs. Works implemented through various government departments such as Irrigation, Public Works, Agriculture, Forest and local bodies, such as <i>Zilla Parishads</i> (district councils). | MoRD as nodal central ministry. Administrative hierarchy at central and state levels and below. |
| Days of work | Round-the-year guarantee with the understanding that works will not be initiated in peak agricultural season. | 100 days per household. |
| Women | All adult women as entitled to demand work as adult men. | One-third of beneficiaries must be women but rights of women subsumed within the household. |
| Job cards | Nil. | To be provided within 15 days of application. |
| Choice of work | By <i>tehsildar</i> (official of the revenue department at sub-district level). | By <i>Gram Sabha</i> (congregation of all village members above 18) in villages to be displayed after approval of shelf of projects. |
| Wage rate | Zone-wise prevailing minimum rates of wages revised as of 26 March 2001: Zone 1 Rs 51; Zone 2 Rs 49; Zone 3 Rs 47; Zone 4 Rs 45, applied on a piece-rate basis. | Minimum wages applied to task completed. |
| Days taken for payment of wages as per design | 15 days. | 15 days. |
| Worksite facilities | Drinking water facilities, shelter for rest at break time, first aid box, crèche, shelter and midwife to look after children of labourers, wired goggles for stone-crushing labourers. | Drinking water, shade, crèche, first aid kit. |
| Unemployment allowance | Failure to provide employment within 15 days of receipt of demand leads to payment of unemployment allowance at rate of Rs 1 (now Rs 10) per day. | One-third of the applicable wage to be given if work not provided within 15 days of application. |
| Measurements for payment | By technically qualified persons as per schedule of rates, so fixed that a person working seven hours would normally earn a wage equal to the wage rate. | By technically qualified junior engineer, assistant engineer or village monitoring committee based on a schedule of rates so fixed that a person working seven hours would normally earn a wage equal to the wage rate. |
| Supervision | Site supervisor from the government department implementing the project. | Qualified technical personnel. |
| Source of funds | Levy of specific taxes (by state government) with state government matching amount thus collected. | Central and state government. |
| Monitoring | Village and <i>tehsil</i> (an administrative division below the district and above the village) committees consisting of male and female workers, head of village council, <i>tehsildar</i> and <i>kotwal</i> (officer in charge of local police station). | Vigilance and monitoring committees set up. |
| Grievance redressal | Putting in a complaint to the <i>tehsildar</i> . | Complaint registers or open days run by senior officials. |
| Target group | Open to all adult individuals regardless of caste, gender or income group. Self-targeting or targeted based on low wages and unskilled arduous work. | Open to all adults at household level regardless of caste, gender and income group. Self-targeting or targeted based on low wages and unskilled arduous work. |

Source: Shah and Mehta (2008).

percentage share in 2006-07 were Jammu and Kashmir (5%) and Himachal Pradesh (13%) on the one hand; and Tamil Nadu (82%), Tripura (76%), Rajasthan (68%) and Kerala (66%) on the other. In 2009-10, Himachal Pradesh had moved into the highest share group.

Payment of wages to those working on MGNREGS sites is critical to ameliorating poverty. However, wages paid are significantly less than the stipulated minimum wage, owing to application of a schedule of rates and measurement of work. Based on fieldwork in a few areas in three states, Sudarshan (2010b) points to uncertainty with regard to wage payments, on two counts. First, workers do not know in advance how much work needs to be done in order for them to be eligible for the minimum wage. Second, there are names on the muster rolls of persons who are not actually present at the worksite.⁹ And, even though the government of Rajasthan took the initiative of reducing the prescription for calculating wages under MGNREGA by 30% in October 2007, as women and old labourers were not able to accomplish their allotted tasks and thus were deprived of the minimum wage, official data from Abu Road in Rajasthan confirm that wages paid are generally below the minimum wage (Table 5.9). This is despite some increase in the average wages earned.

Table 5.9: Abu Road, Rajasthan – wages paid

| Year | Minimum wage paid (Rs) | Maximum wage paid (Rs) |
|---------|------------------------|------------------------|
| 2006-07 | 9 | 73 |
| 2007-08 | 14 | 73 |
| 2008-09 | 44 | 100 |
| 2009-10 | 38 | 100 |

Source: Block Development Office, Abu Road, cited in Sudarshan (2010b).

The track record of different states on implementing MGNREGS varies. Rajasthan's success in participation of households is attributed to the social audits initiated by the grassroots social movement MKSS (Mazdoor Kisan Shakti Sangathan) and the Right to Information (RTI) campaign (see Chapter 6). This has resulted in high levels of awareness (Ghosh et al., 2008). Rajasthan's government showed initiative in introducing revised wage/productivity norms, so as to increase actual earnings; later, in early 2009, it introduced regular training for 'mates' (site supervisors), reduced the qualification required for women so as to encourage them to work as site supervisors and set up a committee chaired by the Minister of Rural Development and including civil society activists that meets once a month to discuss implementation issues (Sudarshan, 2010b).

Social audits conducted by CSOs in partnership with the state government, and digitisation of the entire process, from registration to pay order, are considered key to Andhra Pradesh's success (Burra, 2007; Menon, 2008). The state has made a radical move to institutionalise social audits for all MGNREGS programmes to check corruption (Aiyar, 2007). Information pertaining to all card holders and works undertaken can be seen on the website or at software kiosks across 657 *tehsils* (Venkateshwarlu, 2007).

Sudarshan (2010b) reports that in Kerala, the minimum wage of Rs 125 is paid to all workers for each day worked on MGNREGS. This wage is well above the prevalent market wage for women (Rs 70-80), but well below that for men (Rs 200 or above). Regular implementation of MGNREGS has created a shortage of agricultural labourers, and in turn has led to some upward movement of female unskilled wages. The response to this has taken

⁹ It has been observed that members of upper-caste families get their names included on the muster roll but leave the work to be done by lower-caste and female labour. Personal communication from D.N. Reddy, Institute for Human Development.

two forms. In some places, MGNREGS works are kept open only when agricultural work is not available, to prevent a clash. In others, rubber and coconut plantation owners have been forced to raise the daily agricultural wage.

In an assessment of the official statistics and analyses by various agencies and researchers, Sharma (2009) notes that, as compared with its previous version, the Sampoorna Grameen Rozgar Yojana, the scheme has led to an improved share of ST households in employment and improved participation by women. The nominal wage rate in rural areas has increased as the scheme has unfolded, but real wage rates have not. This study also points to large variations in the various outcomes across states. For instance, women's participation in employment generated is low in the northern region. Nevertheless, there have been positive effects on the lives of the poor where the programme has been implemented properly.

Overall successes and flaws

The biggest success of MGNREGS is that it has given the right and opportunity to access work to the poor as well as bringing issues of livelihoods, entitlements and corruption centre stage. Social audits and reports mention that the programme has instilled a sense of security, increased transparency and accountability in governance (Aiyar, 2007). Its major flaws are that it offers 'hard labour that ends in a wasted body and a surfeit of [...] earth embankments' that may get washed away with the next rain (Handa, 2008); and that, whereas MEGS provides a round-the-year guarantee (except in the peak agricultural season) to all adults willing to do unskilled manual work, provided they are over 18, MGNREGS provides the guarantee at the household and not the individual level and, also, limits the entitlement to 100 days.

Generating awareness as to the availability of on-demand work and social audits is not enough. If MGNREGS is not just another wage employment programme, and the purpose is to 'create much-needed rural assets' that raise agricultural productivity and create livelihood opportunities, the next step has to be provision of technical support and skills to use MGNREGS allocations to build quality assets that are sustainable. Works can be identified through convergence with, for instance, forestry departments, so it is possible to address, in addition to income poverty, ecological poverty facing women in provisioning water, grass for livestock and fuel-wood (Sudarshan, 2010a).

In sum, while the many monitoring and auditing reports list planning and implementation failures and tell us performance differs across villages and worksites; while deviations from guidelines continue; and while delayed payment of wages and payment below the minimum wage remain an issue; it is important to note that none of the audit reports mentions lack of demand for work or villagers not needing the job opportunities MGNREGS creates.

MGNREGS is self-targeting. There are reports of manipulation by vested interests, but the major reason for failure to achieve outcomes is design flaws. If MGNREGS is to reduce poverty, work must not be backbreaking and lead to emaciation and ill-health in difficult conditions.¹⁰ And moving people out of poverty cannot be achieved by allowing just 100 days of work per household per year. Committing to more effective poverty reduction requires increasing the entitlement in terms of days; providing work on demand to all adults instead of limiting it to the household level; and ensuring payment of minimum wages for work done. Reported implementation failures can be rectified

¹⁰ We are grateful to R. Handa for stressing this.

through increased transparency and closer monitoring. Meanwhile, although the scope for strengthening implementation, providing skills and building high-quality sustainable assets, etc., remains very wide, it is impossible to deny the fact that MGNREGS has filled a major void in meeting demand for work.

6. NATIONAL RURAL HEALTH MISSION

The health situation, ill-health and entry into poverty

High health care-related costs owing to the onset of a long illness can lead to entry into poverty, and also worsen the situation of those already poor. Ill-health creates immense stress, even among those who are financially secure. Most households in India do not have medical insurance, and sell invaluable assets and additionally borrow money to try and save family members who suffer from serious illness. The importance of publicly available, good quality health care to enable greater access to health services cannot be overestimated in preventing the non-poor from entering poverty or reducing the suffering of those below the poverty line (Mehta, 2009).

It is now generally accepted that ‘India’s achievements in the field of health leave much to be desired and the burden of disease among the Indian population remains high’ (Bajpai et al., 2009). The authors note that illness and death from infectious diseases such as malaria and TB are re-emerging as epidemics that can be prevented and/or treated cost effectively with primary health care services under the government health system. However, the extensive public primary health care infrastructure is ‘inadequate’ and ‘grossly underutilized’ owing to its ‘dismal quality’ (ibid). Further,

‘[...] in most public health centers which provide primary healthcare services, drugs

and equipments are missing or in short supply, there is shortage of staff and the system is characterized by endemic absenteeism on the part of medical personnel due to lack of control and oversight.’

There are wide disparities on health-related indicators, between rural and urban areas, between better and poorer performing states and between better-off and more vulnerable sections of society. Health care centres in many villages are non-functional, ill-equipped and inadequately manned. The rural system has been described as ‘wasteful and inefficient’ and delivering ‘very low quality health services [...] far less than the guidelines laid down by the government’ (Bajpai et al., 2009). Health and health care access is also highly inequitable (Duggal, 2009).

Private health care facilities are used extensively in India (Desai et al., 2010). Kurian (2010) points out that the major weakness of the system is the absence of an accessible basic doctor and the fact that ‘70% of primary health care is provided by unqualified practitioners in the private sector.’ Over 80% of health expenditure in India is private (ibid). Baru (2006) explains that the growth of private sector in provisioning of health care was facilitated by fiscal constraints on government budgets, leading to cuts in public expenditure in the social sectors and increasing the space for private sector growth. Meanwhile, private sector growth has also been enabled through growth of the pharmaceutical and medical equipment industries and their search for markets for their products. Using data for two districts for Andhra Pradesh, Baru (1993) found the number of private institutions at the secondary level of care was skewed in favour of the developed districts rather than the poorer ones. Private secondary and tertiary levels of care were confined largely to urban areas and rural areas where there was agrarian prosperity.

Baru draws attention to rising costs in the public sector, better quality of care provided and an increase in the cost of drugs acting as push factors in increased utilisation of the private sector.

Inequity in use of public health subsidies is clear, since only 10% of public health subsidies accrue to the poorest 20% of the population, whereas over three times as much (31%) accrues to the richest 20% (Mahal, 2002). This could owe to problems such as distance from medical facilities and the opportunity cost of accessing public health facilities in terms of forgone incomes facing the rural poor if they seek health care. Income growth, infrastructure development that improves access to hospital care and improved quality of health care and accountability of providers would help improve the allocation of subsidies (ibid). Maharashtra, Kerala, Andhra Pradesh, Punjab, Gujarat and Tamil Nadu have the most egalitarian distribution of public health subsidies. In contrast, in Bihar, Rajasthan, Orissa, Himachal Pradesh, Uttar Pradesh and Madhya Pradesh, between 37% and 50% of health-related subsidies accrue to the richest 20% of the population (ibid). Noting that those who need care are not seeking care because they cannot afford it, and therefore may not be seeking care when they need it the most (Iyer and Sen, 2001), Baru (2006) argues that at the state level this calls for a rational use of available resources and also for a policy that will strengthen public provisioning and regulate the private sector.

