Poverty and Intergenerational Change:

Preliminary Findings from the 2016 Young Lives Survey (Round 5): United Andhra Pradesh

This fact sheet presents findings from the fifth round of the Young Lives survey of children in United Andhra Pradesh in 2016.[1] Young Lives is a longitudinal study on childhood poverty that has followed two cohorts of children born seven years apart. It has been collecting household and child-level survey data from 3,000 households in Andhra Pradesh and Telangana since 2002. This fact sheet presents preliminary findings on changes that have taken place in household poverty in urban and rural locations as well as in different caste groups. The analysis shows a definite increase in wealth – as measured by a composite index of consumer durables, access to services, and housing conditions – of the Younger Cohort households in 2016 compared to 2002 (Round 1 survey), with the highest percentage change in wealth over that period among Scheduled Tribes, households where mothers had no formal education, and households in rural locations. However, inequalities remain.

Key Findings

- Overall there is an increase in average wealth over time with the highest percentage change between Rounds 1 and 5 for Scheduled Tribes households.

- While differences in household wealth based on location and caste have reduced over time, substantial inequalities persist between Other Castes on the one hand and Scheduled Castes and Scheduled Tribes on the other.

- The highest percentage change in access to services is seen among Scheduled Tribes, in rural households, and in households where mothers had no formal education.

- The largest change is seen in the average access to consumer durables, particularly among Scheduled Tribes, Scheduled Castes, households from rural areas, and where mothers had no formal education.

- By 2016, access to safe drinking water and electricity is near universal across all locations.

- Only half of households have access to sanitation. Although there have been improvements since 2002, access to sanitation facilities remains at 30% among Scheduled Tribes compared to 55% for the other three caste groups, and 31% in rural areas compared to 95% in urban areas.

- More households report vulnerability to economic shocks in 2016 than in 2006.

1   This fact sheet refers to the original state of Andhra Pradesh as it existed before its bifurcation into two new states of Andhra Pradesh and Telangana on 2 June 2014.

The policy context for poverty in India

India has the fourth fastest growing Gross Domestic Product (GDP) in the world with a growth rate of 7.6% in 2016 (IMF World Economic Outlook, 2016). The Niti Aayog Draft Action Plan (2017-2020) states that although a combination of global economic developments and domestic policy choices led to a lower growth rate in 2012-13, quick corrective action in 2014, followed by sustained policy reforms, has helped the economy maintain over 7% growth during the three years ending on 31 March 2017. A key question is how inclusive that economic growth has been, and how far it has resulted in reduced poverty. The Organisation for Economic Co-operation and Development (2017 OECD Report) states that in India 'growth has also become more inclusive as about 140 million people have been taken out of poverty in less than 10 years'. The report also highlights that many people still lack access to core public services such as electricity and sanitation.

Wealth index changes

The measure of poverty used here is derived from a wealth index rather than income poverty *per se,* although the wealth index is likely to be closely correlated with income poverty.

The wealth index is a composite index that reflects the welfare of household members in terms of the quality of the dwelling (e.g. overcrowding, composition of the walls, roof, and floor), ownership of consumer durables (whether the household owns a radio, TV, bicycle etc.), and access to basic services (whether the household has drinking water, electricity, etc.).[2] Scores can be calculated for a particular survey year and also allow change over time to be observed. To give an example of what the wealth index may capture, following are two examples from our data set. A particular Younger Cohort household belonging to the bottom tercile, (average wealth index value 0.454) has a home with only one room and no toilet. It has water and electricity, is constructed with mud walls, an asbestos roof and a floor made of stone. Meanwhile, another household belonging to the top tercile, (average wealth index value of 0.852), has a five-room house with sanitation, water and electricity, brick walls, a roof made of concrete and a cement floor.

In this fact sheet we focus on the Younger Cohort households (N = 1,882) surveyed in all five rounds. It is important to note that the wealth index tends to show that the maximum percentage change was among those who started with the lowest wealth level. Table 1 shows that the greatest improvement in household wealth between Round 1 and Round 5 is seen among Scheduled Tribes and rural households. In 2002, 631 of the Younger Cohort households (34%) were in the bottom wealth tercile; 422 of these households moved out of the bottom tercile between 2002 and 2016, while 209 households (11%) have consistently been in the bottom wealth tercile across all survey rounds from 2002 to 2016 and are here termed as 'persistently

poor'. Such households tend to be rural, and Scheduled Tribes households (often living in rural areas) are also over-represented among this group. 33% of Scheduled Tribes households have remained persistently poor since 2002, followed by 14% of Scheduled Castes households and 8% of Backward Classes households, compared to less than 1% Other Castes households. This indicates that poverty is deeply associated with the caste system. We also find that 14% of rural households are found to be persistently poor compared to only 1% of urban households.

