Chronic Poverty in India: Incidence, Causes and Policies

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Summary. — Viewing chronic poverty in terms of extended duration, severity and multidimensional deprivation, this paper uses existing literature to draw attention to those people in India for whom poverty is intractable. Two sets of approaches are used: an area-based approach and an historically marginalized groups-based approach. The area-based approach maps the location of the chronically poor by identifying states and regions that have been especially vulnerable to poverty in terms of severity and multidimensionality. It focuses on drylands and forest-based regions. The historically marginalized groups approach draws attention to groups who have suffered multiple deprivations for long periods. Chronic poverty is disproportionately high among casual agricultural laborers, scheduled castes and scheduled tribes. In conclusion, the paper briefly reviews the factors that contribute to chronic poverty and the efficacy of policies to reduce such deprivation.

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1. INTRODUCTION

Over the last five decades, India has made systematic efforts to alleviate poverty through increasing economic growth, direct attacks using targeted programs, land and tenancy reforms, participatory and empowerment-based approaches and the provision of basic services. During the period between 1973–74 and 1999–2000, the incidence of poverty expressed as a percentage of people below the poverty line declined continuously from 54.9% to reportedly 26% (Table 1). The pace of reduction in poverty varied considerably during this period with a large decline in the percentage of the population in poverty throughout the 1980s, a slowdown in the pace of poverty reduction in the early 1990s, and a reported but contested sharp decline in poverty, of 10% in the second half of the 1990s. No such secular decline occurred in the numbers of those in poverty. The number of people below the poverty line increased by 8 million during the 1970s, decreased by 21.8 million during the 1980s, increased by 13 million during the early 1990s and reportedly decreased by a massive 60 million during the mid to late 1990s. There is considerable skepticism about the accuracy of the poverty estimates because of changes in methodology for data collection.1

The track record of different states of India in decreasing the proportion of their population

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The focus of this paper is on the chronic poor in India, those who experience poverty for an extended period of time, 2 or all of their lives and/or whose poverty is transmitted to the next generation (Hulme & Shepherd, this issue). Surprisingly, given the scale of research on poverty in India, there has been little systematic work exploring poverty dynamics. When disaggregating the poor, the literature commonly focuses on those who are severely poor, in terms of how far below a poverty line their income or consumption lies, within the implicit assumption that those who are extremely poor are also those who are poor for long periods of time.

In this paper we review the available data on chronic poverty in terms of duration, severity and multidimensional deprivation. The potential link between the severity of poverty and the duration of poverty is of particular importance to our arguments. In contrast to research findings from South Africa (Aliber, this issue), we posit that in India (and especially rural India) there is a close correlation between those experiencing severe poverty at a moment in time and those who suffer poverty for extended periods of time. As is shown by the official survey data, the severely poor have very few natural, physical or financial assets and are heavily dependent on their human and social capital to survive and/or improve their livelihood position. Accumulating capital through the application of their human capital in the labor market is very difficult as, with their low levels of education, most severely poor people are dependent on poorly paid, high drudgery, irregular casual employment. Social networks are commonly based on relations to kin and neighbors, who are similarly poor and can assist with survival but not with “escape” from poverty. Other linkages are in the form of patron-client relationships. These are often essential for the survival of the poor but across South Asia the price of the social protection they afford is “staying poor” (see Wood in this issue). The evidence that a high proportion of India’s extreme poor come from scheduled tribes or castes and/or are women also indicates the role that social exclusion plays in blocking off any means to improve their position (see Section 4 of the paper). Finally, migration might provide an “escape route” from extreme poverty but, as is discussed later, the extreme poor are the least likely to be able to take advantage of improving their livelihoods through circular or long-term migration.

2. THE SPATIAL DISTRIBUTION OF CHRONIC POVERTY IN INDIA

Almost half of India’s poor and one-third of India’s population are concentrated in three states. These are Uttar Pradesh (including Uttarakhand), Bihar (including Jharkhand) and Madhya Pradesh (including Chhattisgarh) (Table 2). Three other states—Maharashtra, West Bengal and Orissa—account for 22.5% of those in poverty. Almost 72% of India’s poor, and

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|}
\hline
Year & Percentage population below the poverty line & Number of poor (millions) \\
\hline
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 \\
1999–2000 & 26.1 & 260.2 \\
\hline
\end{tabular}
\caption{Incidence of poverty in India—percentage of population and number of people below the poverty line 1973–74 to 1999–2000}
\end{table}

half of the population, are located in six states. While the share of the poor exceeds the share of the population in all these states, except Maharashtra, in the case of Bihar, Madhya Pradesh and Orissa the relative share of those in poverty is substantially larger than their share of India’s population.

Between 50% and 66% of the population of seven states (the six mentioned above and additionally Assam) was living below the poverty line in 1973–74. Twenty years later 35–55% of their population was still in poverty. Orissa has made the least dent in poverty during the 1990s with 47% of state’s population in poverty in 1999–2000. In Bihar, Orissa, Madhya Pradesh, Assam and Uttar Pradesh persistently high levels of poverty, in excess of 30%, has occurred for several decades.

(a) Chronic poverty: long duration

The distinction between the chronically poor and transient poor is seldom made in the literature on poverty in India. Determination of poverty as chronic or transient requires that the same households are tracked over time through a survey panel data set or qualitative approaches. Two panel data sets that have been extensively used in India are the National Council of Applied Economic Research (NCAER) panel data for rural households and the ICRISAT panel data for semi-arid areas. Some of the major findings from these are given below.

Gaiha (1989b) used data from a panel survey of 4,118 rural households, carried out by the NCAER in 1968–69, 1969–70 and 1970–71. He identified the chronically poor as households that were below the poverty line in each of the three years under consideration. The chronically poor were characterized not so much by low per capita income/expenditure in any year as by low variation in income/expenditure (in absolute terms) over time. This low variation was due to low or negligible endowments (e.g., cultivable land, labor power, skills) and/or inability to augment substantially the earnings from such assets. His analysis showed that:

— About 47% of the poor in 1968 (on an income criterion) were chronically poor.
— The chronically poor were not necessarily the poorest.
— Casual agricultural laborers were the largest group and cultivators the second largest among the chronically poor.
— The bulk of the chronically poor was either landless or near landless and were characterized by a higher dependency burden and illiteracy.
— Most of the chronically poor (over 79%) depended on wages. This implies that much of the change in the household income of the chronically poor depended critically on how the wage component changed over the period in question.

Additional findings using longitudinal data (Singh & Binswanger, 1993) collected from 218 rural households in six villages in three agro-climatic regions of India’s semi-arid tropics (SAT) for a period of nine cropping years from 1975–76 to 1983–84 were that:

— Poverty was closely associated with the household resource base—poorer quality land, lower risk bearing capacity, stronger

Table 2. Incidence and concentration of income poverty in selected states of India

<table>
<thead>
<tr>
<th>State</th>
<th>State share of India’s state</th>
<th>Percentage of the population of the state that is in poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assam</td>
<td>3.63</td>
<td>2.59</td>
</tr>
<tr>
<td>Bihar</td>
<td>16.36</td>
<td>10.69</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>11.47</td>
<td>7.91</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>8.76</td>
<td>9.42</td>
</tr>
<tr>
<td>Orissa</td>
<td>6.50</td>
<td>3.57</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>20.36</td>
<td>17</td>
</tr>
<tr>
<td>West Bengal</td>
<td>8.20</td>
<td>7.81</td>
</tr>
<tr>
<td>All India</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>


a Including the districts in the now newly formed states.
subsistence orientation and a preference for coarse gains in their cropping pattern.

— Poor households who remained poor neither accumulated wealth nor reduced liabilities.

