

Poverty and Hunger

Poverty in India

India's share of the world income went from 27% in 1700 to 3% in 1950. On the eve of independence in 1947 when the British transferred power to India, we inherited a crippled economy with a stagnant agriculture and a peasantry steeped in poverty. The stagnant per capita income portrayed the fact that during the British rule, the Indian economy had become incapable of a higher growth rate.

Economic Survey 2015-16 reports that poverty estimates based on the Tendulkar Committee methodology using household consumption expenditure survey data collected by the NSSO in its 68th round(2011-12), show that the incidence of poverty declined from 37.2 % in 2004-5 to 21.9 % in 2011-12 for the country as a whole, with a sharper decline in the number of rural poor.

Poverty is looked through various social indicators like levels of income, consumption pattern, illiteracy level, lack of general resistance due to malnutrition, lack of access to healthcare, lack of job opportunities, lack of access to safe drinking water, sanitation etc. Analysis of poverty based on social exclusion and vulnerability is now becoming very common.

Social exclusion: means poor having to live only in a poor surrounding with other poor people, excluded from enjoying social equality of better-off people in better surroundings. Social exclusion can be both a cause as well as a consequence of poverty in the usual sense. A typical example is the working of the caste system in India in which people belonging to certain castes are excluded from equal opportunities.

Vulnerability: Vulnerability to poverty is a measure, which describes the greater probability of certain communities (say, members of a backward caste) or individuals (such as a widow or physically handicapped person) of becoming, or remaining, poor in the coming years. Vulnerability is determined by the options available to different communities for finding an alternative living in terms of assets, education, and health and job opportunities. Further, it is analysed on the basis of the greater risks these groups face at the time of natural disasters (earthquakes, tsunami), terrorism etc. Additional analysis is made of their social and economic ability to handle these risks.

Poverty Estimation in India

Dadabhai Naoroji did a pioneering work in his book, '**Poverty and the Un-British Rule in India**' on poverty line estimation based on 1867-68 prices. That was based on the cost of a subsistence diet consisting of rice or flour, pulses, mutton, vegetables, ghee, vegetable oil and salt.

Next, **in 1938**, the National Planning Committee (NPC) set up by Congress President SC Bose [JL Nehru was the Chairman and KT Shah was the Secretary] estimated a poverty line based on a 'minimum standard of living perspective in which nutritional requirements are implicit'. In 1944, the authors of the 'Bombay Plan' also suggested a poverty line.

Then after independence, **VM Dandekar and N Rath** made the first systematic assessment of poverty in India in **1971**, based on National Sample Survey (NSS) data from 1960-61. They argued that the poverty line must be derived from the expenditure that was adequate to provide **2250 calories per day in both rural and urban areas**. This generated debate on minimum calorie consumption norms while estimating poverty and variations in these norms based on age and sex. This has been followed by formation of several task force and committees:

YK Alagh Task Force - 1979, a task force constituted by the Planning Commission for the purpose of poverty estimation, chaired by **YK Alagh**, constructed a poverty line for rural and urban areas **on the basis of nutritional requirements**. Whereby, the **people consuming less than 2100 calories in the urban areas** or less than **2400**

calories in the rural areas are poor. The logic behind the discrimination between rural and urban areas was that the rural people do more physical work. YK Alagh eventually defined the first poverty line in India.

DT Lakdawala Committee: In 1993, made the following suggestions:

- (i) Consumption expenditure should be calculated based on calorie consumption as earlier [2400 & 2100 calories];
- (ii) state specific poverty lines should be constructed and these should be updated using the Consumer Price Index of Industrial Workers (CPI-IW) in urban areas and Consumer Price Index of Agricultural Labour (CPI-AL) in rural areas; and
- (iii) Discontinuation of 'scaling' of poverty estimates based on National Accounts Statistics. This assumes that the basket of goods and services used to calculate CPI-IW and CPI-AL reflect the consumption patterns of the poor.

The method of calculating poverty included first estimating the per capita household expenditure at which the average energy norm is met, and then, with that expenditure as the poverty line, defining as poor as all persons who live in households with per capita expenditures below the estimated value. Estimate of poverty got doubled by this methodology.