Table 1. *Percentage of persistently poor households by caste and location*

|	Bottom tercile (2002)		Persistently in Bottom tercile (2002 to 2016)	
	N	%	N	%
Caste				
Scheduled Castes	137	39.7	47	13.6
Scheduled Tribes	187	66.8	91	32.5
Backward Classes	268	30.7	68	7.8
Other Castes	39	10.3	3	0.8
Location				
Urban	13	4.5	6	1.3
Rural	618	43.4	203	14.3
Total	631	33.6	209	11.1

Access to services

Between 2002 and 2016, considerable changes have taken place in respect of access to services (electricity, safe drinking water, sanitation, and adequate fuel for cooking). Other Castes households have the highest access to services in all rounds including Round 5, along with households with mothers with more than 10 years of education and urban households. Lowest access to services in 2016 is within households belonging to Scheduled Tribes, households with mothers with no formal education, and households in rural areas. Despite this, the greatest improvement in access to services between 2002 and 2016 has been among these same groups i.e. Scheduled Tribes (84% increase), households with mothers with no formal education (61%), and in rural areas (61%).

Young Lives data reveal that, by 2016, access to clean water and electricity has become near universal for all socio-economic groups (98% for electricity and 99% for clean water), with considerable improvements among the most vulnerable groups such as Scheduled Tribes households (Figure 1). However, in stark contrast, only 50% of households have access to sanitation facilities and this unequal access persists among socially disadvantaged and rural households, as well as households where mothers had no formal education. The longitudinal data also reveal that the period during which the Government of India launched and brought the Swacch Bharat Abhiyan into effect (2013-2016) to make a 'Clean India', the greatest improvement in sanitation facilities was recorded.

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2   For more details on the construction of the Wealth Index, see Briones (2017).

Figure 1. *Percentage access to sanitation, clean water and electricity in 2016*
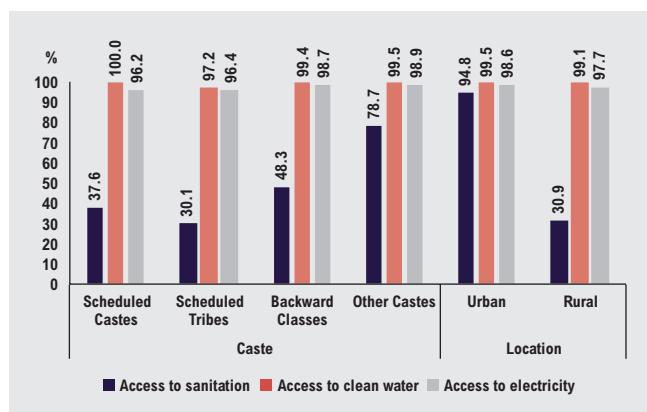
Quality of housing

Since 2002, there has been substantial improvement in housing quality, i.e. crowding, and the main materials of the walls, roof and floor. As seen above with access to services, the highest housing quality in 2016 is among Other Castes households, households with mothers with more than 10 years of education, and households in urban areas. Lowest housing quality is seen among Scheduled Tribes households, those with mothers with no formal education, and those in rural areas. The greatest improvement in housing quality between 2002 and 2016 is observed among Scheduled Tribes (an increase of 93%), households with mothers with no formal education (60% increase) and households in rural areas (57% increase). Importantly, the differential between these groups and other households has decreased over time (Table 2).

Consumer durables

Between 2002 and 2016, the possession of consumer durables grew quickly, indeed at a slightly faster rate than the other domains. Again, the lowest levels of possession of consumer durables in 2016 were among the same households as for housing and services i.e. Scheduled Tribes households, those with mothers with no formal education, and rural households. At the same time, the greatest change in possession of consumer durables over this period is observed among Scheduled Tribes (267%), households with mothers with no formal education (227%), and rural households (171%) (Table 2).

Shocks

Households' exposure to environmental and economic shocks is known to affect household economies. In 2016, only 16% of the top wealth tercile households reported environmental shocks compared to 58% of the poorest tercile households. Also, far fewer households in urban areas are exposed to environmental shocks (5%) compared to rural households (53%). Between 2006 and 2009, there was a sudden rise in reported economic shocks across all categories, possibly due to the global financial crisis. However, after 2009, the

percentage of households affected by economic shocks reduced even though more households reported more economic shocks in 2016 than they had done in 2006.

Figure 2. *Percentage of households reporting shocks over time (by wealth)*
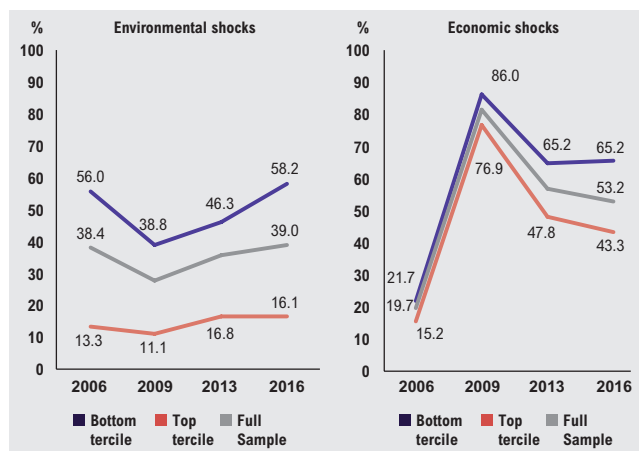
Intergenerational change in education and height