— In the regions studied, poverty is clearly not a permanent characteristic of a household.

Many of those who are not able to move out of poverty or are in persistent poverty tend to be stuck in a low wage/high drudgery/tough job groove with little opportunity for escape. Sainath (1996) profiles the situation of a laborer named Ratnapandi who climbs date palm trees every day to tap them for juice. He works 16 h a day on trees he does not own, risks his neck, shins up using his hands and legs and earns as little as Rs. 5 (or US$0.14) a day. These are the toughest jobs with the lowest pay and the maximum danger. There are no recent data and analysis on chronic (duration) poverty using panel data in India so future work in this area will fill an important gap.3

The issue of dependence on wage income and low wage rates, especially among casual agricultural laborers, has emerged as a major factor in explaining chronic poverty in rural India (Datt & Ravallion, 1998a, b, p. 79–80; Dev, 1988, p. 14). Between 1974–75 and 1986–87, the wages of agricultural workers adjusted for inflation, grew at a remarkable average rate of 5.35% and this contributed to a sharp reduction in poverty during this period. Between 1987–88 and 1990–91, real wages rose at 2.5%. In 1991–92 these declined by an average of 6.3% and decreased in 11 out of 17 states. This corroborates the increase in poverty in 1992 (Papanek, 1996). Bhalla (2000a) also identifies agricultural laborers and construction workers as the poorest segments in rural India.

Large regional variations occur in wages. For instance, Acharya (1989, p. 133), finds that the ratio of maximum to minimum wages for males in different states is three to four and even higher for female wages. He attributes this to the general immobility of people and resources on the one hand and differential productivity (and demand) on the other (p. 137). Wages paid to agricultural labor in 10 states (that account for three-fourths of agricultural labor households in rural India) are less than three kilograms of cereals per day leaving very little surplus over consumption for meeting food and nonfood needs (Parthasarathy, 1995, p. 163).

Since prices affect the purchasing power of incomes and wages, higher prices of food and other essential items are likely to aggravate rural poverty unless the poor are protected from such price increases (Gaiha, 1995). A sudden rise in consumer prices especially increases the hardships of low-income households as they are forced to buy on a daily basis even when prices are high (Gaiha, 1989b). Given the stickiness of money wage rates in the face of inflation, for the vast majority of the rural population, an increase in prices erodes real incomes and pushes them below, or further below, the poverty line (Saith, 1981). In real terms the rate of growth of daily wages in rural areas slowed in the 1990s, suggesting that agricultural growth in that period may have contributed relatively little to poverty reduction (Table 3).

In view of the high incidence of chronic poverty among agricultural households the income of the chronically poor is critically dependent on increases in real wages. Setting minimum wages, their periodic revision and the use of bargaining power to demand their effective implementation are extremely important especially during the slack season when wages fall (Parthasarathy, 1995). While the “kulak” lobbies are able to exercise power over their political representatives to force increases in the prices at which food grains are procured by the state (Saith, 1981) agricultural labor households lack the political power to access state entitlements or achieve increases in real wages.

<table>
<thead>
<tr>
<th>Table 3. Annual average growth in wage rates of unskilled agricultural male laborers (percentages)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Real</td>
</tr>
<tr>
<td>1980/1–1990/1</td>
</tr>
<tr>
<td>1990/1–1997/8</td>
</tr>
<tr>
<td>1993/4–1997/8</td>
</tr>
<tr>
<td>1980/1–1997/8</td>
</tr>
</tbody>
</table>


*Consumer price index for agricultural labourers used to deflate nominal wages exponential trend growth rates were calculated using ordinary least squares.

(b) Chronic poverty: severity

(i) Severe income/consumption poverty

Of the 260–320 million people who live below the poverty line (depending on whether the 1993–94 or 1999–2000 estimates are used) a large subset consists of those who are severely below the norms identified as necessary for survival. In 1993–94, the poverty line was set at
Rs. 205.84 per capita per month for rural and Rs. 281.35 for urban areas. Some 15% of the rural population and almost 15% of the urban population were estimated to be earning incomes that were less than three-quarters of the poverty line. Roughly 134 million people can be considered to be chronically poor in terms of the severity of their poverty. The incidence of severe rural and urban poverty was higher than average in most of the higher level income poverty states. In other words, severe poverty is spatially concentrated in some regions of higher level income poverty states and spatial poverty traps exist at the regional level even in the more developed states.

Half to two-thirds of people residing in rural areas of 10 regions (Table 4) lived in poverty (and between 22% and 42% in severe poverty). The proportion of those who were very poor was largest in South Western and Southern Madhya Pradesh, Southern, Central and Eastern Uttar Pradesh, Southern Orissa, Inland Central Maharashtra and Southern (now Jharkhand) Northern and Central Bihar. The squared poverty gap was the highest for these ten regions and ranged from 3.97 to 9.68 (Table 4). Almost half (48.4%) of those suffering from the incidence of severe poverty in rural India are located in these 10 regions. Similarly, urban poverty was severest in the 10 regions comprising Inland Central, Inland Eastern and Inland Northern Maharashtra, South Western, Central and Southern Madhya Pradesh, Southern Uttar Pradesh, Inland Northern Karnataka, Southern Orissa and Southern Tamil Nadu. From 46% to 73% of the population of these regions was below the poverty line (and 25% to 43% in severe poverty). The squared poverty gap ranged from 4.9 to 11. Of those who are severely poor in urban areas 29% are located in these ten regions (Table 4).

At a regional level spatial poverty traps can be identified in several parts of Madhya Pradesh, Uttar Pradesh, Orissa, Bihar and Maharashtra. If we map the regions on the basis of severe poverty the heartland of chronic poverty, in the severity sense, seems to be constituted by the central Indian (and virtually

<table>
<thead>
<tr>
<th>State/regions</th>
<th>Very poor</th>
<th>Poor</th>
<th>SPG²</th>
<th>Percentage of India’s severely poor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Western Madhya Pradesh</td>
<td>42.24</td>
<td>68.2</td>
<td>9.68</td>
<td>2.04</td>
</tr>
<tr>
<td>Southern Uttar Pradesh</td>
<td>39.7</td>
<td>66.74</td>
<td>7.96</td>
<td>2.19</td>
</tr>
<tr>
<td>Southern Orissa</td>
<td>34.08</td>
<td>69.02</td>
<td>6.83</td>
<td>1.77</td>
</tr>
<tr>
<td>Inland Central Maharashtra</td>
<td>28.91</td>
<td>50.02</td>
<td>6.69</td>
<td>3.01</td>
</tr>
<tr>
<td>Southern Bihar</td>
<td>31.57</td>
<td>62.44</td>
<td>5.51</td>
<td>5.66</td>
</tr>
<tr>
<td>Northern Bihar</td>
<td>27.62</td>
<td>58.68</td>
<td>5.07</td>
<td>9.99</td>
</tr>
<tr>
<td>Central Uttar Pradesh</td>
<td>26.79</td>
<td>50.2</td>
<td>4.94</td>
<td>5.15</td>
</tr>
<tr>
<td>Central Bihar</td>
<td>24.66</td>
<td>54.03</td>
<td>4.41</td>
<td>5.95</td>
</tr>
<tr>
<td>Southern Madhya Pradesh</td>
<td>22.37</td>
<td>46.36</td>
<td>4.09</td>
<td>1.55</td>
</tr>
<tr>
<td>Eastern Uttar Pradesh</td>
<td>23.2</td>
<td>48.6</td>
<td>3.97</td>
<td>11.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>48.36</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inland Central Maharashtra</td>
<td>42.62</td>
<td>60.13</td>
<td>11.00</td>
<td>3.69</td>
</tr>
<tr>
<td>South Western Madhya Pradesh</td>
<td>36.6</td>
<td>57.14</td>
<td>8.83</td>
<td>2.28</td>
</tr>
<tr>
<td>Inland Eastern Maharashtra</td>
<td>38.99</td>
<td>59.32</td>
<td>8.62</td>
<td>5.32</td>
</tr>
<tr>
<td>Southern Uttar Pradesh</td>
<td>37.54</td>
<td>72.52</td>
<td>7.93</td>
<td>1.67</td>
</tr>
<tr>
<td>Inland Northern Karnataka</td>
<td>36.49</td>
<td>57.63</td>
<td>7.68</td>
<td>5.92</td>
</tr>
<tr>
<td>Central Madhya Pradesh</td>
<td>32.93</td>
<td>53.68</td>
<td>7.15</td>
<td>2.25</td>
</tr>
<tr>
<td>Inland Northern Maharashtra</td>
<td>32.28</td>
<td>56.94</td>
<td>6.64</td>
<td>2.76</td>
</tr>
<tr>
<td>Southern Orissa</td>
<td>33.53</td>
<td>45.64</td>
<td>6.29</td>
<td>0.51</td>
</tr>
<tr>
<td>Southern Madhya Pradesh</td>
<td>27.9</td>
<td>51.23</td>
<td>5.54</td>
<td>1.09</td>
</tr>
<tr>
<td>Southern Tamil Nadu</td>
<td>24.82</td>
<td>48.13</td>
<td>4.90</td>
<td>3.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>29.11</td>
</tr>
</tbody>
</table>