Through the Common Minimum Programme, the UPA government promised to increase public spending on health to at least 2-3% of GDP, with a focus on primary health care; to raise public investment in the control of communicable diseases; and to give special attention to poorer sections in health care. However, spending on health has fallen far short of these promises (Table 5.10).

Table 5.10: Public expenditure on health, 2005-06 to 2008-09

| Year | Public expenditure on health (% of GDP) |
|---------|---|
| 2005-06 | 0.96 |
| 2006-07 | 0.98 |
| 2007-08 | 1.03 |
| 2008-09 | 1.10 |

Source: Ministry of Health and Family Welfare National Health Accounts.

It is increasingly recognised that ‘poorer populations bear the brunt of health disadvantages’ and are ‘beleaguered with ill health whether it be their efforts for child survival or anxieties pertaining to child nutrition’ (Joe et al., 2008). Examining spatial and temporal dimensions of health outcomes, Agrawal (2010) finds that the impressive rate of growth of economic output is not accompanied by similar achievements in health; the rate of decline of IMR decelerated during the late 1990s. Further, the majority of infant deaths are concentrated in some of the poorer states of the country. Sen et al. (2007) highlight the interplay of systematic hierarchies and systemic failures in determining health outcomes for poor women. Using empirical evidence and insights based on data collected from 1,920 households in 60 villages in two sub-districts of Koppal, they find ‘the more insecure the household’s economic status, the greater the chance that health-seeking will be rationed within the household, and this is borne disproportionately by girls and women.’

Based on a survey of 5,759 individuals in 1,024 households in 100 hamlets in rural Udaipur in collaboration with Seva Mandir and Vidya Bhavan, Banerjee et al. (2003) conclude that the quality of the public service is ‘abysmal and unregulated and private providers who are

often unqualified provide the bulk of health care in the area.’ Households in the sample were poor: average per capita household expenditure was Rs 470 per month and more than 40% were living in BPL households. The authors found that 51% of men and 56% of women were anaemic. There was also evidence of respiratory difficulties. A third of adults reported cold symptoms in the previous 30 days, 12% saying the condition was serious; 33% fever; 42% ‘body ache’; 23% fatigue; 14% problems with vision; 42% headaches; 33% back aches; 23% upper abdominal pain; 11% chest pains; and 11% weight loss.

Micro studies frequently capture such high levels of morbidity – far higher than those reported in NSS data. Such morbidity and malnutrition incidence, combined with high levels of poverty, calls for urgent and priority commitment and allocation of substantial resources to the health sector. Instead, as Srinivasan et al. (2007) show using data from three NFHS rounds, the pace of interventions to address maternal and child health has slowed, with a ‘dampening’ of the full immunisation programme during 1998-99 to 2005-06. In view of high rates of malnutrition and infant mortality, this is cause for serious concern.

Purpose, strategy and components

The NRHM 2005-12 mission document (NRHM, 2005) pointed to relatively low public expenditure on public health; inequitable allocation of resources, with those in lower income groups accessing much less health care through public services than those in higher income groups; disparities across regions in public health care facilities; and lack of community participation in the provision of services.

The NRHM was launched to provide accessible, affordable and accountable quality health services to rural areas throughout the

country, especially to the poor, women and children, with a special focus on 18 states with weak public health indicators and/or infrastructure. Within this, it addresses existing inter-state and inter-district disparities, especially in the 18 high-focus states. The NRHM aims to undertake ‘architectural correction of the health system [... to] promote policies that strengthen public health management and service delivery.’ It also articulates the government’s commitment to increasing spending on health from 0.9% to 2-3% of GDP.

The NRHM’s core strategies include assigning significant responsibility to the *Panchayati Raj* institutions in the management of rural public health care systems, along with measures to enhance the capacity of the institutions for this purpose. Other strategies involve improving access to health care at the household level through female health care activists at the village level, and numerous other measures aimed at achieving convergence of alternative approaches to rural health care and strengthening institutions and facilities at village, block and district level. The challenge facing the NRHM is huge.

Targets and achievements

The NRHM seeks to attain a large number of outcomes at the national and community levels. Table 5.11 summarises achievements with regard to each of the national-level indicators specified in the mission document.

While there has been progress on most indicators, there are serious concerns with regard to meeting the most critical. For instance, with the IMR at 53 and the MMR at 254, targets on these will not be met – and the shortfall remains significant. West Bengal, Andhra Pradesh and Tamil Nadu reported the highest percentage decline on MMR between 2001-03 and 2004-06. Performance in Bihar, Orissa, Rajasthan, Uttar Pradesh and Madhya

Table 5.11: Progress on the NRHM – targets and achievement

| Target to be achieved by 2012 | Achievement |
|---|---|
| IMR: reduce to 30 per 1,000 live births | 55 in 2007; 53 in 2008 http://indiabudget.nic.in |
| MMR: reduce to 100 per 100,000 live births | 254 in 2004-06 (SRS Bulletin, April 2009) www.mp.gov.in/health/MMR-Bulletin-April-2009.pdf |
| Total fertility rate: reduce to 2.1 | 2.7 in 2007 (National Health Profile, 2009) http://cbhidghs.nic.in/index2.asp?slid=1068&sublinkid=721 |
| Malaria mortality: reduce by 50% up to 2010, additional 10% by 2012 | 1,704 in 2006; 1,173 in 2007; 935 in 2008; 29 in 2009 http://nrhm-mis.nic.in |
| Kala-azar mortality: reduce by 100% by 2010 and sustain elimination until 2012 | 187 in 2006; 189 in 2007; 146 in 2008; 5 in 2009 http://nrhm-mis.nic.in |
| Filaria/microfilaria: reduce by 70% by 2010, 80% by 2012 of 85.92% and eliminate by 2015 | 82% against eligible 518 million in 2007, coverage in 2008 http://nvbdcp.gov.in/MDA.html |
| Dengue mortality: reduce by 50% by 2010 and sustain at that level until 2012 | 184 in 2006; 69 in 2007; 80 in 2008; 4 up to April 2009; data awaited for rest of 2009 and 2010 http://nrhm-mis.nic.in |
| Japanese encephalitis mortality: reduce by 50% by 2010 and sustain at that level until 2012 | 658 in 2006; 963 in 2007; 684 in 2008; 53 up to April 2009 http://nrhm-mis.nic.in |
| Cataract operation: increase to 46 lakh per year until 2012 | 4,693,073 in 2009-10; 5,826,931 in 2008-09, National Programme for Control of Blindness www.npcb.nic.in/ |
| Leprosy prevalence: reduce from 1.8/10,000 in 2005 to less than 1/10,000 thereafter | Prevalence rate reported at 0.72 per 10,000 population for the year 2008-09 ending on 31 March 2009 http://nlep.nic.in/Progress%20report%2031st%20March%202008-09.doc |
| Tuberculosis DOTS services: maintain 85% cure rate through entire mission period | 87% success rate of new smear positive patients April 2009 www.tbcindia.org/pdfs/TB%20India%202010.pdf |
| Upgrade community health centres (CHCs) to Indian Public Health Standards (IPHS) | March 2007 6,630 sub-centres, 224 primary health centres (PHCs), 938 CHCs; March 2008 4,276 CHCs http://mohfw.nic.in/Bulletin%20on%20RHS%20-%20March,%202008%20-%20PDF%20Version/RHS%20Bulletin%20-%20March%202008%20-%20Final%20Tables.pdf |
| Increase utilisation of first referral units from less than 20% to 75% | 1,813 (RHS Bulletin, March 2008) http://mohfw.nic.in/Bulletin%20on%20RHS%20-%20March,%202008%20-%20PDF%20Version/RHS%20Bulletin%20-%20March%202008%20-%20Final%20Tables.pdf |
| Engage 250,000 female accredited social health activists (ASHAs) in 10 states | 794,768 ASHAs http://mohfw.nic.in/NRHM/asha.htm#data |

Source: Column 1 NHRM (2005); column 2 mentioned separately for each indicator.

Pradesh was also significant. However, Punjab and Haryana actually showed an increase in MMR during this period (Bajpai et al., 2009).

Further, there are concerns regarding accuracy of estimates, since mechanisms for collection and reporting of data on maternal and neonatal deaths were lacking in the districts of 17 states audited by CAG (2008). Further, slippages are not surprising: CAG found immunisation targets were fixed on an *ad hoc* basis in 15 states/UTs.

Serious note should be taken of CAG (2008) findings that, despite higher rates of immunisation, incidence of infant and child disease has *increased* in nine states. In audited districts of 22 states/UTs, there was a shortfall in the administering of the first and second doses of vitamin A owing to short supply at health centres. Despite two national immunisation days and six special national immunisation days (and additional rounds in selected districts of Bihar and Uttar Pradesh), 1,640 new polio cases were detected in 17 states/UTs in 2005-08. Quality control remained important: in spite of a complete ban on cataract surgery in camps, 19.52 *lakh* such cataract surgeries were performed in 14 States/UTs, which was 47% of the total number of cataract surgeries in these states.

Below is an overview of auditing and evaluation findings on planning; fund flow management; infrastructure development and amenities; capacity building; procurement; and supply of medicines, equipment and medical personnel.

Implementation: planning, community participation and funds flow

NRHM planning has been constrained by non-completion of household and facility surveys and state-specific perspective plans; lack of preparation of district-level annual plans in nine states and block- and village-level annual

plans in 24 states/UTs; and a need to generate planning capacities (CAG, 2008). Gill (2009) notes that evaluation was not built into the project design and baseline figures are lacking; this hampers assessment of how the mission is faring in various regions.

The NRHM emphasises local participation as key to successful implementation. Progress on this has been slow, with village health and sanitation committees not constituted in nine states. Patient welfare committees are weak and have no grievance redressal mechanisms or outreach and awareness generation efforts (CAG, 2008).

The People's Mid-Term Appraisal of the Eleventh Five-Year Plan (CBGA, 2009) also found village health and sanitation committees were largely not in place – none was reported in villages in Orissa, Rajasthan and Jharkhand; 22.27% of the necessary committees were reported in Madhya Pradesh; and they were beginning to be formed in Chhattisgarh. Further,

‘[...] genuine communitisation and decentralisation processes are also not still visible under the NRHM. Community involvement even in ASHA selection has been negligible. Village health and sanitation committees are hardly present. District health action plans, which should have been the reference point for all activities and spending are just beginning to come in only now from few districts. Even in these cases it is doubtful to what extent there has been participation of the village communities in the preparation of the plan. The problem is compounded by promotion of outsourcing measures for activities such as recruitment and preparation of district plans.’

Total outlay/expenditure on the NRHM during 2005-06 to 2007-08 was Rs 24,151.45 *crore*. The centre contributed 100% of funds in the

first two years, with states to contribute 15% of funds during the Eleventh Plan. However, in the context of fund flow management, CAG (2008) found many states were yet to contribute their share of funds to the mission. Reasons were as follows: owing to high unspent balances in previous years, many high-focus states where diseases are endemic and health indicators poor received relatively less in central grants; release of funds to state and thus district and block levels needed streamlining to ensure prompt and effective utilisation; in 2005-07, Rs 720.20 crore was released to state health societies to upgrade CHCs to meet IPHS without receiving proposals and plans of action and, consequently, most remained unspent; and most states were yet to adopt e-banking. Since central funds go out on a weighting system, based on state population and category, a significant proportion of NRHM funds go to Uttar Pradesh and Bihar. Unspent funds are large. For example, over 40% of funds to Uttar Pradesh remain unspent, with serious implications for the performance of the scheme (Gill, 2009).

Implementation: infrastructure development and capacity building

Bajpai et al. (2009) report satisfactory availability of essential infrastructure like electricity, water supply, drinking water, toilets and round-the-clock delivery facility in all CHCs. However, they also found telephone facilities did not exist in 29% of CHCs; an all-weather approach road in 21%; functional vehicles in 14%; linkages with blood banks in 57%; and medical stores in 7%.

At PHC level, only 19% of PHCs reviewed in three states by Bajpai et al. (2009) have been upgraded under the NRHM. None has the necessary equipment for surgery and 16% do not have equipment for deliveries. A total of 26% do not have a regular supply of medicines.

