

Global Methodologies to Assess Poverty:

A Critical Look at the Poverty in India

Multidimensional Poverty Index (MPI)
Map of MPI Poverty in India
(higher MPI value in dark red)

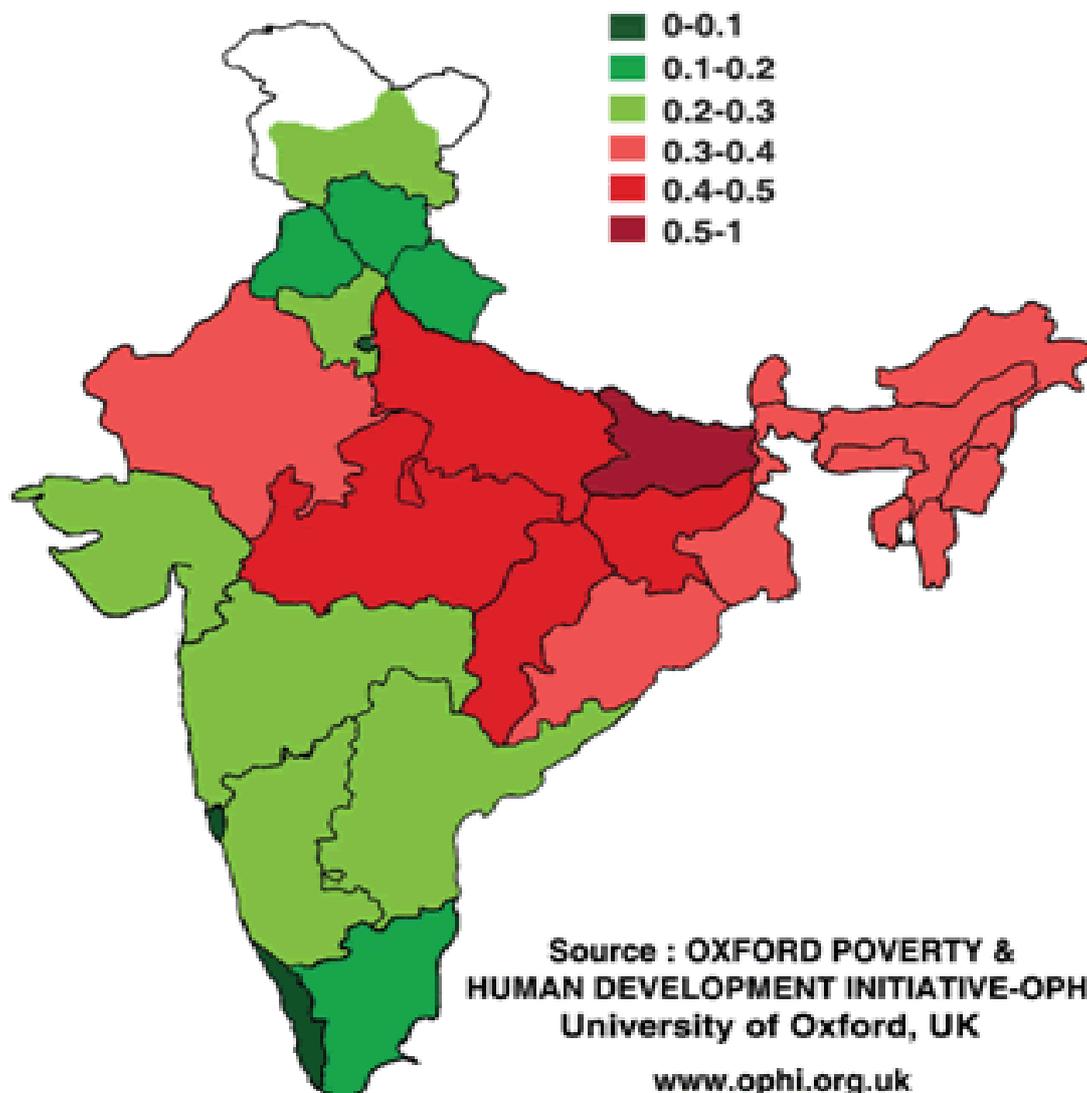


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India is Home to 1/3rd Global Poor

In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of. – Confucius



With a population of 1.21 billion, India is the world's largest democracy and is set to become the most populous country by 2025 – 2030. It is also home to the largest number of poor; they make up over one-third of about 1.2 billion extremely poor people of the world. Add to this the poor of Pakistan and Bangladesh and you find that almost half of world poverty exists in South Asia. The next big concentration of poverty is in the sub-Saharan Africa. However, there are pockets of poverty in India that may match very well with the

deprivations seen in the Sub-Saharan countries.