*Source: Based on Datta and Sharma (2000).*

²Squared poverty gap.
contiguous) regions of South Western Madhya Pradesh, spreading in the southern direction into all of Inland Maharashtra except the western segment and in the northern direction into Central and Southern Madhya Pradesh, Southern, Central and Eastern Uttar Pradesh, Bihar and Orissa. Urban poverty is also severe in Inland Northern Karnataka and Southern Tamil Nadu.

(ii) 
Hunger and lack of availability of two square meals a day

In the developing world, 790 million people do not have enough to eat. India alone has more undernourished people (204 million) than all of sub-Saharan Africa (FAO, 1999). Within the 204 million people identified as undernourished in India is a subset that is unable to access even two square meals a day. Estimates of those unable to access two square meals a day, can be considered as the starkest indicator of severe poverty. Chronic food insecurity may lead to malnutrition, which causes reduced physical capacity and stunting, inhibits learning, and may have long-term nutritional, health and productivity-related effects for present and future generations (Moore, 2001; Harper, Marcus, & Moore in this issue).

Hunger and undernutrition is a serious problem in rural India as 4.2% rural and 1.1% urban households reported getting two square meals a day only in some months of the year. Just under 1% of households reported not getting two adequate meals a day at any time of year. Hunger is especially severe in rural Orissa, (where estimates are over 15%) West Bengal, Kerala, Assam and Bihar. Nonavailability of two square meals a day peaks in the summer months from June to September with longer duration suffered in West Bengal and Orissa. If we narrow our attention only to the lowest expenditure group in rural areas then the incidence of hunger among such groups assumes extremely high proportions in Assam, West Bengal, Bihar, Orissa, Maharashtra and Uttar Pradesh. In addition to these higher level income poverty states, significant hunger is reported from even relatively more developed states such as Kerala, Karnataka, and Tamil Nadu (see Mehta & Shah, 2001; Tables 10 and 11).

Despite the accumulation of massive stocks of foodgrains (50 million tons) in the godowns of Food Corporation of India, and considerable expenditure on holding these stocks, these have not been utilized to alleviate starvation. Starvation-related deaths are reported by the media at regular intervals and questions are raised about why these stocks are not used in Food for Work programs. Reports of people dying from lack of food in Orissa resulted in the National Human Rights Commission issuing a notice to the Orissa government asking it to explain what steps it was taking to prevent further deaths.

(c) Chronic poverty: multidimensional or non income measures of poverty

Poverty has many dimensions (Hulme et al., 2001) and the poor suffer deprivation in multiple ways and not just in terms of income. Several forms of human deprivation, including poor survival chances, unjust employment of children, child prostitution, bonded labor, environmental pollution, domestic violence, and social exclusion arising out of caste and gender discrimination, are not related to income in a predictable manner (UNDP, 1997). The poor also lack access to assets such as credit, literacy, longevity, voice, land, water, and forests. India has a growing literature on human and gender development indicators and these improve on the purely income based indicators as measures of well-being. The Human Development Index (HDI) is an average of three indices representing income, longevity and literacy (see Mehta & Shah, 2001). Table 5 compares the rank positions of 16 states in terms of their HDI scores and the percentage of their population recorded as below the official poverty line.

The incidence of income poverty and poor performance on human development indicators follow a similar pattern for most of India's 16 large states. The exceptions are Andhra, Rajasthan, Maharashtra, Kerala, West Bengal and Uttar Pradesh. Low attainments on literacy result in low HDI ranks for Andhra, Rajasthan and Uttar Pradesh. Conversely, Maharashtra, Kerala and West Bengal improve their ranks on HDI relative to poverty incidence largely due to high levels of literacy.

(i) Infant mortality and female literacy
Areas with persistently high levels of infant mortality can considered to experience chronic poverty. Lack of access to inputs such as food and health care due to low income/assets/purchasing power are associated with higher probability of a new born child dying between birth and one year of age times 1000 (IMR Q1). Using information obtained from the 1991
census, Rajan and Mohanachandran (1998), have estimated infant mortality rates for the states and districts of India. The average IMR (Q1) for India in 1991 was 74. Sharp interstate disparities existed with IMR estimates as high as 108 for the state of Orissa and 107 for Madhya Pradesh and as low as 37 for Kerala (see Mehta & Shah, 2001; Table 15). Even sharper disparities occur at the district level. Estimates of IMR (Q1) show a massive spread from 23 for Hyderabad in Andhra Pradesh to 154 for Shivpuri in Madhya Pradesh. Of particular concern is the fact that there were 39 districts with IMR estimates far worse than or the same as Orissa’s of 108. 7 All the districts of Madhya Pradesh and Orissa had IMR levels above the all-India average.

Basic education, especially female education, has a powerful influence on fertility and infant mortality. Maternal education results in increased knowledge about nutrition, hygiene and health care. Basic education helps mothers to take advantage of public health-care services, thereby reducing child mortality (Murthi, Guio, & Dreze, 1996). In India, there is a clear association between levels of female literacy and IMR with most states clustering around the diagonal. States with high female literacy are not characterized by high infant mortality in even a single case. But Andhra Pradesh has succeeded in attaining low IMRs despite low female literacy. The hypothesized negative association between the two indicators has emerged clearly in the case of Kerala on the lower end and Orissa and Madhya Pradesh on the upper end of the spectrum. The pattern emerging from Table 6 thus confirms the expected positive impact of female literacy on reducing infant mortality.

The decline in IMR in Andhra Pradesh despite low female literacy occurred due to health related interventions; care to a very high percentage of mothers even in rural areas and among illiterate groups; availability of vaccination and health facilities to most of the children in the state; access to food-grains and the subsidized rice scheme which covers almost 80% of rural population since 1983; and, the Integrated Child Development Services (ICDS) program for which Andhra Pradesh government spends almost double the amount spent by Karnataka and Uttar Pradesh. All these have had significant impact on the health status of women and children (James, 1999).