Only 29% have a regular supply of Ayurveda, Yoga, Unani, Siddha and Homoeopathy (AYUSH) medicine and only 39% have consulting rooms for AYUSH doctors. Some 13% do not have a fully equipped labour room, 13% do not have beds and 16% do not have sitting facilities for relatives of patients. None of the PHCs provides food to patients. Linen is washed once a week and replaced once a year on average. Meanwhile, essential infrastructure is missing in some PHCs: electricity (16%); water supply (10%); drinking water (10%); functional generator (52%); toilet (7%); round-the-clock delivery facility (32%); telephone (48%); all-weather approach road (13%); functional vehicles (81%); and linkages with blood banks (81%). The IPHS are obviously not being met.

In Andhra Pradesh, Uttar Pradesh, Bihar and Rajasthan, Gill (2009) found that infrastructure does exist in all public health facilities at all levels in all states (except for 20% of sub-centres in Andhra Pradesh and 50% of additional PHCs and 20% of sub-centres in Bihar). However, in Bihar especially, additional PHCs are derelict and all PHCs and sub-centres operate out of rented buildings. Construction is taking place at the level of CHCs in Andhra Pradesh, Uttar Pradesh and Bihar and at the level of PHCs in Uttar Pradesh and Rajasthan. There is no construction at sub centre level. Electricity is erratic in Uttar Pradesh and Bihar, leading to liberal purchase and use of generators and inverters. Water supply is problematic in Rajasthan and to some extent Bihar, with slow construction of toilets and waste disposal pits and low usage of facilities. In Rajasthan, facilities are very clean. There is no shortage of cleaning staff in Uttar Pradesh and Bihar but facilities need to be better maintained.

Andhra Pradesh contracts out emergency vehicles to a not-for-profit; Bihar CHCs use Omnis donated by the local Member of the

Legislative Assembly (MLA); Uttar Pradesh CHCs and PHCs depend on a few ambulances provided by the state government; and Rajasthan also depends on such ambulances at CHC level but has to hire private vehicles at PHC level.

Implementation: medical care service providers

CAG (2008) notes that, while the innovative practice of engaging ASHAs has had a positive impact on taking health care to and enhancing awareness of the patient, persistent shortage of service providers at different levels in different states/UTs continues to pose a challenge. Despite engagement of contract workers, there are shortages of specialist doctors at CHCs, staff nurses at CHCs/PHCs and auxiliary nursing midwives/multi-purpose workers at sub-centres. Poor upkeep and maintenance and high absenteeism of manpower in rural areas are the main problems in the health delivery system in the public sector.

Bajpai et al. (2009) found that only 64% of CHCs had a general practitioner; 43% a physician; 50% a surgeon; 36% a paediatrician; 29% an AYUSH doctor; and 14% an anaesthetist. Thus, availability of specialised doctors at CHC level in the high-focus states is far from meeting the IPHS, even after NRHM implementation. Even after four years of implementation, 7% of CHCs do not have a doctors' residence and 14% do not have a nurses' residence. As a result, not all CHCs have a round-the-clock service: attendants at nights are available in only 57% of CHCs.

At PHC level, there are shortages of general practitioners, AYUSH doctors, staff nurses, auxiliary nursing midwives, ward boys, male and female health assistants, lady health visitors, health educators and laboratory technicians.

Noting that paramedical staff are the backbone of the rural public health system, Gill (2009) draws attention to shortages and vacancies of doctors, specialists, anaesthetists, obstetricians/gynaecologists, nurses and technicians. At CHC level, vacancies are highest in Uttar Pradesh, followed by Bihar, Andhra Pradesh and Rajasthan. At the PHC level, vacancies are highest in Bihar, followed by Andhra Pradesh, Rajasthan and Uttar Pradesh.

Implementation: procurement and supply of medicines and equipment

In the context of procurement and supply of medicines and equipment, CAG (2008) found no manual had been prepared in 26 states/UTs; formulary lists of drugs were not available, nor were standard bid documents adopted, in 13 states; inadequate procurement planning affected equipment utilisation, with Rs 3.96 *crore* of equipment lying unutilised in six states; and cold chain equipment worth Rs 10.43 *crore* and telemedicine facility-equipped mobile medical units worth Rs 10.72 *crore* remained non-functional owing to lack of supporting infrastructure in Jharkhand. In nine states, the required stock of essential drugs, contraceptives and vaccines (adequate for two months of consumption) was not available in any of the tested PHCs and CHCs.

Apart from an administrative fee of Rs 2 for a prescription, public health facilities are to dispense medicines free of cost to BPL and other deprived patients. Provision of medicines of course requires their availability. A random check of medicine storerooms in Andhra Pradesh, Uttar Pradesh, Bihar and Rajasthan showed considerable variation in the stock of medicines across type of health centres.

Efforts have been made to put in place mechanisms to enable access to reliable health care, especially for the poor and vulnerable,

through ‘architectural correction’ of the health sector based on delegation and decentralisation of authority; involvement of *Panchayati Raj* institutions; and other supportive policy reform measures in medical education, public health management, incorporation of ‘Indian systems of medicine,’ regulation of health care providers and new health financing mechanisms. However, this stops short of guaranteeing access to either adequate or reliable health care of any standard or quality.

Concluding issues in the context of health and the NRHM

Notwithstanding all of the above, the NRHM has had a positive impact on health care delivery, based on indicators such as increased patient inflow at PHCs and CHCs and improved institutional deliveries and immunisation, resulting from the positive impact of engaging ASHAs (CAG, 2008). It is unique in its use of institutional instruments to structurally reconfigure the public health system to facilitate decentralisation and community involvement; its efforts to promote inter-sectoral convergence in services; and its integration of segregated vertical disease-specific programmes at national, state, district and block levels (Gill 2009).

While NRHM has made progress in overhauling the public health delivery system, it has several limitations. It ‘promotes provision of a limited package of services through the government health centres, rather than comprehensive services’ (CBGA, 2009). The ASHA worker in the village is not a substitute for access to a basic doctor, and this remains the NRHM’s major lacuna. Hence, the NRHM needs strengthening, especially with regard to human resources for health. That is, it needs more doctors, nurses and auxiliary nurse midwives, as well as drug availability (Srinath Reddy, 2009).

Insurance plays a minor role in the Indian health sector, and Kurian (2010) points out that almost three-fourths of total health expenditure is out-of-pocket expenditure by households. In the context of insurance, Reddy cautions that,

‘[...] the whole problem of private insurance is not only that not many people can afford it, but even those who have acquired private health insurance find that the whole amount of risk coverage is very limited because those who are likely to have events fairly soon are weeded out of the insurance schemes and the coverage provided is not adequate for such people.’

Importantly, he stresses the need to ‘ensure that universal healthcare especially of essential health services is available and one should not be dependent on out of pocket spending.’

If decentralised public health services are to improve significantly, there is a need for a substantial injection of resources into the sector, in the context of continued government support. Priority allocations should go to correcting existing disparities in access to outpatient and inpatient quality treatment in rural areas. Meanwhile, the weaknesses identified above need to be addressed if the NRHM is to deliver ‘accessible, affordable and accountable quality health services to rural areas.’ Privatisation is not a solution: the experience of other countries shows that, while it may enlarge health services and improve their quality, it keeps the poor away.

While the NRHM has made a significant positive impact in terms of expanding health infrastructure, it is as yet inadequate to achieve the objectives set for it. What is required is an overhaul of the delivery system to provide effective universal access to primary health services. At one level, the flow of financial resources from the centre to the states needs to be strengthened. But there is also a need to

make community participation in the management of health services more effective. Building awareness among communities and devolving the resources to manage services are necessary steps to make community participation more effective. No individual should fail to secure adequate medical care because of an inability to pay. The state cannot and must not abdicate its responsibility to provide quality health care (preventive, promotive and curative) for all, especially vulnerable groups, although the definition of 'vulnerable' cannot be determined by ownership of a BPL card, since this will deny benefits to a large number of people.

7. RALEGAN SIDDHI AND HIVRE BAZAAR: RURAL DEVELOPMENT AND POVERTY REDUCTION¹¹

Ralegan Siddhi is a village located in the acute drought-prone and rain-shadow zone of Parner *tehsil* of Ahmednagar district, in central Maharashtra. It is at a distance of 87 km from Pune and 5 km from the Pune-Aurangabad state highway. The village has an area of 982.31 hectares and is characterised by erratic and scanty annual rainfall of 450-650 mm. The village gets rain on approximately 35 days of the year.

Before 1975, Ralegan Siddhi was one of the many villages of India plagued by acute poverty, barren land, hunger and deprivation, a fragile ecosystem, neglect and hopelessness. Population pressure, indiscriminate use of natural resources, lack of efforts at regeneration, recurrent cycles of drought, water runoff and soil depletion resulted in low productivity and low income. The majority of villagers were farmers, with 70% of households living below the poverty line. Today, though, Ralegan Siddhi is virtually unrecognisable as an Indian village, and few households can be categorised as poor. Agriculture is still the main source of livelihood,

and non-agricultural employment opportunities are limited. Those employed in services work as cobblers, drivers, teachers, blacksmiths, grocers, health workers and shopkeepers.

How did the change take place? The key interventions pertained to the introduction of watershed development, soil and water conservation and irrigation. But this was not all: there was community participation in the variety of social and economic programmes under Anna Hazare's dynamic leadership. Villagers contributed labour to the various development activities and accepted community-imposed regulations, such as equitable distribution of water and prudent choice of crops. For example, sugarcane, a water-intensive crop, was banned, and crops like pulses, oilseeds and certain cash crops with low water requirements were encouraged.

Wherever a water source was developed collectively, water is distributed in turn. A second turn is not given unless all landholders have received their first turn. Since there is no guarantee of a regular supply of water, water is 'rationed' by following a particular timetable for delivery. The landless have access to the commons.

What is also striking about the story of Ralegan is the 'convergence' of development activities and effective implementation of projects. Where all other attempts had failed in the region, Ralegan succeeded in implementing the 'lift irrigation' scheme on the Kukadi Canal in the early 1990s. The Ralegan model owes its success to its strong 'value system,' which was based on equity, putting the poorest first, eradication of hunger, fairness, transparency, gender balance and fighting corruption.

The experience of Ralegan has led to efforts to replicate the model. Watershed development schemes launched across the country have benefited from the experience. One notable

¹¹The discussion on Ralegan Siddhi and Hivre Bazaar is based on Mehta and Satpathy (2009).

success is the village of Hivre Bazaar, also in Ahmednagar district. Hivre Bazaar was crippled by the same social, economic and ecological issues as Ralegan. It suffered erratic and low annual rainfall – 350-400 mm on average. Severe water paucity for drinking and irrigation purposes led to very low productivity: water-intensive crops could grow on only half an acre of land. Hard rock makes up 80% of the land, and before the reforms indiscriminate grazing had eroded the green cover. Meanwhile, of a total of 180 households, 168, or 95%, were below the poverty line. Unemployment had led to heavy migration and, as in Ralegan, alcoholism was a serious concern. Crime and conflict were common and social indicators such as health and education were poor.

The development interventions in Hivre Bazaar were along the lines followed in Ralegan: watershed development, water and soil conservation, community participation and equitable considerations. By 2005, a drought year, only 11 of 210 households were below the poverty line. This number had decreased to 3 by 2007.

In sum, Ralegan Siddhi and Hivre Bazaar are outstanding examples of village-based poverty alleviation efforts based on people's efforts to help themselves out of poverty, as well as to spur the government to implement anti-poverty and social development policies with accountability and transparency. Not only have the villages been able to take advantage of a large number of government programmes and schemes, but also these have been implemented in an equitable, transparent and participatory manner, with judicious management and usage of all available resources. Having identified the poorest in the village, efforts are now focused on enabling them to take advantage of the opportunities of the programmes and schemes being implemented. In Anna Hazare's words, '*gaon*

ko hee kendra bindu manana padega' – the village has to be recognised as the central point of all development planning efforts.

8. CONCLUSIONS

In recognition of the geography, sociology and chronic and multidimensional nature of poverty, the government has implemented a large number of schemes to ameliorate distress resulting from poverty. So why has the trickle-down effect of economic growth, combined with poverty reduction programmes, not eradicated poverty? In the context of the programmes discussed here, a combination of factors has led to this outcome. For instance, for MGNREGS, the number of days of work to which a household is entitled and the wages paid are inadequate. Further, technical support and capacity or skills are required if quality assets that will be sustainable are to be built so as to enable movement out of poverty. In ICDS, too, overloading of staff and inadequate provision of funds to enable *anganwadis* to function emerge as the key dampener. For other schemes there are additional issues, such as misallocation of BPL cards and errors of exclusion because of targeting of programme benefits according to ownership of BPL cards. Meanwhile, there are serious questions as to the feasibility of using cash payments instead, as these are amenable to even higher levels of manipulation and corruption. The effectiveness of the schemes varies both across and within states. There are structural issues underlying this varied performance. Several states are unable to make financial contributions required for implementing schemes.