World Bank's Overview of Global Poverty Reduction in last thirty years

The Status of Poverty Reduction during 1981 – 2010

Extreme poverty in the world has decreased considerably in the past three decades. In 1981, more than half of the citizens in the developing world lived on less than \$1.25 a day. This rate has dropped dramatically to **21 percent** in 2010. Despite a 59 percent increase in the developing world's population, there were significantly fewer people (**1.2 billion**) living on less than \$1.25 a day in 2010 than there were three decades ago (**1.9 billion**).

How have the different regions of the developing world performed in terms of extreme poverty reduction?

The number of extreme poor has fallen in every developing region in the last three decades. Both Sub Saharan Africa (SSA) and Latin America and the Caribbean (LAC) regions seem to have turned a corner entering the new millennium. After steadily increasing from 51 percent in 1981 to 58 percent in 1999, the extreme poverty rate fell 10 percentage points in SSA between 1999 and 2010 and is now at 48 percent. In LAC, after remaining stable at approximately 12 percent for the last two decades of the 20th century, extreme poverty was cut in half between 1999 and 2010 and is now at 6 percent.

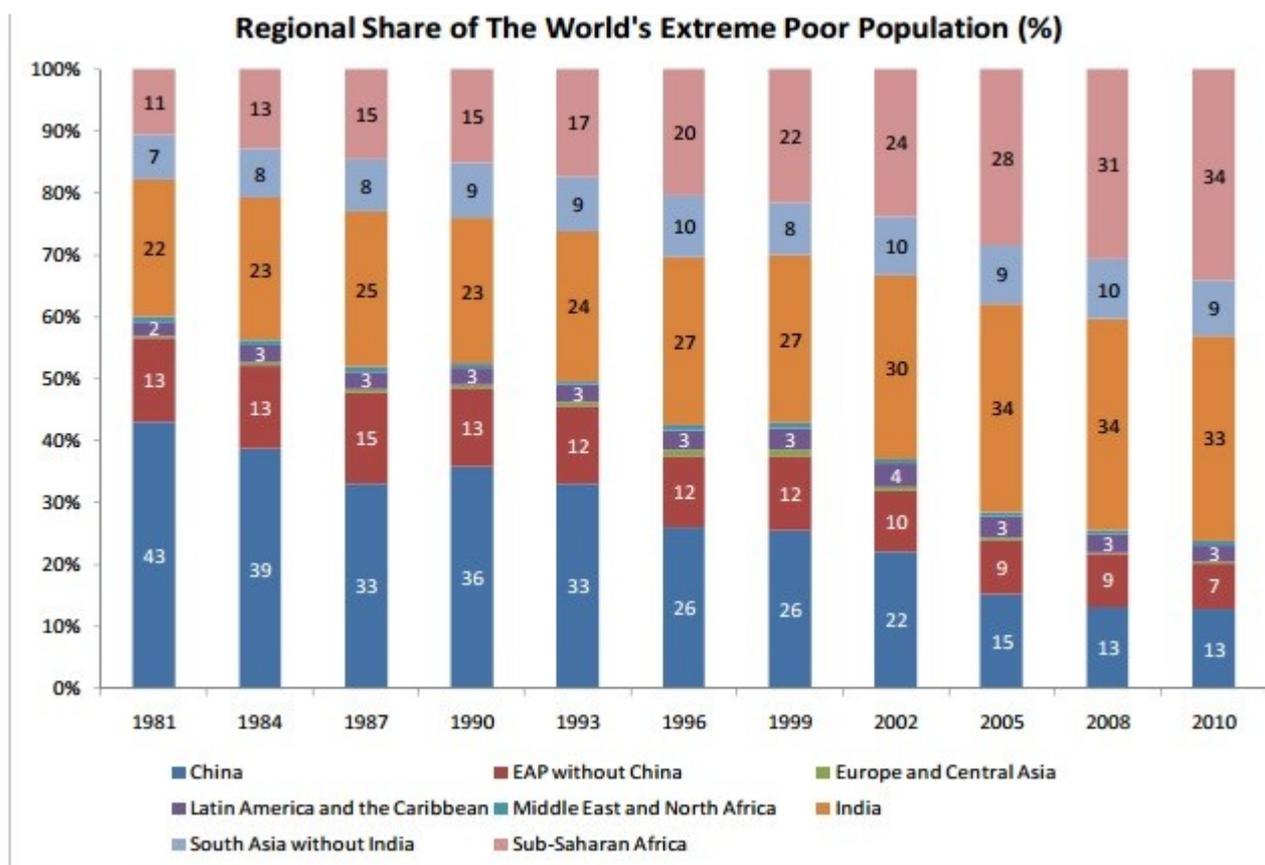
However, despite its falling poverty rates, Sub Saharan Africa is the only region in the world for which the number of poor individuals has risen steadily and dramatically between 1981 and 2010. There were more than twice as many extremely poor people living in SSA in 2010 (**414 million**) than there were three decades ago (**205 million**). As a result, while the extreme poor in SSA represented only 11 percent of the world's total in 1981, they now account for more than a third of the world's extreme poor. India contributes another third (up from 22 percent in 1981) and China comes next contributing 13 percent (down from 43 percent in 1981).