Table 6. Distribution of Indian states by female literacy and infant mortality rates

<table>
<thead>
<tr>
<th>Infant mortality rate (Q1)</th>
<th>High &gt; 80%</th>
<th>Medium 46–55%</th>
<th>Low 35–45%</th>
<th>Very low &lt; 35%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very low &lt; 40</td>
<td>Kerala</td>
<td>Tamil Nadu, Punjab</td>
<td>Haryana</td>
<td>Assam</td>
</tr>
<tr>
<td>Low 40–55</td>
<td></td>
<td>Maharashtra</td>
<td>Karnataka</td>
<td>Rajastan, Uttar Pradesh</td>
</tr>
<tr>
<td>Medium 56–75</td>
<td></td>
<td>Gujarat, Himachal, W. Bengal</td>
<td></td>
<td>Orissa, Madhya Pradesh</td>
</tr>
<tr>
<td>High 76–100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very high &gt; 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Estimates of multidimensional deprivation in selected regions

Table 7 provides estimates of variables that reflect multidimensional deprivation, for the 10 rural and 10 urban regions identified as having a greater incidence of households in severe poverty. These include estimates of the prevailing wage, incidence of child mortality, literacy, access to infrastructure such as electricity, toilet facilities and postal and telegraphic communications. The rural wage rates in these regions are uniformly one-third to one-fourth of the maximum wage rate and tend to be close to the minimum for any region in the country. (The maximum and minimum values of the different indicators are given in the last two rows of Table 7). Relative to the best performing region, estimates of the different variables for the regions listed below are 1.7–3.8 times higher for child mortality and one-sixth to one-third lower for female literacy (except for two regions). Similarly access to public provisioning of infrastructure such as electricity is one-tenth for five rural and two urban regions, toilet facilities between 6% and 16% and postal and telegraphic communications between 9% and 44% of the estimate for the best performing region.

Several of the higher level income poverty states such as Uttar Pradesh, Madhya Pradesh, Bihar, Orissa, and Assam also have the worst record on multidimensionality indicators. Data pertaining to infant mortality rates reinforce this further with extremely high state averages of infant mortality for Orissa and Madhya Pradesh and for a large number of districts in Uttar Pradesh and Rajasthan. But, some states, such as Andhra Pradesh, have successfully achieved low levels of infant mortality through health and nutrition-related interventions. High literacy seemed to play an important role in decreasing IMRs in most states. Data for most

(ii) Estimates of multidimensional deprivation in selected regions

<table>
<thead>
<tr>
<th>State</th>
<th>Region</th>
<th>Male rural wage (Rs.) 1995</th>
<th>Child mortality (deaths per 1000) 1991</th>
<th>Female literacy % 1991</th>
<th>Total literacy % 1991</th>
<th>Electricity % house holds 1991</th>
<th>Toilet % house holds 1991</th>
<th>Post and telegraph services % villages 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihar</td>
<td>Central</td>
<td>32.20</td>
<td>72.28</td>
<td>22.53</td>
<td>39.77</td>
<td>6.53</td>
<td>7.74</td>
<td>18.12</td>
</tr>
<tr>
<td>Bihar</td>
<td>South</td>
<td>31.16</td>
<td>69.8</td>
<td>16.31</td>
<td>32.66</td>
<td>7.65</td>
<td>3.56</td>
<td>15.17</td>
</tr>
<tr>
<td>Bihar</td>
<td>North</td>
<td>26.49</td>
<td>76.05</td>
<td>15.71</td>
<td>30.39</td>
<td>3.88</td>
<td>3.98</td>
<td>22.68</td>
</tr>
<tr>
<td>Karnataka</td>
<td>Inland</td>
<td>27.53</td>
<td>63.87</td>
<td>28.25</td>
<td>43.02</td>
<td>36.47</td>
<td>3.63</td>
<td>44.08</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>Central</td>
<td>21.79</td>
<td>127.77</td>
<td>21.33</td>
<td>38.65</td>
<td>37.1</td>
<td>4.45</td>
<td>11.14</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>South</td>
<td>22.47</td>
<td>133.21</td>
<td>21.96</td>
<td>35.77</td>
<td>48.07</td>
<td>5.41</td>
<td>14.72</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>West</td>
<td>18.54</td>
<td>123</td>
<td>27.37</td>
<td>42.24</td>
<td>36.73</td>
<td>3.5</td>
<td>13.02</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Inland</td>
<td>20.92</td>
<td>74.89</td>
<td>38.74</td>
<td>52.96</td>
<td>64.83</td>
<td>5.2</td>
<td>35.05</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Inland</td>
<td>20.86</td>
<td>61.23</td>
<td>27.5</td>
<td>45.74</td>
<td>48.63</td>
<td>2.85</td>
<td>25.51</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Inland</td>
<td>29.01</td>
<td>93.38</td>
<td>47.17</td>
<td>59.86</td>
<td>57.31</td>
<td>7.87</td>
<td>23.46</td>
</tr>
<tr>
<td>Orissa</td>
<td>South</td>
<td>24.67</td>
<td>123.25</td>
<td>11.01</td>
<td>23.56</td>
<td>6.64</td>
<td>2.77</td>
<td>11.83</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>Central</td>
<td>22.9</td>
<td>98.43</td>
<td>18.95</td>
<td>34.92</td>
<td>5.74</td>
<td>3.42</td>
<td>17.82</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>East</td>
<td>27.67</td>
<td>92.33</td>
<td>15.12</td>
<td>35.33</td>
<td>10.32</td>
<td>3.26</td>
<td>13.98</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>South</td>
<td>25.99</td>
<td>101.54</td>
<td>16.63</td>
<td>36.34</td>
<td>7.47</td>
<td>3.71</td>
<td>23.83</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>South</td>
<td>29.27</td>
<td>55.63</td>
<td>48.68</td>
<td>63.53</td>
<td>47.47</td>
<td>7.11</td>
<td>56.33</td>
</tr>
<tr>
<td>Maximum</td>
<td></td>
<td>80.25</td>
<td>35.39</td>
<td>87.96</td>
<td>91.06</td>
<td>85.88</td>
<td>48.69</td>
<td>99.11</td>
</tr>
<tr>
<td>Minimum</td>
<td></td>
<td>17.9</td>
<td>135.66</td>
<td>9.37</td>
<td>23.56</td>
<td>3.88</td>
<td>2.11</td>
<td>9.17</td>
</tr>
</tbody>
</table>

of the regions that have a higher incidence of severe poverty reflect low wage rates, on the one hand, and on the other, substantially worse estimates of multidimensional indicators such as child mortality, female literacy and access to public provisioning of infrastructural facilities relative to the best performing regions. This corroborates the hypothesis that those vulnerable to severe and long duration poverty tend to suffer deprivation in multiple and mutually reinforcing ways. The dynamics of this multidimensionality has yet to be understood fully.

Chronic poverty in the durational sense persists as a “hard core” in almost all states of the country. But, the proportion of the poor who suffer long-term, or intergenerationally transmitted poverty is likely to be significantly higher in areas with higher incidences of severe poverty and multidimensional deprivation.

(d) Chronic poverty in less-favored areas

The above analysis clearly indicates a concentration of persistent, severe and multidimensional poverty in rural areas of ten regions spread over Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and Maharashtra. In terms of numbers, a majority of poor people live in rural areas of these regions. While these regions constitute major spatial poverty traps in India, pockets of poverty exist even in the states and regions that generally do not exhibit severe poverty.

Prima facie, the phenomenon of chronic poverty, including high degree of uncertainty of livelihood base, seems to have emanated from structural factors that are reinforced by the low endowment of “geographical capital”. This is manifested in terms of adverse agro-climatic conditions, inadequate infrastructure, physical isolation, and social alienation in these regions (Bird, Hulme, & Shepherd, 2001). Together these factors seem to widen the existing gulf between the mainstream economic system and the lagging regions forming spatial poverty traps in some less-favored areas (LFAs).