Different types of anti-poverty interventions are needed to address chronic and transitory poverty. While interventions to improve the human and physical capital of the poor are likely to be successful in reducing chronic poverty in the long term, in the short term a

large reduction in income poverty could be achieved in other ways. Escape from poverty and severe poverty is enabled through increased income-earning opportunities generated by growth in village size, proximity to urban areas, improved infrastructure, literacy, access to assets and income from assets. This highlights the importance of investments in employment and income-generating interventions in rural areas as well as infrastructure development and growth.

Poverty reduction cannot be viewed simply as a welfare issue in isolation of the need to create opportunities for income growth. The Eleventh Plan's argument is that,

'[...] an inclusive growth strategy that focuses only on human capital formation or directly targeted poverty reduction is likely to fail. The structure of growth and also the pattern of production have to be employment-generating, especially outside agriculture' (Planning Commission, 2008).

As such, the Eleventh Plan argues strongly for a strategy that is three-pronged, comprising economic growth, income poverty reduction through targeted programmes and human capital formation. Hence, economic growth is critical to reduce poverty in a sustainable way. Composition of growth matters and has to generate jobs, but growth needs to be reasonably high to provide the resources required for poverty alleviation. The Eleventh Plan sets out strategies for higher and more balanced growth across sectors and across regions. It allocates more resources for development programmes and poverty reduction. In the rural context, the *Panchayati Raj* institutions have been called on to play a greater role.

Several initiatives are needed to improve the effectiveness of public services and programmes. Whether these relate to decentralisation of governance; correcting

design, targeting and implementation failures; or alternative methods of providing income support, reaching the chronically poor and enabling them to cross the poverty line sustainably must remain the goal. The examples of Ralegan Siddhi and Hivre Bazaar hold out the promise of success of local leadership and initiatives. There are other such successful local initiatives, but they urgently need attention, replication and support. Despite their disadvantages, it is possible for poor states to make significant progress in addressing the constraints to effective implementation, as described in the examples of efforts made to develop a cadre of workers or *mitanins* in close proximity to the community in Orissa and Chhattisgarh. Improving the efficiency of delivery systems is imperative, but resources also need to be provided to the local institutions that may be more effective at implementing programmes, with strong monitoring and evaluation mechanisms in place to create checks and balances.

While government efforts have been directed towards ameliorating distress, they have been less cognisant of the trajectories into poverty and the importance of addressing these. Nor have systematic efforts been made to accurately identify poor households and undertake adequate and sustained measures to enable the poorest households to escape poverty. This can be initiated by building a cadre of young and committed workers trained to identify drivers and maintainers of poverty and potential interrupters of poverty, as Chapter 3 described. The task of this cadre of workers should be to identify and demand support to prevent any new entry into poverty in any village or slum; to identify the poorest, ensure they are linked with the relevant government programmes for social protection and interrupt their poverty; to identify potential opportunities for employment and skills development; and to prevent intergenerational transmission of poverty.

India's Rights-Based Approach and Chronic Poverty¹

1. INTRODUCTION

India's adoption of a rights-based approach to development logically should do much to address chronic poverty. A rights-based approach recognises the multidimensional character of persistent poverty and its underlying power dynamics. India has already passed legislation on the rights to information, employment and education. These are being implemented, along with a controversial Forest Rights Act. However, this chapter argues that the approach's success depends on the detailed guarantees, standards, norms and procedures generated by the political process framing the legislation, and also on a quicker transformation to a more demand-led implementing structure and process: it is currently intrinsically difficult and risky for poor people to make demands, and they continue to rely on interlocutors and intermediaries, which entails its own risks. The chapter also discusses the extent to which implementation and delivery can be transformed more rapidly precisely because a rights-based approach is taken. Overall, poverty eradication in India requires substantial transformation of the delivery

system and political behaviour, with continued and significant strengthening of collective action.

The interconnectedness of aspects of deprivation and development suggests that, over time, it will be necessary to extend the rights-based approach to cover new rights. There is already passionate advocacy on the right to food, and a more measured case is being made on the right to health. Issues that are critical for the chronically poor in particular, such as gender equality, cut across the rights being determined; others, for example inclusive growth, lie outside of any rights that could be established. A major question lies in whether to continue legislating for new rights at this point in time, or to consolidate and invest in generating a consensus on how to achieve the rights to food and health.

2. RIGHTS AND CHRONIC POVERTY

While governments have been wary of taking on rights-based approaches to poverty reduction, this may now change rapidly: a larger proportion of world poverty is now found in middle-income countries with

¹Andrew Shepherd and Dhana Wadugodapitiya.

²Hickey and Mitlin (2009); Khan (2009); Uvin (2004).

respectable economic growth records and the resources to enable the granting of rights (Sumner, 2010), such as India. However, actually allocating such resources and applying them to achieve critical development outcomes may be very complex. In this regard, establishing a right provides a new set of tools to get demands met and can act as a powerful weapon for the weak.

The idea of a rights-based approach to poverty has seen increasing enthusiasm in the international development community in the past couple of decades.² The approach defines basic human development needs as rights to which claimants are entitled, thereby shifting development ‘out of the realm of a *privilege* that benevolent regimes might – or might not – provide their citizens [...] to a *right* that could be “legally enforced,” claimed, and asserted’ (Batliwala, 2007). A global social movement, which originated among civil and political rights activists, supports a rights-based approach to development in general and specific rights in particular (e.g. the right to food). Policy makers have also developed a social guarantees approach to convert abstract rights into defined standards against which citizens can hold public policy to account. This emphasises not only access but also quality of provision, financial protection and availability of redress mechanisms (Gacitúa-Marió et al., 2004). The processes supporting standards should strengthen citizenship and address the ‘citizenship trap’ identified in the second international Chronic Poverty Report (CPRC, 2008).

Rights are universal, and so include the poorest in a way that few other approaches do.³ Human rights are rooted in the notion of equality and inclusion. As such, a rights-based approach to

development can help tackle the long-term multidimensional causes of persistent poverty, targeting not only economic poverty but also socio-political exclusion – ‘economics + x.’ Looking at poverty using a human rights lens brings into sharp relief the social, economic and political dynamics that keep generations of people trapped in chronic poverty, discussed in Chapters 2 to 4. A rights-based approach recognises the interconnectedness of development objectives: political as well as economic and social rights are important for the poor.

Importantly, such an approach demands recognition of the power dynamics that underlie chronic poverty and of the development process itself (rather than focusing merely on outcomes), as well as emphasising the need for participation by all stakeholders to ensure their rights are realised (Ultvedt, 2004). In so doing, it raises issues of power and inequality in access to resources or services, which are so critical in determining who remains poor.

A rights-based approach also offers the potential to empower people to actively demand their rights. A rights perspective could therefore help break down negative stereotypes and myths about the ‘laziness’ and ‘passivity’ of people living in chronic poverty and demonstrate their efforts to escape poverty. Construing extreme poverty as a denial of human rights highlights the severity of such a condition to all members of society and appeals to people’s sense of justice in persuading them to accept societal obligations to eliminate it. It also adds distinct value to poverty reduction when a significant portion of the population suffers from extreme poverty.

A rights-based approach to development

³The ‘poorest’ include both the severely poor and the chronically poor, based on the argument that, although they are not the same, both conditions are debilitating and difficult to escape. In fact, there is a substantial overlap – the severely poor are usually also chronically poor; however, many chronically poor are not severely poor. This means that, in most cases, addressing chronic poverty means also addressing severe poverty.

implies clear duties on the part of the state to guarantee all of its citizens, including those living in chronic poverty, the rights to which they are entitled. When development rights are incorporated into the national legal system, poverty alleviation becomes a 'justiciable' duty (not just a benevolent act of charity left to the discretion of the state). The primacy of accountability and transparency in the approach offers significant opportunities for people to hold governments to account and claim their entitlements through the legal system (Sengupta, 2010). This could be a 'missing ingredient' in India's delivery system, to ensure the allocation and delivery of promised financial and human resources.

Incorporating rights into the domestic legal system subjects the state, as 'primary duty bearer,' to monitoring and ongoing review by civil society and human rights institutions. When rich elites oppose poverty reduction interventions, construing extreme poverty as a violation or denial of human rights helps overcome their resistance, by increasing the cost of opposing these interventions and convincing them of the desirability of reducing poverty (Sengupta, 2010). Rights also often come with obligations on the part of citizens, something that authoritarian states have typically used more extensively.

However, there are limits to a rights-based approach. Rights need to be justiciable, which means being specifiable and contestable in law. A diffuse 'right to development' would be hard to implement. Meanwhile, in practice, rights have to be achieved gradually, while developing the necessary tax base and political consensus; this is a sticking point for 'rights fundamentalists,' who are impatient to see

rights achieved immediately. In addition, some people will achieve rights before others. They *can* be applied to the poorest early if there are deliberate attempts to focus on such groups. However, there can be a massive downside to targeting – many deserving people can be excluded while less or non-deserving people are included.⁴

3. INDIA'S RIGHTS-BASED APPROACH

The approach and new rights legislation

The current flow of new rights legislation is occurring in parallel with implementation of actions to achieve the MDGs, which have been incorporated into India's five-year plans. Within this framework, targets expressed as averages provide incentives to focus on the 'less deprived' among the deprived, who can be lifted out of poverty more easily. In this context, establishing rights in the law may be a critical ingredient in a more *equitable* approach to development.

Chapters 2 to 4 show that India's performance on poverty reduction has been disappointing compared with that on economic growth; that a substantial proportion of poverty today is chronic; and that this has at its core both a strong geographical dimension (the poorest states) and a strong occupational dimension (casual labourers and small and marginal farm households). While GDP has more than doubled since 1991, malnutrition indicators have improved by only a few percentage points. Per capita availability and consumption of food grains have declined since 1996; the percentage of underweight children remained stagnant between 1998 and 2006; and the calorie consumption of the bottom half of the population has declined consistently since

⁴In India, exclusion errors typically are substantial. Reliance on the BPL lists have been particularly criticised. The costs of exclusion ('violating rights' in the language of rights) may be greater than those of allowing universal entitlement, as argued by the Right to Food Campaign in its criticism of the 2010 draft National Food Security Bill. By contrast, the virtue of an employment guarantee at low wages is that it is self-targeted. There are no targeting costs, although the substantial debate on the wage to be applied is effectively a debate about targeting.

1987. There are also massive unmet needs in addressing ill-health (Saxena, 2010), and performance on gender equality and child and maternal mortality has been disappointing, although the MMR has at last declined significantly (Hogan et al., 2010). This is a shocking state of affairs in a \$3 trillion economy.

Economic liberalisation laid the foundations for rapid economic growth but, as Chapter 4 discussed, many have highlighted a downside for the poor. In the run-up to the 2004 elections, politicians seeking votes from poor people were aware they needed to present measures that would restore damaged well-being and agency. As a corrective to liberalisation, India's approach has been a cautious one, and one very much set within the boundaries of liberalisation. Nevertheless, India is now leading the world in terms of its rights-based approach to development. Few other countries have legislated for development rights so broadly.⁵ India has made impressive strides in pursuit of this agenda and in terms of the justiciability of economic, social and cultural rights (FIAN, 2008): it has 'recently grown rich in legal "rights"' (Banyan, 2010). India has instituted several policies, schemes and laws, purportedly aimed at supporting the most vulnerable to access their rights.

In 2005, India passed a law empowering citizens with the right to access information from government authorities. This Act was originally a response of the previous NDA government to the 1990s national civil society campaign for the right to information, and took the form of the first Freedom of Information Act in 2002. When the UPA government came to power in 2004, it reviewed the Act, later repealing it with the passage of the new Right

to Information Act (the RTI) in 2005.

Also in 2005, India passed the now internationally renowned National Rural Employment Guarantee Act (now MGNREGA), to be implemented incrementally in three stages. As Chapter 5 outlined, MGNREGA introduced, for the first time, a state obligation to guarantee rural households 100 days of paid employment a year. Politically speaking, proposing this Act helped the UPA win the 2004 elections. The Congress Party's election manifesto identified with 'the common man,' admitting that ordinary people had been left out in its previous periods of rule since 1989.