Suresh Tendulkar Committee: was formed in 2005 [submitted its report in 2009], to review methodology for poverty estimation, by the Planning Commission to address the following three shortcomings of the previous methods:

- (i) consumption patterns were linked to the 1973-74 poverty line baskets (PLBs) of goods, whereas there were significant changes in the consumption patterns of the poor since that time, which were not reflected in the poverty estimates;
- (ii) there were issues with the adjustment of prices for inflation, both spatially (across regions) and temporally (across time); and
- (iii) earlier poverty lines assumed that health and education would be provided by the State and formulated poverty lines accordingly, that is they were not factored in while calculating the expenditure on health and education.

It recommended four major changes:

- (i) **a shift away** from calorie consumption based poverty estimation, and various goods and services consumption that is deemed to constitute the desirable national minimum standard of living would be determined on the basis of observed patterns as reported by a reference group of poor urban households.
- (ii) Poverty estimates to continue to be based on private household consumer expenditure of Indian households collected by the NSSO.
- (iii) a uniform poverty line basket (PLB) across rural and urban India;
- (iv) a change in the price adjustment procedure to correct spatial and temporal issues with price adjustment; and
- (v) Incorporation of private expenditure on health and education while estimating poverty.
- (vi) Broadening of scope of the minimum standard of living by greater attention to its non-food components.

It broad based calculations, including the consumption of the following items: cereal, pulses, milk, edible oil, non-vegetarian items, vegetables, fresh fruits, dry fruits, sugar, salt & spices, other food, intoxicants, fuel, clothing, footwear, education, medical (non-institutional and institutional), entertainment, personal & toilet goods, other goods, other services and durables.

The Tendulkar panel stipulated a benchmark daily per capita expenditure of **Rs. 27 and Rs. 33** in rural and urban areas, respectively. However, this amount was so low that it immediately faced a backlash from all section of media and society. Since the numbers were unrealistic and too low, the Planning Commission appointed another committee under Prime Minister's Economic Advisory Council Chairman C. Rangarajan to review the poverty estimation methodology in 2012.

C. Rangarajan Committee-2012: [setup in 2012, submitted report in 2014] Key objectives were:

- (i) to provide an alternate method to estimate poverty levels and examine whether poverty lines should be fixed solely in terms of a consumption basket or if other criteria are also relevant;

- (ii) to examine divergence between the consumption estimates based on the NSSO methodology and those emerging from the National Accounts aggregates;
- (iii) to review international poverty estimation methods and indicate whether based on these, a particular method for empirical poverty estimation can be developed in India, and
- (iv) to recommend how these estimates of poverty can be linked to eligibility and entitlements under the various schemes of the Government of India. The Committee is expected to submit its report by 2014.

Rangarajan committee raised these limits to Rs. 32 and Rs. 47, respectively, and worked out poverty line at close to 30%. With estimates of Rangarajan committee, Poverty stood at around 30% in 2011-12. The number of poor in India was estimated at 36.3 crore in 2011-12.

NITI Aayog's Task Force-2015: NDA Government had constituted a new task force under NITI Aayog's vice-chairman Arvind Panagariya to come out with recommendations for a realistic poverty line. However as of today, the question that how many people in India are poor, remains unanswered with this panel also failing to define an official "poverty line".

After a year and half of work, the 16-member task force headed by NITI Aayog vice chairman has failed to reach a consensus and suggested to the government that another panel of specialists be asked to do the job.

In other countries: Different countries have their own poverty line definitions. In most of Europe, a family with a net income of **less than 60% of the "median net disposable income"** – is counted as poor.

The United States uses a simpler method. The poverty line represents the basic cost of food for a family multiplied by three. A family is counted as poor if its pre-tax income is below this threshold. A part of the reason for the Panagariya panel's indecisiveness is the lack of consensus among the states too.