In India two particular types of area are usually viewed as less favored on the basis of agro-ecological and socioeconomic conditions (Table 8). These are:

— the large tracts of dry land regions characterized by frequent failure of crops and sporadic employment opportunities, leading to high level of unprotected risks of livelihood security among the poor; and

— the “forest-based” economies, especially in hilly regions with predominance of tribal populations with limited access to natural resources, information and markets.

This characterization of LFAs can be justified since agricultural growth has been shown to be the most crucial factor for reducing rural poverty directly and also for indirectly fostering the conditions of pro-poor growth in the (urban and rural) nonfarm sectors (Ravallion, 2000).

The role of agriculture in reducing rural poverty has been well demonstrated by the growth experiences during 1980–83 to 1990–93 in some of the high potential but lagging states such as West Bengal, Madhya Pradesh and Rajasthan (Bhalla, 2000). This period marks a turning point in India’s agriculture with an unprecedented growth of 3.5% per annum, and a relatively better regional spread of this growth. Unfortunately, agriculture failed to show any buoyancy in the post-reform period, with an average growth rate of only 2.32% between 1990–91 and 1997–98. Consequently, expectations regarding rural poverty reduction were not met. While there is still a substantial amount of optimism about irrigated agriculture having reached a “take-off” stage (Radhakrishna, 2002), the challenges of how to increase the productivity of dry land agriculture still need to be resolved.

According to the available estimates (Mehta & Shah, 2001), agricultural growth in some of these states seems to have been associated with significant reduction in poverty between 1973–74 and 1993–94. These include West Bengal, Rajasthan, and Madhya Pradesh where incidence of poverty declined by 44%, 41%, and 31% respectively. Nevertheless, the extent to which poverty reduction is attributable to agricultural growth in these states needs careful examination. This is particularly important because there exists counterevidence in the case of Orissa where poverty reduction is quite substantial, i.e., 27% (though, lower than in other states with high poverty levels) despite its poor performance in agriculture especially, in the 1990s. Besides, as Gaiha (1989a) argues, growth alone is not sufficient for poverty reduction; employment generation, an effective public distribution system and better governance are also needed to shift the chronically poor out of low-income traps. The dynamics of poverty reduction in rural areas thus, go beyond growth performance. Growth may be a
### Table 8. Factors affecting chronic poverty in less-favored areas of India

<table>
<thead>
<tr>
<th>States and factors</th>
<th>Dry land regions</th>
<th>Less-favored areas</th>
<th>Forest-based regions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major states/regions</strong></td>
<td>Rajasthan (92%)(^a), Gujarat (88%), Maharashtra (81%), Karnataka (68%), Andhra Pradesh (65%), Tamil Nadu (61%)</td>
<td>Assam (31%)(^b)—Hills, Orissa (30%)—South, Madhya Pradesh (30%)—South Western, Bihar (15%)—South, Uttar Pradesh (Uttarakhand—(80%)), North East States—Entire Region</td>
<td></td>
</tr>
<tr>
<td>Social alienation</td>
<td>Higher proportion of scheduled caste households</td>
<td>Predominance of scheduled tribes</td>
<td></td>
</tr>
<tr>
<td>Structural</td>
<td>Ryotwari land relation</td>
<td>Feudal land relations</td>
<td>High incidence of landlessness</td>
</tr>
<tr>
<td>Population growth and access to natural resources and modern production technology</td>
<td>Low incidence of landless and semi landlessness</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large but less productive land holdings</td>
<td>Limited access to forest resources; high dependence of common property resources; collective institutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Higher degree of commercialization and neglect of common property resources, break down of collective institutions</td>
<td>Subsistence crops, low level of input use</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low population due to high outmigration</td>
<td>High population pressure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low untapped agronomic potential</td>
<td>Moderate to high agronomic potential</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over utilisation of natural resources viz; water, CPLRs</td>
<td>moderate use of natural resources viz; water, forests</td>
<td></td>
</tr>
<tr>
<td>Sectoral and infra-structural development</td>
<td>Relatively more diversified economy with developed industrial and/or mining sector</td>
<td>Less diversified economy despite substantial mineral resources</td>
<td></td>
</tr>
<tr>
<td>Access to markets</td>
<td>Better development of physical infrastructure like road, electricity, communications and input–output markets for farm sector</td>
<td>Low development of physical infrastructure and markets</td>
<td></td>
</tr>
<tr>
<td>Policy support</td>
<td>Special programmes for nutrition security in Tamil Nadu, Andhra Pradesh; employment guarantee schemes in Maharashtra; good network of drought relief in Gujarat</td>
<td>Generally weak public distribution system</td>
<td>Extremely weak public distribution system</td>
</tr>
<tr>
<td>Coping strategy</td>
<td>Workforce diversification in industrially developed states</td>
<td>Limited avenues for workforce diversification</td>
<td>Relatively Lower Incidence of inter-state migration</td>
</tr>
<tr>
<td></td>
<td>High incidence of inter-state migration from less industrialised states</td>
<td></td>
<td>Negligible private investment in agriculture</td>
</tr>
<tr>
<td></td>
<td>Increased private investment in ground water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of poverty</td>
<td>Poverty with non-sustainable coping up strategies because of the higher depletion of natural resources and significant social cost of outmigration</td>
<td>Chronic poverty with significant scope for increasing the total earnings from the given land and water base and improved management of forests with participation of the poor</td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Indicates area under dry land Conditions.

\(^b\) Indicates area under forests.

\(^c\) Includes Chhatisgarh.

\(^d\) Includes Jharkhand.
necessary but not a sufficient condition for poverty reduction in such areas.

In the absence of agricultural growth economic diversification may also reduce poverty only to a limited extent. This is reflected by the fact that during the second half of the 1990s, employment growth in rural areas was negative. Moreover, employment growth in the urban areas was partly explained by the shift of nonfarm employment from rural to urban locations (Bhalla, 2000b). The damaging impact of slowing agricultural growth, especially in the erstwhile high-growth states, has led to a reversal of the trends in workforce diversification in rural India. This has been aggravated by the relentless build up of demographic pressures except in Punjab, Haryana, Kerala, and West Bengal (Bhalla, 2000c). In fact, workforce diversification per se, is not a panacea for the rural poor. As noted by Bhalla (2000c) "when all fails, under-employed farm workers gravitate to construction labor as the last resort."

A broad typology, of the factors determining the extent and nature of chronic poverty in dryland areas and forest-based economies is presented in Table 8. Certain inherent differences in the three important components of geographical capital viz; agronomic, physical infrastructure and social structure occur across the two sets of regions. In what follows we identify some of the important indicators of geographical capital for states which can be broadly categorized as drought-prone or forest-based regions. To a large extent, they represent low and high potential regions respectively, as defined by Fan, Hazell, and Thorat (2000) based on their classification of districts within the 20 agro-climatic zones in India.

The incidence and dynamics of poverty in these two types of less-favored areas are complex and are influenced by a web of structural, agronomic, social and physical factors. Ironically, drought-prone areas do not exhibit high rates of poverty despite their relatively weak agronomic base, whereas there is a high incidence of poverty in the relatively better endowed forest-based states/regions. 

Prima facie, the low incidence of poverty in drought-prone regions can be attributed to two sets of factors: agronomic conditions, such as favorable land relations, larger landholding size, higher proportion of high value commercial crops, out-migration and public works programs; and the predominance of coarse cereals such as millets, maize, ragi, having a higher calorie content, in the consumption basket of low-income households. The sustainability of agricultural growth in the drylands is however, worryingly limited by overexploitation of groundwater and other technical factors.