A Forest Rights Act⁶ was passed in 2006 to give forest dwellers greater security of access to land and stronger provisions for consultation and resettlement where they are required to give way to wildlife conservation. Supporters see this as redressing historical injustices committed against forest dwellers, but it has been controversial (see below). The 2009 Right to Education Act guarantees free education and makes it compulsory for all children aged 6-14. At the time of writing, the Indian government had announced its plans to introduce a Right to Food Act, but standards and implementation modalities remain disputed.

This flurry of rights-based legislation altogether represents a substantial broadening of the explicit political commitments made by the state to citizens over time since the narrow focus on famine prevention of the 1960s and 1970s (Curtis et al., 1988; de Waal, 1996). It is interesting to note, however, that, while famine is a thing of the past, hunger and malnutrition are not.

⁵Although Latin American countries also have a strong tradition of legislating for or including rights in constitutions, especially for indigenous people and with respect to land and forests.

⁶The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006.

For most of the recently legislated rights, there was a groundswell of activity at the state level preceding the development of Bills at the national level. For example, Maharashtra passed a Right to Information Act in 2002 and has longstanding experience with employment guarantee (see below; also Chapter 5). Across the country, the right to work has long been the subject of agitation and activity, with many private members' Bills tabled since the 1960s. Several states have had food for work schemes in place for a long time, and some have introduced unemployment allowances for educated jobseekers. This history demonstrates the combination of parliamentary politics and civic action and agitation that often underlies progressive change in India.

The legal basis

India's progressive post-Independence Constitution is grounded firmly in principles of equality, justice, rights and freedom. It provides a strong foundation from which to directly promote, fulfil and protect the rights of citizens, including those living in chronic poverty. Article 21 guarantees the fundamental right to the protection of life and liberty and has been used to interpret basic needs as guaranteed rights (e.g. the right to food). The Directive Principles of State Policy include several articles on social, economic and cultural rights, and provide important guidelines to central and state governments on framing rights policies and legislation and to the judiciary on the interpretation of fundamental rights. Importantly, they entail an obligation for the state to deliver on these. Moreover, the Constitution allows for public litigation to protect the basic human rights of the most vulnerable (FIAN, 2008). Chapter 1 discussed the several strong and specific constitutional provisions that have an impact on poverty.

India has ratified the Universal Declaration of

Human Rights (UDHR), from which other social and economic rights emanate. It is also a state party to the International Covenant on Economic, Social and Cultural Rights (ICESCR). In signing up to various international treaties and conventions on human rights, India implicitly grants rights to its citizens. In the context of the country's evolving rights-based approach, we can interpret the latest steps (legislation guaranteeing citizens the right to education and the right to work and a proposal to grant the right to 25 kg of food grains at Rs 3 per kg to all BPL households) as signifying efforts to convert abstract rights into justiciable standards.

Since the emergency of the late 1970s, India's Supreme Court has been at the forefront in asserting and promoting rights, often in response to public interest litigation. Thus, prior to the current wave of legislation, a variety of Supreme Court judgments bearing on economic and social rights had already been passed, as interpretations of the constitutionally defined right to life, most notably the right to food (Cheriyian, 2006). As such, the culture of setting standards for state-backed guarantees to citizens was already embedded institutionally.

The right to food: a debate on standards and implementation

Chapter 2 established the size of the nutritional and food security challenge facing India and the reasons for its very slow progress, despite a food surplus status. The state has been reluctant to apply the same level of resourcing and urgency to chronic hunger that it applied to eliminating the possibility of famine in the first two decades after Independence. Prevention of famine still sees massive public expenditure and institutional effort: both political democracy and the media made the development of routine responses to famine

conditions an imperative. Today, the media does occasionally focus on individual ‘hunger deaths,’ but the chronic hunger experienced by millions of children as well as adults goes largely unremarked and unaddressed. The sufferers are powerless; many may not be able to vote and can therefore be ignored politically. There are few interlocutors to speak for the poor and hungry and of organisations to represent them.

In this vacuum, the judiciary has been fundamental in drawing clear links between the right to food and the right to life, laying the foundations for the current campaign for a Right to Food Act. According to the Supreme Court of India, ‘[the] right to life guaranteed by any civilised society implies the right to food, water, decent environment, education, medical care, and shelter’ (in FIAN, 2008). This progressive interpretation suggests that the Indian government has a constitutional obligation to take steps to ensure to all individuals a dignified life with adequate food.

The landmark Right to Food Case of 2001 is recognised as the turning point in the right to food debate, providing a focal point around which civil society could rally. In this case, the People’s Union for Civil Liberties (PUCI), together with other NGOs, filed a public interest litigation case at the Supreme Court, seeking legal enforcement of the right to food. The case emerged in the context of drought and severe hunger in rural Rajasthan, while the national government stored millions of tons of grain (some of it reportedly rotting). The PUCI petition held federal institutions and the central government responsible for malnutrition and demanded use of the food grains to prevent hunger and starvation. It argued that the fundamental right to life under Article 21 of the Indian Constitution included the right to food, and that the right to food

would imply a duty on the part of the state to provide it (Khera, 2009).

In an interim order in November 2001, the Supreme Court converted most food- and employment-related schemes into ‘legal entitlements.’ The government of India and the state governments cannot change this without the court’s permission and until final judgement is passed on the case. The Supreme Court then directed central and state governments to universalise midday meals for all primary school children in India. The interim order also universalised the ICDS programme, making it mandatory for governments to provide supplementary nutrition and other ICDS services to all children below the age of six, all pregnant and lactating women and all adolescent girls. In October 2007, the Supreme Court passed further orders directing the government of India to increase the number of ICDS centres to cover 14 *lakh* habitations. The same interim order directed the government to make ‘earnest effort to cover the slums under ICDS’ and to ensure that all SC/ST habitations received *anganwadis* ‘as soon as possible.’⁷

The Right to Food Case is a large and complex litigation effort and involves a wide range of state and civil society actors. More than 400 affidavits have been filed, with over 60 interim applications and 47 interim orders so far (Jain, 2010). These include the provision of a 35 kg ration per BPL family; subsidised rations for poor families under the Antyodaya Anna Yojana scheme; supplementary nutritious food and care for infants and children under the age of six through ICDS; security for pregnant and nursing women under the National Maternity Benefit Scheme and the Janani Suraksha Yojana scheme; school midday meals; national pensions; and provisions for the destitute, the urban poor, homeless children, single women

⁷See www.righttofoodindia.org/icds/icds_orders.html.

and widows. However, Chapter 5 showed how ICDS, along with other anti-poverty schemes, remains grossly underfunded and has inadequate human resources.

There is great variation in levels of implementation of the right to food in the different states, with the Right to Food Campaign active in some states but not others. For example, some states provide 100% coverage of school midday meals, others none.

Standards and implementation mechanisms: intrinsic to the realisation of rights

Given this background, the Right to Food Campaign has heavily criticised the standards laid out in the new National Food Security Bill, developed in response to the Supreme Court's efforts and the growing public campaign, as being lesser than the previous rights granted by the Supreme Court.

This is a complex issue. It is clear that the PDS can work, for example in Andhra Pradesh and Tamil Nadu. However, some states are unable to access their entitlements from the Food Corporation of India (FCI), as they do not have the resources to pay for transport and other costs. Some may have to trade off between this and other investments to support economic growth. Meanwhile, the system has become notorious for waste and for storing more than is needed or can be used. The right to food debate has reopened the issue, bringing in new actors, but the passing of an Act would by itself not solve the problems entrenched in the current food security system.

Among the standards criticised by the Right to Food Campaign is the proposal of a reduction in the current entitlement of 35 kg (based on the Supreme Court order) to 25 kg grain per household per month. This entitlement is nutritionally inadequate, given that an average family of five requires about 60 kg of food grain, 5 kg of pulses and 4 litres of edible oil (Jain,

2010). The campaign's alternative proposal is, for each adult, 14 kg of cereals per month at Rs 2 per kg, 1.5 kg of pulses at Rs 20 per kg and 800 grams of cooking oil at Rs 35 per kg, with children getting half the entitlements and the ration cards being made in the name of the female head of household.

Second, the Bill makes use of the TPDS (see Chapter 5), which relies on the BPL lists of households, which are widely recognised to be subject to high errors of exclusion. The campaign proposes that the government follow the Supreme Court in making the entitlement universal. Third, the Supreme Court has recently been considering a report proposing the expansion of the PDS entitlement, which process would be negated by this new legislation.

This debate illustrates that translating rights into guarantees or standards is fraught with challenges and can be contested. Much of this chapter focuses on this issue, together with the question of implementing and realising rights once standards have been legislated for, particularly in relation to employment and education. The major concern here, however, is not with the intense debates around these standards, but with the question of whether legislated standards can be delivered and, if so, whether separately or together they promise an end to chronic poverty in India.

The political will to address food security varies considerably, both from politician to politician and from state to state. Lack of political will is commonly identified as the underlying cause of India's appalling hunger and food insecurity record:

'India could feed its entire people, but it doesn't. The chronic conditions [...] for many millions of people in India are unacceptable in terms of the basic requirements of human dignity. The problems are not rooted in the vagaries of

natural phenomena, but in deeply embedded political and economic patterns. There are massive governmental programs or “schemes” as they are called, for feeding poor children, providing subsidised foods, etc. but still the problems persist. Enormous amounts of money are spent on such programmes. Yet, somehow the benefits don’t reach the people who need them most’ (Kent, 2002).

A serious political analysis of this issue concludes that the ‘programmatically nature’ of a state’s political regime is the key factor, i.e. the degree to which the regime is focused on development objectives and programmes rather than patronage (Harris, 2000).

Nevertheless, the focus of the debate needs to broaden. Food security is about not just availability, but also knowledge on how to use food (as well as cash to buy food); about child nutritional requirements (e.g. breastfeeding for the first six months); and about intra-household equity issues. These issues have so far been overwhelmed in the debate by the PDS entitlement question when, in fact, they are just as important. It is possible to envisage food security being achieved through a combination of employment guarantee and social assistance schemes (providing cash) and macroeconomic and food stock management to control food price inflation.

The new politics of rights

India is fast establishing itself as a key player in the world economy, and there is little doubt that the national economy is now at the point where it can achieve both sustained expansion and significant improvements in the lives of its people (ILO, 2007). However, it is widely acknowledged that the significant economic growth resulting from India’s large-scale liberalisation and privatisation programmes of the 1990s has failed to benefit all of its citizens, resulting in deep social and economic inequities.

Liberalisation has been associated with a relative expansion of informal employment and with significant regional disparities in the flow of new capital and generation of employment. A recognised weakness of economic growth has been its lack of inclusiveness. Caste- and gender-based inequalities are particular challenges, with women in the informal economy among the worst-off (ibid).

The paucity of employment for such groups justifies attempts to shore up the quantity (and quality) of employment available to them. The absence of concerted pressure or protest on this issue might indicate a lack of demand for a right to employment, but there is no doubt that the politicians who picked this issue up and ran with it in the 2004 elections struck a chord with the electorate. This is democracy in action, with change in government achieved partly through an imaginative initiative to address a fundamental problem facing a sizeable portion of usually neglected voters.

The neoliberal state has also stepped back from commitments to directly provide basic services to all its citizens, with private commercial interests increasingly moving into sectors of social investment, such as education, health and food distribution. The surprise defeat of the incumbent regimes in the 1996 and 2004 national elections was a political expression of the unpopularity of these policies among the masses. Accompanying discourses on ‘deficits’ in development, governance, legitimacy and democracy were supported by various commissions and expert groups set up by the government and the Planning Commission to consider issues concerning employment generation, the working poor in the large unorganised sector of the economy, religious minority groups and the challenges of development in extremism-affected areas.

It is against this political backdrop that India’s rights-based approach has evolved, with the aim of promoting inclusive growth and

supporting the most vulnerable and marginalised sections of society. Nevertheless, it is interesting to note that the institution of new rights and the reintroduction of the state in areas of social investment have gone forward cautiously and in conjunction with the wider liberalisation and privatisation agenda that has been in place since the 1990s.

So, the rights to education and health can be interpreted as providing a framework within which both public and private sectors can operate. This would imply acceptance of the inability or low likelihood of the state providing effective services for all in the near future, despite the additional revenues available from growth. The critical issue here on education is not so much who provides the services, but that poor parents increasingly demand that their children be educated to a level that improves their life chances. Such demand has been lacking in the past, although it may now be increasing. A rights-based approach of itself will not address the problem of demand. Measures to stimulate it include scholarships, conditional cash transfers, school feeding programmes and measures to enhance the quality of education, including its links with the labour market.