How poor are the extremely poor? Have they become poorer in the last three decades?

The average income of the extremely poor in the developing world has been rising and steadily converging to the \$1.25 per day poverty line. In 2010, the average income of the extremely poor in the developing world was 87 cents per capita per day, up from 74 cents in 1981 (in terms of 2005 US dollar). If the extreme poor in Sub Saharan Africa were not included, the average income of the world's poor would have converged even faster to the \$1.25 line.

Except for the SSA where the average income of the extremely poor has remained flat, the average income of the extreme poor in other regions has increased during 1981 – 2010.

Accelerating extreme poverty reduction is a huge challenge in both sub Saharan Africa and South Asia, given that there are approximately 400 million and 500 million extreme poor people in these regions respectively.



How large is the Extreme Poverty Gap



The depth of extreme poverty is commonly measured by the extreme poverty gap. When expressed in dollars based on Purchasing Power Parity (PPP) calculations, the extreme poverty gap represents the average amount of additional daily income needed by the extremely poor to reach the poverty line of \$1.25 per day. The average gap of the extremely poor in the world is 38 cents per day, or approximately \$140 per year in 2005 PPP dollars.

Since there are 1.2 billion extremely poor individuals in the world, the aggregate global extreme poverty gap amounts to approximately \$169 billion dollars in 2005 PPP dollars, or approximately \$197 billion in 2010.

That is, if the incomes of every extremely poor person were to rise to the \$1.25 line, the aggregate increase in their income would need to total at least \$169 billion dollars in 2005 PPP terms. This number is called the aggregate extreme poverty gap. *This represents only about 0.25 percent of global GDP.*

It must, however, be emphasized that extreme poverty gap is only the conceptual amount of direct additional income an average extremely poor person would need to get to \$1.25 per day and is not indicative of the level of assistance required to close the gap. The aggregate global extreme poverty gap in 2010 was less than half the gap in 1981 (\$362 billion in 2005 PPP terms), a faster reduction than the reduction in the number of poor.

The World Bank also estimates that by 2015 only about 5% Chinese population will be in extreme poverty; India on the other hand will still have over a quarter of its population in the dire poverty. In contrast with the Indian scenario, there has seen significant progress in poverty reduction in China and East Asia in the last 10 -15 years.

Global Development Landscape

After the US financial debacle in 2008, the Western world is yet to show concrete signs of full recovery: the US is still struggling to agree on the fiscal policy despite improvements in the housing and labor markets and in Europe, the GDP is projected to shrink by 0.2 percent this year, and some of the difficulties will continue to persist until late 2014 and early 2015.

However, the economies of the developing world are expected to expand by 5.5 percent this year, and the growth is expected to accelerate to 5.7 percent and 5.8 percent in 2014 and 2015, respectively. The prospect of economic growth is brighter for developing countries in the coming years. However, the high growth rates can't be taken for granted without sustained efforts. The poor nations must continue to improve the quality of education, governance, and the business climate; modernize their infrastructure; ensure energy and food security; and enhance financial intermediation.

In 1990, 43 percent of the developing world lived in extreme poverty, on less than \$1.25 a day. It dropped to 21 percent in 2010. Hence, the first Millennium Development Goal, to halve extreme poverty, was achieved five years ahead of time. Advances in the social sector are perhaps even more remarkable. In the last decade, eight million AIDS patients received antiretroviral therapy. The annual number of malaria deaths dropped by 75 percent. The total number of out-of-school children fell by over 40 percent.