In contrast, the high incidence of poverty in the forest-based regions is related to low levels of infrastructural development, the erosion of entitlements of poor people to access and utilize natural resources and social exclusion. These factors reinforce each other with people from scheduled tribes experiencing problems in accessing resources and this is exacerbated by physical and social isolation. The residents of such areas even find it difficult to diversify income sources through migration as this entails long, and therefore expensive, journeys. In addition, they have low educational levels and limited social networks to use to identify areas to seek jobs and to get shelter and support after a journey.

It is not the agronomic and demographic conditions per se, which influence rural poverty in the forest-based regions. Rather, it is problems of access to productive resources—agricultural land, farm inputs, and minor forest products—which traps households in poverty. As large numbers of households in the forest-based regions do not have entitlements to natural resources, they end-up with low income and expenditure levels. About 84% of “tribals” in India live in forests of different types, acquiring an enclave status characterized by resource depletion (for details see, Raza & Ahmed (1990, p. 38) and Shah et al. (1998, p. 151)). Problems of entitlement are further aggravated due to relatively lower human capabilities of households in the forest-based regions.

The above analysis draws attention to two important points:

—The states, which were under the Zamin-dari regime and which have not experienced a “green revolution” and have low level of industrialization and market/infrastructural development, have remained in poverty. Overall therefore, “drier states (in the west) have lower poverty proportions than the wetter ones (in east). Within these contours, all suffer, if the monsoon fails, and vice versa” (NIRD, 2000, p. 9).

—While migration is an important coping strategy for drought-prone areas, its outcome depends heavily on the overall economic development and scope for occupational diversification in the wider region. It appears that
migration is an integral part of livelihood strategy in both dry and forested regions. But, the initial conditions (particularly financial and social capital) and thus the outcomes are more favorable in dryland vis-à-vis forest-based regions. In turn, this has facilitated investments in ground water resources in dryland regions though, in an unsustainable manner. Such options are less available to the poor in the forest-based regions, at least partly because of the problems of poorly defined land-rights and entitlements.

This suggests that migration can be an effective poverty-reduction strategy only when it is combined with alternative economic avenues in the growing industrial and tertiary sectors. Unless efforts are made to develop the home economy, outmigration from drought-prone regions may only shift poverty from rural to urban or from dry land to agro-climatically better endowed regions. But, a higher level of industrial growth, combined with market development, may help improve the outcome of such migration. This is corroborated by recent evidence from a number of developing economies showing that migration is an essential element of people’s livelihood (De Haan, 1999). Instead of trying to reduce migration, the policy objective should be to facilitate the processes that improve the outcomes of migration. The existing literature on internal migration in India does not throw much light on the long-term impact on migrants’ (or nonmigrants’) livelihood base and quality of life among the poor migrating households, especially at the place of destination. This issue needs immediate attention for policy formulation.

3. WHO ARE THE CHRONICALLY POOR?

Chronic poverty seems to be disproportionately high among historically marginalized groups such as scheduled castes, scheduled tribes, the elderly, women and the disabled. The multiple deprivations suffered by these groups make it harder for them to escape from poverty. Different forms of disadvantages tend to be mutually reinforcing so that people in groups “jammed” by one log are likely to face others as well (De Haan & Lipton, 1998, p. 29).

(a) Scheduled castes and scheduled tribes

Caste and tribe are structural factors that predispose certain groups to long-term poverty and deprivation. The scheduled castes are a collection of castes that suffer the socially oppressive practice of untouchability. While some of them are small and marginal farmers, most of the scheduled caste families in rural areas work largely as agricultural laborers. In the urban areas, a large proportion of casual workers in the informal sector are from the scheduled castes. The scheduled tribes were identified on the basis of certain well defined criteria including distinctive culture and pre-agricultural modes of production. Two thirds of India’s bonded laborers (essentially chronically poor with a high likelihood of intergenerational transmission of poverty) are from scheduled castes and scheduled tribes (Sankaran, 2000).

Qualitative research corroborates the greater vulnerability of scheduled castes and tribes to poverty. For example, Kozel and Parker (2001) identified a typical poor household as one which is at the low end of the caste hierarchy—most often a member of the scheduled castes or scheduled tribes. Lanjouw and Stern (1991) also postulate a strong correlation between caste and poverty in India. Based on a case study of Palanpur, they report that among this group, poverty remains endemic. This is 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.

The relatively greater vulnerability to poverty of scheduled castes and tribes is also evident from the data (See Mehta & Shah, 2001, Tables 16 and 17). On average one out of two persons belonging to scheduled caste (SC) and scheduled tribe (ST) groups is poor as compared with an average for the general population of less than one in three. Whereas 31.4% rural non-SC/ST households were below the poverty line, the corresponding estimates were 52% for Scheduled Tribes and 48% for Scheduled Castes. In other words, the incidence of rural poverty was 35–40% greater for these groups. Similarly, the incidence of poverty incidence among these groups in urban areas was also relatively high. Estimates of severe poverty show that whereas 12% of non-SC/ST rural households were severely below the poverty line as many as 22% scheduled castes and 25% scheduled tribe households were in severe poverty. Similarly in urban areas 13% non-SC/ST households experienced severe poverty whereas 26% scheduled caste and 20% sched-
uled tribe households were very poor (see Mehta & Shah, 2001, p. Table 16).

Estimates of all-India mean consumption expenditure for “Others”, or non-SC/ST groups exceeds that for the SC/ST group by nearly 32%. These substantial disparities between the scheduled castes and tribes on the one hand, and the rest of the population on the other, emphasize not only the relative but also the absolute disadvantage experienced by the former group (Jayaraj & Subramanian, 1999; Mehta & Shah, 2001, Table 18).

As another example of deprivation of SC/ST groups, Jayaraj and Subramanian (1999) show that at the all-India level the gap between the mean consumption for the SC/ST group and the poverty line is about 15%. The corresponding figure for the “Others” is 51%. They draw the conclusion that on average, the SC/ST group is “living in circumstances not far removed from the standard of absolute impoverishment widely used in the Indian literature on rural poverty.” In two states—Bihar and Orissa—the mean consumption level of SC/ST groups is actually less than the poverty line (Jayaraj & Subramanian, 1999).

(b) Gender

Income poverty in India is generally measured at the household level and so gender disaggregated data on women in poverty are available only for households that are headed by women. But, gender inequalities are explicit in statistics depicting differences in the sex ratio, child infanticide, literacy rates, health and nutrition indicators, wage differentials and ownership of land and other assets. Implicit gender inequalities are located in the household and are far harder to capture in statistics. Intrahousehold inequalities result in unequal distribution of resources; of control and decision-making; and unfair, unequal distribution of work, drudgery, and even food.

Gender discrimination exacerbates the impact of poverty on women due to unequal allocation of food, lower wage rates, and lack of inheritance rights (Padmanabhan, 1999, p. 22–24). Even in households that are above the poverty line overall, women may suffer severe deprivation as, for example, in the case of a small family including a widow and her son, where the son’s earnings are the main source of household income. While he leads the relatively privileged life of those with daily access to cash, the widowed mother leads a severely deprived life (Lanjouw & Stern, 1991). Rural women in India in 1983 had a 12% higher probability of being poor than men though this was offset by the excess of men among the poorest urban adults (De Haan & Lipton, 1998, p. 21).