The study design also allows intergenerational comparison between Young Lives parents and their children. This longer-term perspective suggests significant change and improvement over generations. In terms of education, for current 22-year-olds and their parents, while 42% of fathers had no formal education, no 22-year-old among the Older Cohort was deprived of formal education. Also, only 7% of the fathers had post-secondary education compared to 35% of 22-year-olds boys now. The findings are very similar for girls, with 60% of mothers with no formal education compared to only 0.4% of girls within the sample. 31% of 22-year-old girls have completed or are pursuing post-secondary education, compared to only 3% of the mothers. Young Lives data also show that there is an increase in mean height of the girls (152.5 cm) compared to their mothers' mean height (150.3 cm). The gain in height is greatest among the girls with mothers with more than 10 years of education (+ 4.4 cm), while for the Backward Classes it is + 2.6 cm, top tercile households + 3.5 cm and in urban locations + 2.1 cm.

Figure 3. *Intergenerational change in education*
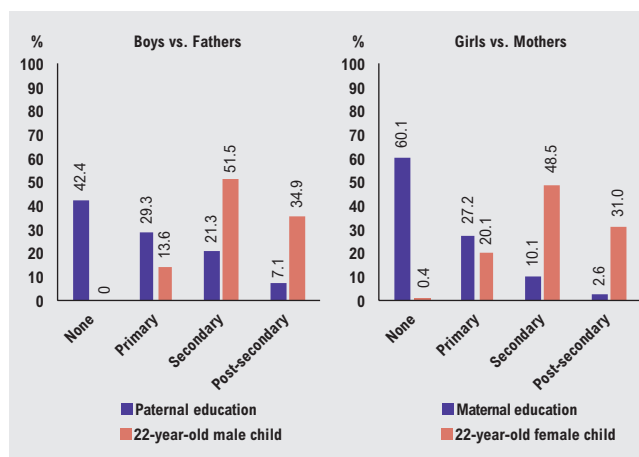
Conclusions

Over the last fifteen years, the living standards of households in the Young Lives study have improved considerably. Although differentials between disadvantaged households and socially and geographically advantaged households have reduced, inequalities still remain, notably in access to sanitation facilities and exposure to environmental shocks. In part this may relate to poorer households being more likely to live in rural areas, but

this fact also compounds their disadvantage. Poor sanitation is a particular concern given the ongoing problems of child health and stunting. Ongoing inequalities reinforce the need for policies to focus on the persistently poor households which, across Young Lives, are mainly Scheduled Tribes and rural households. Ensuring that such households are reached and provided with social security nets is an important contribution to ensuring that India is able to meet the global Sustainable Development Goal 1 related to ending poverty.

Table 2: *Poverty and associated indicators for Younger Cohort households in undivided Andhra Pradesh*

	Wealth Index			Housing quality Index			Consumer durables Index			Access to services Index			Sample size
	2002	2016	% change (2002 to 2016)	2002	2016	% change (2002 to 2016)	2002	2016	% change (2002 to 2016)	2002	2016	% change (2002 to 2016)	2016
Caste													
Scheduled Castes	0.36	0.58	61.1	0.47	0.66	40.4	0.12	0.37	208.3	0.50	0.73	46.00	346
Scheduled Tribes	0.25	0.53	112.0	0.30	0.58	93.3	0.09	0.33	266.7	0.37	0.68	83.80	281
Backward Classes	0.41	0.65	58.5	0.50	0.72	44.0	0.18	0.43	138.9	0.55	0.79	43.60	873
Other Castes	0.55	0.72	30.9	0.64	0.75	17.2	0.28	0.49	75.0	0.72	0.91	26.40	382
Maternal education													
None	0.32	0.57	78.1	0.40	0.64	60.0	0.11	0.36	227.3	0.44	0.71	61.40	962
1 to 5 years	0.40	0.64	60.0	0.49	0.71	44.9	0.17	0.42	147.1	0.53	0.79	49.10	334
6 to 10 years	0.52	0.72	38.5	0.63	0.76	20.6	0.26	0.49	88.5	0.68	0.91	33.80	466
More than 10 years	0.63	0.81	28.6	0.68	0.86	26.5	0.35	0.58	65.7	0.86	0.98	14.00	64
Location													
Urban	0.64	0.75	17.2	0.73	0.76	4.1	0.31	0.52	67.7	0.89	0.97	9.00	553
Rural	0.33	0.58	75.8	0.42	0.66	57.1	0.14	0.38	171.4	0.44	0.71	61.40	1320
Region													
New Andhra Pradesh	0.41	0.64	56.1	0.51	0.72	41.2	0.18	0.42	133.3	0.54	0.79	46.30	1201
Telangana	0.39	0.61	56.4	0.46	0.65	41.3	0.16	0.41	156.3	0.55	0.78	41.80	661
Full sample	0.41	0.63	53.7	0.49	0.69	40.8	0.18	0.42	133.3	0.55	0.79	43.60	1882
Sample size	1877	1882		1881	1882		1881	1882		1879	1882		1882

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