More broadly, there is opposition to the rights-based approach on the grounds that taking 'confrontational positions' in claiming rights is difficult and may even be counterproductive for poor people. For example, Shack/Slum Dwellers International argues that confrontational approaches to development (like a rights-based approach) make poor people vulnerable to a backlash from rights violators and reduce the collaboration that is possible subsequent to a dispute on rights (Patel and Mitlin, 2009). *Dalits* and other groups of low socio-economic status are only too aware of the damage confrontational approaches can bring, even though *dalit* organisations are widespread and there are

many attempts to assert their rights (Shah et al., 2006).

While it is undoubtedly practically difficult, or impossible, for poor people to sue for their individual rights, class actions are possible, and these may give some shelter from antagonistic interests. Nevertheless, if rights legislation is used to point the finger of blame at local or state officials for preventing rights being achieved, this could attract powerful hostility towards the claimants, a fear of which may well deter them. The civil society alternative may well be to strategically build collaborative approaches and coalitions of different interests on a local basis that include those of the poor but also those of other groups. However, once a *legal* right exists, it should at least have the potential to be another weapon in the armoury of otherwise relatively disempowered groups.

Collective organisation is critical to the achievement of whatever rights are legislated for. This is very visible in terms of the achievement of rights for women. It is no accident that much development work now hinges on the formation of savings groups, user groups and other collectives, and women's participation in these is key, both to their status and position but also to the effectiveness of the development process (Agarwal, 2010a). It is only when vulnerable and marginalised people organise themselves, or are assisted and stimulated to organise, that they are able to develop strategies to provide them with greater security and opportunity.

4. IMPACTS OF RIGHTS-BASED LEGISLATION ON THE CHRONICALLY POOR

Table 6.1 summarises the standards in the legislation and, based on existing knowledge on what is adequate to prevent impoverishment and to raise people who may have been poor for a long time out of poverty, what the likely

Table 6.1: Do current or proposed standards and norms enable chronic poverty to be addressed?

| Right | Standards/norms | Likely or actual impact on chronically poor people | Access by chronically poor |
|-------------|---|---|---|
| Information | Right to inspect and copy documents, records, including electronic (with many exceptions). Fees are charged; BPL individuals are exempt. | A less corrupt administration would mean that substantial additional resources could flow to them. | Chronically poor people unlikely to make use of Act directly, given education levels. Will require significant civil society support. |
| Forest land | Ownership right up to 4 ha of land actually cultivated by forest dwellers or tribals on 13 December 2005; usage rights for minor forest producers; right to rehabilitation following eviction or forced resettlement, and right to basic amenities. | Access to land remains a critical constraint to escaping poverty in rural areas. Ownership rights will benefit tribal people previously unable to use land as collateral, and may enable those wishing to leave farming to rent out land and move into the non-farm sector. The risk is that new landowners may sell land and, while benefiting in the short term, suffer in the long term. | Will require class actions to assert rights and challenging vested interests to implement the prescribed rights. |
| Employment | 100 days labour at the minimum wage, or Rs 100 a day. | Chronically poor individuals and households cannot get as much employment as they need at a decent wage. The Act has two benefits: greater availability of employment and a higher overall wage level. | Access is for the able bodied. Where the minimum wage is lower than the market rate, little benefit will be produced. |
| Education | Free, compulsory education ages 6-14: 8 years of education. | Education is vital for escaping poverty. 9 years of education is significantly more than most chronically poor children get. As a portable asset, it also enables better migration, so opens out new opportunities. | Access may be ensured, but quality of education provided will remain a challenge. Meanwhile, although education is compulsory, poor parents are often reluctant to keep children in school. |
| Food | 25 kg grain per BPL household per month. | Unclear what providing significantly less than the required quantum of a household's grain requirement would achieve in terms of food security. | Access to food depends on several factors. Access to the PDS depends on distribution of BPL card – many do not have one. |

impact is on chronic poverty if the standards are implemented as prescribed in the law.

Evidence on the actual impacts of these laws is as yet very incomplete. In particular, one has only just been enacted (education); another awaits comprehensive evaluation

(employment). Our analysis looks at what is available on impacts and implementation issues, in particular relating to adequacy of resources and whether they reach the intended right holders; awareness among right holders of their rights and of what these are; procedures and cultures of implementing organisations;

motivations to demand a right; and availability of redress mechanisms in case rights are not granted.

Right to information

While chronically poor people are unlikely to make much direct use of the 2005 RTI, they could benefit significantly from the more accountable and transparent administration that would result if administrators were held to account. Very specifically, the rights granted in the other Acts considered here would be more meaningful if the administrative process were more open and above board. Thus, for example, the ability of citizens (in practice, so far, civil society organisations (CSOs)) to hold MGNREGS administrators to account has exposed malpractices such as significant siphoning off of funds; withholding of job cards from those entitled to them; job card holders not knowing how to apply for work or that they are entitled to work or an unemployment allowance within 15 days of applying; and discrimination against women in the payment of wages. CSOs have also carried out social audits that have exposed the low proportion of allocated funds that have reached the underemployed in some cases.

A recent review of the Act (PricewaterhouseCoopers, 2009) draws attention to many implementation issues, some of which could prevent chronically poor people benefiting. Roles and responsibilities that are defined clearly in the Act are not always allocated clearly in practice. Human and financial resources in the information commissions are inadequate to implement and monitor the Act. Public awareness is low: 13% of rural and 33% of urban populations surveyed, or 12% of women and 26% of men interviewed in a sample of 5,000 citizens. Awareness is mostly the result of journalists' or CSO investigations, rather than of any campaign.

The PricewaterhouseCoopers report

recommends increasing awareness once capacity to respond has been enhanced. It also suggests that methods of accessing information be made more convenient, as record management procedures do not always make retrieval easy. It would be more effective if the commissions appointed fewer government officers and more people from outside government with appropriate backgrounds – and integrity and good service records – such as from the fields of law, science and technology, journalism, mass media, social services, management or IT.

Forest land

Access to land remains associated strongly with escaping poverty (see Chapters 2 to 4). The 2006 Forest Rights Act is designed to strengthen land titling for those with the weakest rights to land, which is a positive step for the many tribal people who are forest dwellers and among the chronically poor. As with the right to food, the history of this legislation gives pride of place to a Supreme Court case, which concluded that 'tribals have a definite right over the forests and any sort of forest diversion or eviction should have their informed consent.' This was in the context of eviction notices to about 168,000 families defined as 'forest encroachers' on about 150,000 hectares in 2002 (Patnaik, 2008).

The Act has been very controversial, not least because it has been much in the headlines as a barrier to major investments. Meanwhile, environmentalists have campaigned against what they see as the handing over of the forests to tribals, making it impossible to designate areas for wildlife conservation, especially for tigers. Supporters of the Act have countered it does not grant new rights but rather provides incentives for forest dwellers to conserve the forests, as many already do; and that it is still possible to designate conservation areas – the

Act simply gives displaced people more rights and lays down better procedures. However, some of the Act's supporters feel the procedures are more bureaucratic and less democratic than necessary, and some feel the Act can be used to exclude some categories of forest dweller.

It is worth asking in more detail why the standards and norms of the Act as passed have disappointed its supporters. A Joint Parliamentary Committee took the radical step of putting the *Gram Sabha* at the centre of decision-making processes on the Act, but the Act gives authority to a sub-divisional committee dominated by forestry officers, many of whom opposed it in the first place. The process of claiming land ownership is quite complex, with multiple approvals and significant evidence required to back a claim. There is also significant provision to create further 'critical wildlife habitats' in 650 national parks and sanctuaries prior to vesting people's rights to land, thus negating the spirit of the Act. All of these measures, in the context of the considerable power exercised by forest administrators and other interests, such as mining companies, seem to water down the radical potential of the Act (Box 6.1).

Prior to the Act, the power to exercise rights given to forest communities by the Panchayats (Extension to Scheduled Areas) Act 1996 had already been watered down in many states, and also by a Ministry of Environment and Forests expert committee to define ownership, such that communities' rights were almost non-existent (Patnaik, 2008). This was not a good precedent for the Forest Rights Act.

Furthermore, implementation of the Act has been problematic on a number of counts, particularly because of the incomplete nature of land records and means to verify the land use as well as the users. Rollout has been slow, and the Act was notified only after

Box 6.1: Dilution of standards in the drafting process

Technical challenges and political contests during the drafting of the Act and the subsequent rules for implementation led to a number of dilutions, ambiguities and omissions, which make implementation highly contingent on whether implementing agencies go with the spirit of the Act or seek to obstruct it or minimise its impact. Areas of dilution/ambiguity/omission relate to:

- Full identification of rights-deprived groups;
- Adequacy and safeguards within the implementation procedures and their timetable;
- Local institutional basis for the claims process; and
- Effectiveness of awareness raising for prospective claimants.

For each of these areas, limitations are reducing the scope for the redress of rights deprivations, with the contest for rights now shifting to demands for complementary institutional reform in the powers and mandate of the forest bureaucracy.

Source: Sarin and Springati-Baginski (2010).

considerable protest in 2007, indicating a degree of public demand. Although no objective evaluation has been carried out, a recent report by the Council on Social Development (2009) is enough to ring alarm bells. This details widespread misunderstanding of the Act, states not implementing it at all and little involvement of the *Gram Sabhas*. In 2010, the Act was put to use by the Supreme Court to prevent large MNC Vedanta developing a bauxite mine, although another company with the same ownership but a better environmental plan has been invited to develop the mine instead (see also Chapter 4).

Employment

Background

MGNREGA is fundamentally embedded in a rights-based approach: it gives life to the constitutional duty of the state to provide the right to an adequate means of livelihood and the right to work (NCEUS, 2010), and is associated with notions of participation, empowerment, local democracy, inclusion and entitlement. Providing wage employment is expected to enable those who depend on their labour to be more resilient in the face of risk and to put upward pressure on wages. What distinguishes MGNREGS from other public works schemes is a state obligation to *guarantee* people's right to paid employment and their entitlement to demand this right – in other words, it is meant to be demand-driven.

The work provided is manual and unskilled and must create sustainable assets and promote villages' infrastructural development. In this sense, MGNREGA is targeting some of the causes and maintainers of chronic poverty. The guarantee of waged employment for rural households constitutes a safety net that should substantially reduce chronically poor people's vulnerability. The Act further aims to arrest rural distress migration by creating opportunities in people's home villages. Significantly, it offers the scope to revive the agricultural economy through increased local demand for food and by developing rural infrastructure; to provide social security; to empower and encourage participation and mobilisation of the poorest; and to generate demand for non-farm goods and services through increased purchasing power in the poorest areas.

MGNREGA was an 'elite creation' of a coalition of political and civil society leaders. It would not have been made had there not been the need to win an election, so electoral democracy was its real origin. Meanwhile, the

political benefits of extending coverage have proved irresistible.

Impacts and implementation issues

MGNREGS provided over 52.5 million rural households with paid employment and an average 53.91 of person days of work per household in 2009-10 (MoRD data). Demand outstripped supply slightly: 52.9 million households requested employment, although this is likely to be a significant underestimate. NCEUS (2010) also indicates substantial unmet demand, but found the work was being provided to the right group. Many of those working for MGNREGS belong to SC/ST households, and there is nearly 46% participation of women (above the mandated 33%), as Chapter 5 showed, although this varies massively across states (ibid). Some attribute this successful focus on the most marginalised to MGNREGA's self-targeting nature (ILO, 2010).

Impacts include modest increases in income and consumption and some increases in asset ownership, especially livestock. Almost half the sites surveyed were paying the minimum wage, and a knock-on effect was observed on agricultural wages (NCEUS, 2010). In some cases, this has enabled households to access improved food consumption, children's education and health care. There has also been an increase in village infrastructure as a result of MGNREGS, which has in turn led to increased agricultural productivity (ibid). Projects focused on environmental sustainability are noted across states. In most cases, though, nowhere near 100 days of employment are provided, limiting these effects. Meanwhile, although there have been mixed reports overall of the impact on migration, there has been a decrease in migration across the six poorest states, widely perceived to be a result of MGNREGS.

These results are tentative: more rigorous evaluation will be critical to guide public discussion and build a lasting and cross-party political consensus as to its value. The real impacts on chronic poverty may not be seen until many more people are able to access the full 100 days (NCEUS, 2010).