The combination of low entitlements, dependency and societal limitations that prevent realization of their capabilities combined with “market discrimination” result in their being concentrated in the low-paid end of the market. Their unequal situation in the labor market is linked to their increasing poverty. Activities in the male domain such as ploughing, irrigation and levelling are paid more. Those in the female domain, e.g., weeding, transplanting and winnowing are paid less. Operations which use machinery and draught animals are performed by men. Those which demand direct manual labor are performed by women. Wages paid to women are significantly lower than the wages paid to men (Bina Agarwal, 1989, p. 50–51; Mehta, 2000a; Mehta & Shah, 2001, pp. 43–44; Shramshakti, 1998). Women work longer hours to achieve given levels of income with additional responsibility for home and family duties. Their lack of education is partly responsible for the lower likelihood of women moving to towns than men. Their disadvantage lies in less leisure, fewer opportunities, greater vulnerability, worse health and less education (De Haan & Lipton, 1998, p. 22).

Poor, trebly disadvantaged women are intimately involved in household survival and risk minimization. Migration is potentially a powerful strategy in poverty reduction. But poor women often stay put when men migrate; when women migrate they have few opportunities open to them. They are less likely than men to diversify occupationally, and therefore increase their earnings. The absence of positive change in poor women’s position and in their skills and education often results in a culture of poverty being transmitted to the next generation.

(c) Older persons

Age, and high levels of economic dependence and/or disability combine to create high levels of vulnerability to chronic poverty. While age pension schemes are in place neither the small amounts made available nor the transaction costs of accessing them make this a solution to the problem of chronic poverty among the elderly. With the high incidence of chronic ailments and health care needs of the elderly,
declining family size, migration and breakdown of traditional family structures that provided support, this group of the population is increasingly vulnerable to poverty and to spending the last years of the lifecourse in chronic poverty.

The 1991 census showed that approximately 7.6% of India's rural and 6.3% of India's urban population was above the age of 60. Some 6.8% males and 6.9% females in rural and 6.2% males and 6.6% females in urban areas were in the category of the aged. One estimate projects the total number of elderly persons in India at 136 million by 2021 in comparison with 55 million in 1991. This has significant implications for social security policies (Rajan, Mishra, & Sarma, 2000).

High levels of economic dependence at low household income levels mean that meagre resources need to be stretched thinner and thereby increase vulnerability to poverty of physically and financially dependent older persons. Inadequate financial resources are a major concern of the Indian elderly (Desai, 1985 cited in Rajan et al., 2000) and more so among the female elderly (Dak and Sharma, 1987 cited in Rajan et al., 2000). In many situations, the rural elderly continue to work though their number of working hours comes down with increasing age (Singh, Singh, & Sharma 1987 cited in Rajan et al., 2000). Economic insecurity was the sole concern of the elderly in barely sustainable households in rural India (Punia & Sharma, 1987 cited in Rajan et al., 2000). The worries of the elderly are on two interrelated fronts: fears of sickness or disability and financial worries.

(d) The disabled

It is estimated that there were about 16 million physically disabled persons in India in 1991 compared with 13.7 million in 1981 (Government of India, 2001c, p. 179) The estimates show that among the different types of physical disabilities, the number of persons having locomotor disability was highest (almost 50%) followed by visual and hearing disability. Clinical evidence based estimates imply that these are likely to be underestimates. Alternative estimates place the number of disabled at more than 32 million in 1991 (Thomas, 1992a and Helander, 1993 cited in Erb & Harriss-White, 2002, p. 4).

Recent research on disability provides evidence of a close and positive relationship between disability and poverty in that mechanisms of poverty such as malnutrition, exposure to disabling diseases, inadequate access to health care and higher probability of work-related accidents, lead to disability (Erb & Harriss-White, 2002, p. 5; Harriss-White, 1999). Hence poverty which is an “economic disability” (Sen cited in Harriss-White, 2002) leads to “social disability” (exclusion and stigma) and medicalized (physical) disability. Chronic sickness and disability affect both short-term and long-term poverty. Data from three villages in northern Tamil Nadu show a positive association between disability and poverty (Sen cited in Harriss-White, 2000).

The NSS 36th Round in 1981 showed that certain states have much higher than average concentrations of disabled people. The prevalence of locomotor handicap is strongly associated with agriculturally advanced regions; that of deafness and dumbness with northern regions and Himalayan valleys. The incidence of leprosy is strongly concentrated in tribal regions of Bihar and West Bengal and in Tamil Nadu and Andhra Pradesh in the south. This concentrated distribution is attributed to environmental factors (lack of iodine), diseases (poliomyelitis and lathyrism), social and economic factors (low levels of urbanization, high levels of food insecurity and poverty).

(e) The destitute

As in most parts of the world, relatively little is known about India's destitute and homeless. Such people are not usually recognized as “households” by censuses and surveys and their mobility and social position make them difficult to research. But casual observation of public spaces in the country’s urban areas, particularly its railway stations, suggests that some millions of people are destitute. Erb and Harriss-White (2002), has explored the processes by which poor people lose virtually all assets, apart from their right to their body and not always that is retained. Destitution can be viewed as extreme and multidimensional capability deprivation. Economic processes (such as loss of income and physical assets due to ill health, natural disaster or displacement), social processes (such as loss of group membership because of transgressing a social norm or widowhood) and state action (the criminalizing of vagrancy and the failure of public social protection programs) often combine to detach individuals, and sometimes family units, from...
rights of shelter and from membership of a social group.

While the state has a legal obligation to provide support and shelter for the destitute this is “...observed in the breach ... a mere Rs. 1 crore (US$250,000) has been allocated to cater for the needs of homeless people throughout India” (Erb & Harriss-White, 2002, p. 7). Surprisingly, the country’s large and energetic network of nongovernmental organizations (NGOs) does relatively little work in assisting the destitute (Erb & Harriss-White, 2002). Both understanding the nature of destitution, and experimenting with ways of supporting the destitute, remain frontiers for poverty research in the country.

4. THE PERSISTENCE OF POVERTY: CAUSES AND POLICIES

The records of different states of India in decreasing the proportion of their population in poverty have varied considerably. While some states have substantially reduced the incidence of poverty, other states made less progress. While different sets of factors explain a state’s success or failure in poverty reduction, particular factors are generally associated with reducing poverty. These include higher growth rates, lower rates of inflation, relative prices, public development expenditure, initial conditions of human and physical infrastructure, higher initial irrigation intensity, higher literacy rates and lower initial infant mortality rates (Ravallion & Datt, 1996; Sen, 1996). Bhalla and Gurmail (1997, p. A-15) attribute the fact that Bihar and Orissa are still lagging in terms of growth to the low level of input use especially of fertilizer and credit, the weak input delivery system, lack of research and development, lack of appropriate extension services, and especially in Bihar, the outdated tenurial relations. Kurian (2000) refers to the scarcity of water due to lower precipitation and lack of other perennial sources of water as causing “backwardness” in parts of Maharashtra, Andhra Pradesh and Karnataka. Kurian also associates the backwardness of certain regions in Gujarat, Madhya Pradesh, Bihar and Orissa with the neglect of such regions by the ruling elite.

The substantial reduction in poverty in West Bengal could be attributed to institutional reforms brought about by the Left Front government. These include “land reform” (in particular, Operation Barga), effective political decentralization through the Panchayati Raj, implementation of poverty alleviation programs through the panchayats, and political mobilization of the rural poor through kisan sabhas and political parties’ (Tendulkar & Jain, 1996). Also important was the rapid agricultural growth because of notable increases in area under irrigation through substantial private investment in pump sets and tube wells (Bhalla & Gurmail, 1997). Of the difference of 1.8% per annum between the rates of poverty reduction in Kerala and Madhya Pradesh, fully 1.6% per annum could be attributed to the fact that Kerala began with higher female literacy (1%) and lower infant mortality (0.6%) (Datt & Ravillion cited in Sen, 1996).