Some states such as Odisha and West Bengal batted for the Tendulkar poverty line, while others including Delhi, Jharkhand, and Mizoram preferred the Rangarajan line. The Panagariya panel had asked states to set up their own task forces on this issue and submit their suggestions. The only point the states agreed on with the task force was that the poverty line – that is calculated based on household expenditure data -- should be used to track poverty and not to identify who is poor or provide entitlements meant for them.

Limitations of the Head Count Non-discriminatory Approach

The poverty line once determined on whatever criterion remains insensitive to the plight of the people suffering from various degrees of poverty. For example, a poverty line of Rs 100 is insensitive to the plight of a person earning Rs 101. It does not differentiate between a person having absolutely no income and one earning at least Rs 100.

Causes of Poverty

Various causes of poverty in India are as follows:

i. *Rapidly rising population and Unemployment:* Limited resources and limited employment opportunities automatically throws a large section of population below the poverty line.

ii. *Low productivity in agriculture:* The reasons for this are small sizes of land holdings, use of traditional methods of cultivation and lack of capital.

iii. *Under-utilized resources:* In addition to the limited resources, under utilization of whatever limited resources is available is another major concern. This happens due to unavailability of high end technologies as well as unavailability of skilled manpower. One of the examples is the plateaued coal production in India by Coal India Limited.

iv. *Price-rise*: The continuous inflation has eroded the savings of the poor people. They are left with minimal earnings for their survival. Daily wage earners are hardest hit from this. They are left with no extra disposable income which they can spend on qualitative improvement of their family's lives.

v. *The vicious circle of Illiteracy, Unemployment and Poverty*: One leads to the other misery.

Amartya Sen's version of poverty

Despite the growth and the development trajectory of the country, poverty is running parallel and is increasing in absolute terms. Noted economist, Amartya Sen, in his book, *Poverty and Famines*, points out that there are two standards for determining poverty, one is the consumption norm and the second is the poverty line. He has explicitly emphasized that malnutrition captures only one aspect of the idea of poverty. Sen, in his book, *Development as Freedom* has emphasized on poverty as capability deprivation. He opines that poverty goes beyond just the income aspects and has other dimensions too.

Sen challenges the mainstream concept of measuring development by economic growth. According to him, development encompasses removal of various kinds of un-freedom that leave people with little chance for opportunity for exercising their agency. A lack of opportunity in economic and political life is the root cause of poverty and therefore should not be neglected while defining poverty. The lack of opportunity also leads to insecurity.

In what Professor Sen terms as capability approach, poverty is termed as deprivation of basic capabilities, which can be in several ways, like, ignorance, oppressive state policies, lack of financial resources, ill health, lack of proper education. All these can affect a man/woman's potential to grow. It encompasses all factors, social, political, psychological, gender, environment, disability that dictate well being of people.

The popular debate between India's two leading economists, Amartya Sen and Jagdish Bhagwati, is important to be discussed in this regard. It centers on the tussle between growth and development.

Before dwelling into it, let us make distinction between Development and growth. A lot many times, the words are interchangeably used. However, the two words connote different meaning. Development is an umbrella term which encompasses growth economic growth as well as growth in other dimensions of life, social, political, psychological. Growth is strictly viewed in terms of economics and GDP particularly.

Sen advocates economic policies that are more development oriented, with more emphasis on social welfare schemes and investment in the public realm. Bhagwati believes a focus on growth should be prioritized as those can only lead to enough resources to be invested in the social schemes. , Bhagwati believes the prime focus ought to be on increasing the GDP growth rate and in turn reducing the headcount ratio of poverty. Sen prioritizes the development of human capabilities through quality education and health programs that would enhance labour productivity. Sen applauds the Kerala and Tamilnadu's model of development and emphasize on state intervention.

Poverty Alleviation

Various initiatives of the government running today towards poverty alleviation can be mainly grouped into following categories:

1. Wage employment programmes

a. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)

- i. for providing a legal guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.
- ii. All the districts covering rural areas have been brought under NREGA with effect from 01.04.2008.
- iii. MGNREGA envisages creation of durable and productive assets taking into account local needs and priorities and calls for community participation and departmental convergence at the worksite, which would contribute greatly to the economic and ecological development of the rural areas.
- iv. Special emphasis has been laid on backward districts which are covered under Government of India

b. 'NaiManzil' (Education and Livelihood Programme)

This program will benefit the minority youths who do not have a formal school leaving certificate, i.e., those in the category of school-dropouts or educated in the community education institutions like the Madarsas, in order to provide them formal education and skills, and enable them to seek better employment in the organized sector and thus to equip them for better lives.