In terms of likely long-term impacts, more can be learnt from evaluations over three decades of MEGS, on which MGNREGS was based (see also Chapter 5). MEGS had little direct impact on the poverty headcount, but did help bring the severely poor up towards the poverty line and warded off starvation deaths – so reduced inequality and raised the welfare levels of the chronically poor (Moore and Jadhav, 2005; Shah and Mehta, 2008). Low wages until the 1990s meant the scheme had little impact on the incidence of poverty, but it did over time drag up the agricultural wage rate by 18%, which would have had considerable long-term impacts on the severity of poverty (ibid). Given that MGNREGS's design is very similar to that of MEGS, impacts can be expected to be broadly the same.

This raises some significant policy issues: should a right to social security for the 'unemployable' not go alongside MGNREGA? The Ethiopian Productive Safety Nets Programme (PSNP) has adopted such a provision. Should a greater variety of work opportunity not be created? For example, it has been suggested that job applicants do some administrative work. Meanwhile, in South Africa, there is a debate about funding care work through public works, which would open up many new opportunities for those less able to make hard manual work pay.

Critical implementation issues include the following (see also Chapter 5):

Awareness: Primary data from the field suggest large numbers of people are still not aware of their right to demand work (PACS,

2007).

Availability of and waiting time for work:

The average number of work days provided annually is 18.45 and the average waiting time is 15-30 days (PACS, 2007). Poor planning has led to significant delays, mainly in the provision of technical approval for projects, with knock-on effects on workers.

Wage payment: The most significant concern relates to workers not being paid the minimum wage prevailing in their state (Roy and Dev, 2010). In addition, a piece rate-based wage payment process has often resulted in confusion among workers and further allowed for corruption and exploitation.

Gender discrimination: There are big concerns about gender discrimination in the payment of wages across states, as well as in the provision of work.

Targeting of guarantee to the household: NCEUS (2010) and many others recommend expanding the number of days guaranteed in particularly deprived areas, and focusing on the individual as opposed to the household, so as to enable more benefits to flow to women.

Understaffing: The central government allocation to staffing is limited to 2% of the overall budget – not enough in many areas.

Accountability and transparency: There are fundamental shortcomings across states in terms of maintenance of records, accurate completion of job cards, formation of monitoring groups, conducting of social audits, etc.

Organisational culture: Work is often allocated in a top-down, authoritarian fashion rather than in response to demand – the shift in culture towards a state fulfilling an entitlement has not been made (PACS, 2007).

The importance of political mobilisation is clear in the MEGS story (Moore and Jadhav,

2005) and can also be seen in the 'success' of Andhra Pradesh in the implementation of MGNREGS, where CSOs have played a strong role (Box 6.2).

Education

Background

India's newest Act, implemented since April 2010, regards the Right to Free and Compulsory Elementary Education for children 6-14. It was presented to Parliament under the NDA regime but became an Act only under UPA II in 2010. Education has been a focus of public attention and political

discussion since the 1970s, but lack of political will by all regimes has led to slow progress in getting to the statute book, especially in relation to providing the necessary financial and human resources. Now, though, resources are available, thanks to higher economic growth and tax revenues.

The Act pays attention to the need to ensure an inclusive education experience. It is very clear on the standards of education to be provided in terms of teacher-student ratios, facilities and subjects. Notable features of the Act compared with previous rights-based legislation include more careful construction

Box 6.2: The role of the social audit in MGNREGS – the case of Andhra Pradesh

Andhra Pradesh has been highlighted as an example of MGNREGS success, particularly in terms of transparency and accountability, against a general backdrop of massive leakages in funds reaching the poor as reported across the rest of India. This is attributed to support for the scheme among its political and bureaucratic leadership, use of IT and the role played by civil society.

The use of IT (e.g. in issuing job cards, preparing work estimates, muster rolls and payments, etc.), coupled with administrative backing and a strong social audit system, has addressed issues of corruption and made information more available. Computerisation and the institution of post office accounts for the payment of wages have led to a significant reduction in wage payment delays.

The state government has established a distinct unit to focus exclusively on the social audit process, which has improved transparency, governance and accountability at local level. Active village participation and partnership between CSOs and the state government have been key enabling factors in this. This stands in contrast with other states, where corrupt vested interests have (often violently) resisted attempts to conduct effective and democratic social audits.

The social audit process involves the filing of work applications in compliance with the RTI. District resource persons train 'energetic literate youth,' generally from the families of MGNREGS workers, to carry out door-to-door audits (e.g. checking the validity of muster roles, recording statements from workers) and conduct public meetings in every village. The culmination of the process is a large public meeting at which individual village social audit findings are presented, workers are called to testify on particular issues and relevant officials are required to respond. Senior officials allocate responsibility and decide remedial or disciplinary actions, which the social audit teams follow up on.

In Andhra Pradesh, the social audit is being conducted by approximately 30,000 trained village youth, and has covered an estimated 12 million people. Almost Rs 1.25 crore of misappropriated funds has been recovered. In addition, an estimated 40 lakh of MGNREGS records have been subjected to public scrutiny under the RTI. This has led to a significant increase in workers' awareness of MGNREGS.

For all its impressive successes, particularly in terms of rural governance, the approach to the social audit system remains top-down in Andhra Pradesh. Moreover, concerns about the quality of assets created and the lack of adequate government attention paid to strengthening people's planning and implementation of works are cited as continuing weaknesses of implementation in the state.

Source: Shah and Ambasta (2008).

of monitoring and redress mechanisms, through commissions on child rights set up under the 2005 Protection of Child Rights Act. It also pays greater attention to service quality, which in the long term may lead to spin-off effects. It is also categorically different in that, for the first time in India, completing elementary education is compulsory and going against this incurs a penalty – thereby putting much more onus on citizens. The Act is relatively silent on how this is to be achieved, and whether it will be implemented is another issue. However, making education compulsory is known to be one of the main mechanisms contributing to the long-term tightening of wage labour markets and rising wage levels, and is therefore a potentially very significant anti-poverty measure.

Potential implementation issues and impacts

Education is an important potential interrupter of chronic and intergenerational poverty (Mehta and Shepherd, 2006). Making primary education a universal justiciable right opens up a path out of persistent poverty. However, providing primary education as a right alone will not enable people to break free of the causes and maintainers of intergenerational chronic poverty. How well the right is implemented and enforced, particularly in terms of providing fair access to diverse, relevant and high-quality education, is vital. The first step must be to improve the quality of primary education, which will itself act as an incentive to remain in school. Beyond this, it is highly likely that at least two years of post-primary education is needed to have a sustainable impact on future earnings (Shah, 2010a), and that this threshold will rise in future. Returns to primary education have been declining relative to post-primary over the years as more and more people have become educated.

Equally important is the issue of pedagogy, which could emphasise vocational training and children's holistic development in the early stages of education. This, in turn, may help address the abovementioned issue of an increase in the threshold of education necessary to be able to find meaningful and remunerative returns to work, especially for those who are self-employed. Linking education to the evolution of the labour market, and ensuring that economic growth supplies opportunities for both skilled and less and unskilled labour, is therefore also critical (Duraisamy, 2002).

Meanwhile, there is no point in making arrangements for SC/ST children to attend private or state schools if they will find the experience intolerable owing to discrimination in the classroom. The training of teachers (and also of parents) in promoting equality and preventing discrimination will be an important foundation for non-discriminatory classrooms. It is also necessary to address the cultural barriers that prevent girls from attending school. Compulsory education needs to be supplemented by awareness raising by civic, village and religious leaders to highlight the importance of educating girls for the whole family and community.

Implementation also needs to take into account the indirect costs (and resulting hardship) the poorest would face, which are most likely to adversely affect girls (Chandrasekhar and Mukhopadhyay, 2006). For example, the poorest families stand to experience loss of income when a child is required to attend school. Moreover, their struggles in meeting the costs of attending school (e.g. books, transport) are likely to impact attendance and performance negatively. Some form of accompanying social transfer would help enable people in chronic poverty to 'enjoy' their entitlement and make implementation more effective and inclusive. Meanwhile, one

of the major menaces in both public and private schools is that teachers do not teach in the school but outside it, in private classes. This is widely recognised as a major cause of corruption and malpractice, especially in private schools, and increases not only the work/time burden on children but also the financial burden on parents.

Existing schemes (e.g. midday meals, cash incentives for attendance, free uniform scheme for girls, free textbooks for all children, scholarship schemes, free bicycles for girls) have the potential to make an enormous difference to the ability of the poorest families to educate their children. However, implementation is highly varied, erratic or simply non-existent, particularly in remote rural areas and some of the poorer states, where infrastructure is thin. Where midday meals have been implemented well, studies have shown alleviation of classroom hunger, promotion of inclusion (e.g. children of different castes eating together) and improved performance and attendance, particularly among girls. Moreover, they have improved community participation in the running of schools (e.g. ensuring the quality of meals) and have brought employment opportunities for SCs/STs as cooks. However, there have reports of opposition in some areas based on caste discrimination, with parents objecting to their children eating meals cooked by SCs along with children of lower castes.

The need is to improve the efficacy of these interventions while simultaneously exploring alternative mechanisms to ensure the rightful access of all to what has been promised by policy. Some states are yet to implement the midday meal scheme altogether. In Rajasthan, for example, both the quantity of rice provided and the regularity of its distribution are overwhelmingly erratic, with some children receiving meals only once or twice a year. According to parents and teachers, other

support schemes (free uniforms, free textbooks, cash incentives for attendance, etc.) are 'implemented in a manner that makes the irregularity of rice distribution look like a model of efficiency' (Rana and Das, 2004).

In Jharkhand's Dumka district, several problems facing the most marginalised in accessing primary school education have come to light, which are of relevance when considering the possible impacts of the Act on the poorest. These include poor school facilities, a teacher shortage and education not in the mother tongue for tribal children. Community governance (provided for in the Act) and incentives to attend school (not provided for) would help in this regard. For example, in Rajasthan, poor community participation has been identified as a key factor in the poor performance of teachers and schools (Rana and Das, 2004). The reservation of spaces for women and disadvantaged parents in the Act's school management committees is a positive step. The issue of language is a complex one, as education in the mother tongue may not help children much when it comes to employment. Usually, governments resolve such issues over time, encouraging children to maintain their mother tongue but gradually introducing a *lingua franca* (or more than one) as the years progress.

The controversial role of private schools

One major debate has been on the role of the private sector in the provision of education. Reservation of spaces in private schools for children of disadvantaged backgrounds on the one hand shows the government's intention to enable equitable access to the right to education to all, removing the conditionality of payment for this right that excludes poor children from attending such schools. However, some would agree with the first UN Rapporteur for Education, who recommended that,

‘The right to education [...] demands that public authorities take charge of education because it is simply too dangerous not to do so. Human rights law requires policy makers to ask the questions, which bean-counters avoid’ (Tomasevski, 2008).

This puts a questions mark as to the compatibility of private education provision and a rights-based approach to education. But what happens when and if ‘public authorities’ cannot or do not seem to want to deliver, as has been the case in India? In this case, making private schools take on poor children is surely a progressive step.

The Act provides for the closure of private schools that are found to be not up to scratch and for deprived children to attend them free of charge. In this regard, the legislation has been criticised for not including specific provisions for public–private partnerships, as the only way the right to education obligation can be met is through the use of low-cost private schools. Even an education budget of 6% of GDP⁸ would not be sufficient to fund implementation of universal education through the government school system alone. The government can save money by involving private schools, which can then be directed at improving the quality of public primary schools and post-primary education.

Not surprisingly, this has generated fierce opposition (Jain and Saxena, 2010; Ramachandran, 2009). However, private education has mushroomed in India since the 1990s, with even less well-off parents attempting to provide their children with better private education where they are able. It seems reasonable that it be treated as part of the mainstream, as the government is now doing. Other implications include the need to review public schools – some of which may need to

close. The critical issue is not whether the state alone can deliver the right to education but whether it can, in partnership with the citizenry, ensure the right is realised for all – especially the poor – without creating a further gulf between those attending public and private schools.

5. DISCUSSION

The power of a rights-based approach lies partly in the synergies achieved by the successive achievements of rights. The right to employment, underpinned by the right to information, potentially combines with the right to education to result in tightened wage labour markets and a more rapid increase in wage rates over time than would otherwise be the case, given the existing labour surplus situation. This is achieved by providing guaranteed employment at minimum wages and taking large numbers of today’s and future children out of the labour market by keeping them in school. Given the very large number of chronically poor Indians who are dependent fully or partially on the wage labour market, raising the wage rate is probably the single result of development that will alleviate the poverty of the poorest people in India.