In both rural and urban areas the broader enabling environment does not adequately support the needs of the poor. Rural poverty can be associated with isolation, lack of roads, poor infrastructure and limited institutional presence while urban poverty is generally associated with poor quality housing, overcrowded, unsanitary slum settlements, ill-health related to spread of infectious diseases, exposure to environmental hazards and fear of eviction from illegal squatter settlements (Loughhead, Mittal, & Wood, 2000, pp. 7–9).

The vast and rich literature explaining the causes of poverty in India and possible mechanisms for reducing it can be divided into three major strands. First, the structuralist view which argues that a major part of the poverty in both rural and urban India is due to the unequal distribution of the basic factors of production especially, land and capital. Assetlessness also leads to further disempowerment as the poor are unable to build up human capabilities in terms of education and health. Social stratification aggravates the situation further. Eradication of poverty would therefore aim at redistributing productive resources, changing the composition of growth and breaking social barriers.

The second strand takes a view that although distributive aspects are important, there is little that can now be achieved through land distribution and related policies given the political economy within which policies are formulated. According to this view point, poverty could still be eradicated by modifying the present pattern of growth to be more equitable across sectors,
regions, and communities. This could be achieved by developing markets and institutions that could reach the relatively marginalized sectors, regions and communities. Given this, if growth accelerates it will percolate down to the poorer segments because of the better markets, institutions and perhaps technology.

The third strand views poverty especially in terms of multidimensionality as well as vulnerable groups, as an aberration in the growth process. It argues that while it is politically difficult and much more time consuming to correct the distributional inequities and to change the composition of growth, the effective solution lies in providing safety nets and targeting of social security to the poor. There is a significant amount of overlap between these different perspectives on causes of poverty (Table 9).

India’s policies for poverty eradication have a mix of all the three approaches as indicated by the long list of anti-poverty measures undertaken by the government over the last five decades. These can be grouped into five main categories:

(a) land distribution and land reforms;
(b) area-based community and rural development programs with a specific focus on marginal and small farmers;
(c) individually targeted approaches providing access to productive capital and skills for the poor and vulnerable—women, scheduled castes and tribes and the landless;
(d) measures providing social security to the poor through special employment programs, relief works programs, distribution of basic commodities like food, clothing, and housing;
(e) special schemes for education among the socially marginalized groups, such as scheduled castes and tribes, subsidized primary education, especially for girls, and special nutrition programs for mothers and children.

The relative importance of the different programs has changed over time. The political economy of the anti-poverty programs, especially since the early 1980s, has made it almost mandatory for each in-coming government to offer a new package of what can be described as “doles.” This has created a vested interest among the bureaucracy, as these programs provide opportunities for rent-seeking and the consolidation of power. Consequently, the budget allocation for the “anti-poverty sector” soared to an unsustainable level of Rs. 350 billion (US$7 billion) by the end of the last century. Yet poverty persists!

At the present time poverty eradication policies face three main challenges:

(i) reducing the burden of budgetary subsidies;
(ii) improving the effectiveness of the anti-poverty programs especially the health and nutrition programs by minimizing the errors of exclusion; and,
(iii) revamping agricultural growth especially in the lagging regions through technological-institutional-market support, and thereby increasing agricultural wages, on the one hand, and promoting nonfarm employment on the other.

It is sometimes argued that in the absence of effective implementation of special anti-poverty programs, such as Integrated Rural Development (IRDP), it would be better to reallocate the budgetary resources to regular programs for rural development. This is highly debatable and also politically difficult. Perhaps what is required is that we strengthen the implementation process through decentralization of power, participation of all the stakeholders, information sharing and institutional support.

5. CONCLUSION

The vast literature on poverty in India has only a minor focus on chronic poverty in terms of duration; this issue is a priority for future research. From the materials that are available on the duration, severity and multidimensionality of poverty in the country it seems clear, however, that tens of millions of households experience chronic poverty: they have been capability-poor for many years and that poverty is likely to continue. The chronic poor, as with the poor, are predominantly rural and are spatially concentrated in a number of states and regions—Madhya Pradesh (South western and Southern), Uttar Pradesh (Southern, Central, Eastern), Orissa (Southern), Bihar (Southern, Central and Northern) and Maharashtra (Inland central). While they are found in all states and agroecological zones there are good grounds for suspecting that people in forest-based economies exhibit high levels of chronic poverty which is often transmitted from generation to generation.

Chronic poverty rates are disproportionately high among historically marginalized groups such as scheduled castes and scheduled tribes, the elderly, women and the disabled. People dependent on income from casual laboring in agriculture and construction are also more likely to experience long-term poverty. A common characteristic of many of the chronic poor in India is that they experience several forms of disadvantage at the same time—for example, low caste widows with ill-health and living in remote rural areas. While many of the chronically poor have access to minimal shelter and social networks some “lose” even these rudimentary elements of social security and become destitute. Once destitute the likelihood of improving one’s economic and social position is very low and the likelihood of mortality rapidly rises.

Poverty researchers on India have adopted different theoretical frameworks ranging from the structuralist, to the “failure of growth” to the residualist. The Indian government has woven ideas from all three analyses into a complex web of policies that seek to redistribute assets to the poor, provide basic services, link them more effectively to processes of economic growth and meet their social protection needs. While there have clearly been achievements from public and private action, most obviously through declines in the incidence of income poverty and reductions in infant mortality, hundreds of millions of people remain in poverty. Ironically, for some groups, the most obvious are the destitute. State action can at times impose more costs that it provides benefits. If the Government of India, and the international development agencies that assist it, are to move toward the achievement of the ambitious goals they have set, then understanding chronic poverty, and identifying ways of reducing it, must become a central element of the poverty-reduction agenda.

6. FURTHER READING

NOTES

1. Serious flaws in the methodology adopted for the latest survey have been alleged. A large number of issues have been raised in the literature regarding the correspondence between official poverty lines calorie-based nutritional needs; the accuracy of price deflators used; the appropriate recall period used in surveys; and the large differences in the value of consumption expenditure estimated by different national agencies (Palmer-Jones & Sen, 2001).

2. Hulme, Moore, and Shepherd (2001) propose that a period of five years is appropriate for the assessment of chronic poverty.

3. The Chronic Poverty Research Centre (CPRC) in India is longitudinally tracking chronic poverty through existing panel data sets at the macro level and creating new panel data at the micro level.

4. Rural poverty was especially severe in five out of seven high income poverty states. These were the states of Bihar, Orissa, Uttar Pradesh, Madhya Pradesh and Maharashtra. The incidence of severe urban poverty exceeded the all India average in Madhya Pradesh, Orissa, Karnataka, Maharashtra, Tamil Nadu, Uttar Pradesh and Andhra Pradesh.

5. It should be noted that such household surveys usually fail to interview the destitute and homeless who are likely to experience food insecurity at higher levels than the wider population.

6. As Hulme & Shepherd (this issue) point out the preventable deaths of infants can be considered one of the most extreme forms of chronic poverty as the child experiences total capability deprivation for all of the “lost” years.

7. These include 24 districts in Madhya Pradesh, six in Orissa, six in UP, two in Arunachal Pradhesh and one in Himachal Pradesh.

8. In addition, the mountainous Himalayan areas are geographically remote, have agro-ecological limitations and are often socioeconomically disadvantaged. They are not reviewed in this paper.

9. Government of India, Ministry of Labor, Annual Report, 2000–01 states that as of March 31, 2001, 2,80,411 bonded laborers have been identified in 13 states and 2,56,825 have been reportedly rehabilitated.

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