2. Self-employment programmes

a. National Livelihood Mission (NLM)

SwarnaJayantiGram SwarozgarYojana had been restructured as National Rural Livelihoods Mission (NRLM)-Aajeevika in June, 2010 renamed in 2015.

(i) DeenDayalAntyodayaYojana-NRLM [DAY-NRLM]

The aim is to reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, through building strong grassroots institutions of the poor. Under this various components are of the programmes are running:

***MahilaKisanSashaktikaranPariyojana** (MKSP) to meet the specific needs of women farmers and achieve socio-economic and technical empowerment of the rural women farmers, predominantly small and marginal farmers.

***DeenDayalUpadhyayaGrameenKaushalyaYojana**- Skill Development Programme

It market-led, placement-linked training program for the rural youth, undertaken through the PPP mandated to assure placement to 75 per cent of candidates trained by them. The focus of these programmes is on the rural youth from poor families, in the age group of 15 to 35 years

In order to ensure complete social and regional inclusion the following special schemes have been launched

Himayat: A special scheme for the youth (rural & urban) of Jammu & Kashmir.

#**Roshni**: A special initiative for the rural youth of poor families in 27 Left-wing Extremist (LWE) districts across 9 states.

#**Northeast Region**: 10% of DDU-GKY programme funds are reserved for projects in North-East, wherein the centre contributes 90% of training costs to ensure opportunities for rural youth from North-East.

* **Setting up of Rural Self Employment Training Institutes (RSETIs)**, one in each district of the country

3. Food security programmes

National Food Security Act, 2013(also Right to Food Act)

It aims to provide subsidized food grains to approximately two thirds of India's population, and the beneficiaries of the Public Distribution System (or, PDS) are entitled to 5 kilograms (11 lb) per person per month of cereals at the following prices:

Rice at ₹3 per kg

Wheat at ₹2 per kg

Coarse grains (millet) at ₹1 per kg.

4. Social security programmes

a. National Social Assistance Programme

It is being implemented in rural areas as well as urban areas and has following components:

(i) *Indira Gandhi National Old Age Pension Scheme (IGNOAPS)*

-Rs 200 per month is provided to BPL persons, from [60-79yrs] & Rs 500 thereafter.

(ii) *Indira Gandhi National Widow Pension Scheme (IGNWPS)*.

-BPL widows aged 40-59 years are entitled to a monthly pension of Rs. 200/-.

(iii) *National Disability Pension Scheme (NDPS)*

-BPL persons aged 18-59 years with severe and multiple disabilities are entitled to a monthly pension of Rs. 200/

(iv) *National Family Benefit Scheme (NFBS)*

-BPL household is entitled to lump sum amount of money on the death of primary breadwinner aged between 18 and 64 years. The amount of assistance is Rs. 10000/-

(v) *Annapurna Scheme*

- 10 kg of food grains per month are provided free of cost to those senior citizens who, though eligible, have remained uncovered under NOAPS.

5. Urban poverty alleviation programmes.

a. NLM-Urban- DeenDayalUpadhyayAntyodayaYojana (DAY)

It was launched in 2013 by replacing SwarnaJayantiShahariRozgarYojana (SJSRY). Its aims are:

- Capacity building & Training
- Employment through Skills Training and Placement
- Self Employment Programme
- Support to Urban street Vendors
- Scheme of shelter for urban homeless
- Innovative special projects

Additionally other programmes of the government which are aimed at promoting growth in various economic sectors like agriculture, industries and services eventually leads to more employment generation which further results into poverty alleviation in the country. Examples of such programs can be RashtriyaKrishiVikashYojana, PradhanMantriKaushalVikashYojana, Make in India and so on.