While this outcome is not an intention of the Acts, it is an illustration of the power of the synergies among them. However, this will emerge as a result of a combination of human development, social security and employment measures – there is no magic bullet. In addition, it is important that the move towards ‘decent work’ does not undermine women’s participation in the labour market. Meanwhile, the rights to education and employment must apply equally, and be supported by emphasising, within a right to health (see below), the right to reproductive health

⁸ This figure is ‘articulated by various committees as the ideal norm in due course of time. Currently we do not spend even 4% GDP on education when we consider combined budgets of the centres and the states’ (Jain and Dholakia, 2009).

services, especially for poor women not yet participating in the demographic transition.

If tightening the wage labour market is a good result to aim for, and one the current set of rights should help achieve, the question then lies in what combination of rights would make the biggest and fastest dent in chronic poverty as a whole.

Additional rights? The case for health

Additional developmental rights granted in other middle-income developing countries that India might consider include the rights to health, water and housing. Of these, it is very clear that, in India, a right to access a range of health services, free at the point of delivery, would make a substantial difference to the chronically poor, enabling them to participate more in labour markets and reducing poverty more widely, since the costs of treating ill-health are such a widespread cause of impoverishment. All Indians, including the poor, lay out a great deal on health care. Much of this expenditure is in the private sector, for both short- and longer-term illnesses – although the balance between public and private services varies greatly between states. Using public services often requires just as much cash outlay (Desai et al., 2010) – although the balance between fees and other costs may be different, fees being lower in the public sector. In any case, this high level of expenditure overall often puts people into debt.

The Ministry of Health is already considering a Bill on the Right to Health.⁹ This would be a 'Framework Bill,' providing room for constitutionally mandated authorities to develop their own responses. This kind of approach allows for flexibility and adjustment to the various conditions across the country, which is necessary to achieve development goals. The Bill recognises that the rights to

food, education, water and housing are also necessary to achieve health outcomes.

With the exception of maternity provision, standards in the private health sector are very varied (Desai et al., 2010). A right to health would set standards that the public sector would have to meet and, where the private sector provides support, would require more sensitive and firmer regulation. As with education, poor people would be able to access both private and public providers without payment, and this would prevent at least some of the impoverishing effect of ill-health. An adequate system of compensation or incentives to private providers is required to achieve this. India could explore insurance-based health system models operating in other countries.

Other possible rights – and the danger of spreading too thinly

The Ministry of Health recognises that access to water is a precondition for health. It might be good also to focus on sanitation as a critically neglected input into enhancing health. A question lies in whether separate legislation is required, since a right to health could recognise water (and sanitation) as a contributing factor, leaving it up to the states to work out how to provide services. Water and sanitation are also different from other rights legislated for so far: rights to these are arguably both individual and collective, and varied levels of scarcity over space and time conditions what can be provided.

Meanwhile, whereas other legal provisions ensure gender equality, its appearance in existing rights-based legislation leaves something to be desired, given the systemic gender discrimination in many aspects of social and economic life in India. For example, girls still experience lower expenditure on their health, lower enrolment and retention in school

⁹http://mohfw.nic.in/nrhm/draft_bill.htm.

and a less sympathetic environment in these public services, despite many attempts to redress this situation (Desai et al., 2010). Discrimination regarding type of work and wages also still continues.

A supplementary Gender Equality Bill, adding to or amending existing rights legislation, would create additional incentives to address gender discrimination in achieving socioeconomic rights, just as legislation and the National Commission for Women have made inroads into issues such as domestic violence and rape. The Bill could focus particularly on important issues in persistent poverty that are not already well taken care of by policy, such as the rights of teenage girls and young adult women to adequate nutrition and education as a way of interrupting intergenerational transmission of poverty (Bird, 2010; Saxena, 2009). Poor women (and men) are so disadvantaged they may need to be able to work in groups to achieve the degree of solidarity and confidence required to articulate and pursue their rights.

There is a danger, however, of too much legislation on rights. Perhaps it is more useful to have a highly selective set of laws and really focus on implementing these well, using the new resources becoming available as a result of economic growth, and on ensuring that targeting errors are greatly reduced and that states (especially the poorest) and decentralised government bodies have the capacity to contribute positively to their achievement.

Implementation

Overall, a rights-based approach represents significant value added as far as India's chronically poor are concerned. However, its impact depends on the standards and norms applied in individual pieces of legislation, and of course on the quality of implementation, which can be thwarted by longstanding

structural problems of governance, politics and political economy. Political commitment, especially at state and local levels, may lead in the direction of 'elite capture' of service delivery and asset creation; administrative capacity may be too limited, especially in remote regions and poorly governed states; where resources are increased to fulfil political pledges, corruption risks increase.

India's poorest states experience all these disadvantages and more. Revenue collection there is far weaker, limiting the possibilities for both state-level initiatives and provision of counterpart funds to central government budgets. So, precisely where rights and services are least obtainable and most needed, they are most difficult to realise. Partly as a result, regional inequalities are greater than class or inter-group inequalities – for example in health and education (Desai et al., 2010).

Implementing a rights-based approach to development is clearly no panacea. The question is whether it can help address some of these deeply embedded political and governance issues, given that it is a different approach. The broader thrust of change in India's approach to the implementation of development since the 1990s has been to strengthen *demand*, with constitutional reforms on decentralisation leading the way. A rights-based approach complements this, provided people have the information they need on rights and how to achieve them; duty-bearing agencies adjust their *modus operandi* to respond to demand, rather than simply determining their own priorities; and effective redress mechanisms exist in case duty bearers do not uphold rights.

Among the issues involved with implementation, even if all the other conditions are met, **demand** may be the most difficult to change. Do poor people have the motivation to claim their rights? There are two sides to this: is the right attractive enough to claim –

are the benefits big or immediate enough (see below on incentives) and are the opportunity costs low enough? And, are people empowered to make the claim or are they constrained by social relationships – for example, do intra-household relationships constrain women from taking advantage of the right to education? Demand for the right in the first place is also an issue: rights in India have tended to be granted rather than to be demanded through civic action. While this does not prevent civic action from growing up around rights as they are granted, it may leave authorities free to implement in conditions where pressure on them is inadequate.

States have reportedly been slow in handing out job cards and accepting applicants for work, partly in order to contain costs. In education, there is clearly a big difference between the 6% of GDP that various committees have thought a reasonable proportion to spend and the 15% that is necessary if public schools all employ the required number of teachers at salaries recommended by the Sixth Central Pay Commission in 2008. This gap has contributed to the impassioned debate as to the necessity and merits of non-state education providers, and whether the introduction of a right is not a ticket to the privatisation of a public service. Up until 2010, not 4% of GDP had been spent on education; even 6% seems to be a major challenge, especially as GDP is itself expanding so rapidly.

The experience of MGNREGS clearly illustrates the importance of **awareness**. In general, there has been a reluctance to publicise rights adequately, on the grounds that it is better to make sure the capacity to respond to claims is there beforehand. This means a two-stage process is required for each legislated right – something that is realised with respect to RTI. However, this seems to be a ‘chicken and egg’ question: if the

authorities do not develop the ‘capacity to respond,’ it may be necessary to let people know their rights first and then let capacity catch up.

Again, MGNREGS illustrates that a change in **organisational culture** from service supply to a demand-responsive approach can be difficult to achieve. Government officials charged with making rights a reality also need to be disciplined if they consistently fail to do so. On the one hand, this requires appropriate approaches to internal human resource management; on the other, it can be strengthened greatly if there are mass movements keeping an eye on performance. This is, of course, basic to the good functioning of any organisation.

There are stronger **redressal mechanisms** for the right to education than in MGNREGA, since existing commissions are being used. These already include many of the professional and voluntary interests that will help ensure the legislation is monitored energetically. However, the National Commission for the Protection of Child Rights has, as yet, a ‘barely symbolic presence in states and districts,’ and it is not clear whether it will be enhanced with staff who will be able to work with the states to find solutions to the problems that will undoubtedly emerge (Kumar, 2010). Where administrators are clearly found to be at fault for not delivering on rights, redress needs to have a disciplinary aspect to motivate them to pay more attention to legally established rights (Houtzager et al., 2008). In a political culture where scams are widely accepted, it will take considerable effort, courage and civic organisation to bring greater discipline into some state administrations. State reform from the inside will help immeasurably, but is not an alternative, as monitoring and pressure on states to reform is half the battle.

Again, there is much debate as to whether the **incentives** to make use of rights are adequate

and well-implemented. In the case of MGNREGS, this has related to the structure of payments – that is, the adequacy of a fixed wage or a state minimum wage, which could be higher or lower than this – although demand has nevertheless been substantial. In education, one issue has been the very varied and often poor quality of incentive schemes to encourage attendance at schools. The barriers to school enrolment and attendance are often enormous for poor children, especially girls. The incentives – midday meals, cash, free school uniforms, free textbooks, scholarships – could have substantial impacts but are implemented patchily across states and districts. As with many areas of policy in India, many schemes are in operation simultaneously, with broadly similar objectives, none of which are uniformly well-implemented. Based on precedent, the standard response of the government machinery is to invent a new scheme, one that plugs the holes in existing provision but does not solve the structural problems inhibiting implementation.

What policy makers could do is step back from the range of existing schemes and ask whether there is one scheme that would satisfy all or most of the objectives, and focus resources and monitoring and implementation efforts on just this. For this exercise to succeed, it would be useful to gain a perspective on what has worked well not only in India but also in other comparable countries. For example, there is now substantial evidence from Latin America that cash transfers conditional on attendance at school have had a major impact.

6. CONCLUSION

The rights-based approach to development in India represents the forging of a new social contract in a relatively favourable economic environment. It has developed as a result of the imperatives of electoral politics in the coalition era, combined with civic action over

a long period of time, building on India's progressive Constitution. As a whole, it represents a substantial extension of the social contract between state and citizen, from the baseline of protection against famine achieved in the 1960s, through to the establishment of the rights to information, work and education. Adding the rights to food and health will represent a further strengthening of the social contract.

The approach is good in principle for chronically poor people and adds value to the top-down schemes already in place to achieve development objectives across the board. However, when formulating the specific standards and guarantees, there is scope for interference by interests opposed to rights or to additional public expenditure. Limiting the reach of the rights will mean limited outcomes, as the modest (though still significant) impact of MGNREGA so far illustrates.

The establishment in law of rights does not of itself get around the implementation problems facing governments across India. Politics and governance often work against effective implementation. The establishment of oversight bodies and redress mechanisms and an effective harnessing of the judicial system are therefore required to help turn governance quality around, especially in the poorest states. Where administrations are found to be at fault, there will also be a need for disciplinary procedures. Along with greater awareness among the public and active CSO participation, these are the key aspects of a rights-based approach to help turn around ineffective administration and counteract negative and predatory politics. This is a medium- to long-term process, and one that involves institutional change leading to behavioural change.

In addition, people will not claim their rights unless the incentives are adequate. The benefit

from exercising the right may be enough in itself (e.g. wages earned), or the right may need an additional push to overcome short-term costs. Rights legislation thus far enacted has rightly taken a mixed supply- and demand-driven approach: information and employment have to be demanded; education is compulsory. However, it may be that an incentive-based approach to education will be more successful than a sanctions-based one: the midday meals scheme has already had some success in this regard, as have conditional cash (and food) transfers in other countries. Implementation of the various incentive schemes for attending school really needs to be more effective if the right to education is to be possible. Furthermore, if the courts are not effective in making rights justiciable, claims will not be made, especially by individuals.

In recognition of these two caveats, there is a debate on whether too many fronts have been generated simultaneously in legislating for rights to development outcomes. Implementation is very challenging and needs

adequate time and resources. In several cases, rights are being established without strong civil society campaigns, which means organisations working with the poor will need time to mobilise. The question lies in whether establishing more rights generates 'economies of scale.' Does it make it easier to establish social audit, legal redressal and other accountability mechanisms, or are the processes and institutions involved specific to each right?

If it is the former, continue legislating and develop as generic as possible institutional mechanisms to deal with implementation and, especially, accountability. If it is the latter, build the civic action necessary to do this as well as consensus on the content and implementation modalities of the new laws prior to enactment. This does not deny the importance from a poverty reduction perspective of the rights to food and health, but recognises that substantial investment is required for the governance of rights to be able to catch up with the legislation.