Global warming

Global warming and climate change have emerged as new serious risks and have the potential to reverse much of the recent progress. Climate change is not just an environmental challenge. It is a fundamental threat to economic development and the fight against poverty. If the current situation continues, by the end of this century the average global temperature will increase by 4° Celsius (or 7 degrees Fahrenheit).

What does a 4-degree rise means? It means that the sea levels might rise by up to 1.5 meters that would put more than 360 million dwellers of coastal cities at risk. Drought-affected areas would increase from today's 15 percent of global crop land to around 44 percent; this would especially hit the sub-Saharan Africa. Extreme weather events would occur with devastating frequency, with untold costs in lives and dollars. And the irony is: it is the poor, least responsible for climate change and least able to afford adaptation, who would suffer the most.

Inequality and Exclusion

Another crucial challenge in the medium run is the problem of inequality. The mention of inequality generally brings about an embarrassing silence. But this must now be broken. Even if rapid economic growth continues in the developing world, this doesn't assure that everyone will

World Hunger and Climate Change

Climate change is a multiplier of existing factors causing food insecurity, hunger and under-nutrition, and affects the poorest of the poor most directly. It is estimated that more than 84 percent of natural disasters is climate related, and Asia is the global ground zero for natural catastrophes.

Current projections indicate that unless a concerted effort is made to build resilience among vulnerable communities, 20 percent more people will be at risk of hunger by 2050 due to the changing climate.

automatically benefit from the development process. The growth must be inclusive and it must be ensured for sustained economic development.

Despite the dramatic successes of the last decade, there are still around 1.2 billion people living in extreme poverty, 870 million people are under fed and 6.9 million children under-five die every year.

Poverty and Millennium Development Goals

In the first week of July 2013, the UN's 2013 Millennium Development Goals Report was launched. It announced that the global goal of halving the extreme poverty by 2015 has already been achieved by 2010, although the success level for other goals has been quite low. The report also finds that India was able to reduce its poverty rate from 49 per cent in 1994 to 42 per cent in 2005 and 33 per cent in 2010. It also says that if the current pace continues, India will meet the poverty reduction target by 2015.

It must be noted that the deadline for the millennium development goals, which includes targets on poverty, hunger, health, gender equality, education and environmental indicators, is 2015. It also added that while South Asia has done well in reducing poverty, it hasn't done so well in reducing hunger. While in 1990, 27 percent of the population in the region was undernourished, by 2010-12, the figure came down to 18 percent – quite away from the target of (halving the hunger level) 13.5 percent.

The study finds that over 100 million children under five are still undernourished and underweight. This means, globally, every one in six children is underweight and a quarter is stunted. "The pace of change in Caribbean, South Asia (which includes India), and, especially, Sub-Saharan Africa and Oceania appears to be too slow to meet the MDG target," the report notes. However, South-East Asia has already met its target in reducing hunger.

The South Asia region has done significantly well in getting children to school looking at the period between 2000 and 2011: the enrolment in primary school has increased from 78% to 93%. Consequently, the number of out-of-school children in the region has plummeted from 38 million in 2000 to 12 million in 2011.

The Current Status of Poverty in India

Poverty Figures based on the Latest NSSO Figures

Poverty dips by 15% in 8 years (between 2004-5 to 2011-12)

In the first quarter of 2013, the Planning Commission first estimated **29.8%** (35.47 crore) people under the poverty line. It was based on the daily per capita consumption of **Rs 28.65** in cities and **Rs 22.42** in rural areas. But then it used the most recent NSSO data to claim that only **22%** people lived below poverty line.



As per the latest National Sample Survey Organization (NSSO) figures, the number of people below the poverty line (as defined by the Tendulkar methodology) has shrunk from **37 percent** of the population to **22 percent**, in the eight years to 2011-12. This is different from the previous estimation of 29.8%.

This is an unprecedented rate of fall in poverty levels compared with any similar period in the past; some 40 per cent of those who were poor in 2004-05 were no longer poor seven years later. The total number of people below the poverty line in the country is 26.89 crore as against 40.73

crore in 2004-05. In rural areas, the number has reduced from 32.58 crore to 21.72 crore. Rural poverty has declined faster than urban poverty during this period.

The data also indicate that the steepest decline in poverty were in the poorer states. Bihar, Orissa, Rajasthan, Madhya Pradesh have shown steep decline in the poverty rates. Bihar shows the biggest decline – from 55 percent in 2004-05 to about 35 per cent in 2011-12. In Gujarat the figures were 31 per cent in 2004-05 and 16 per cent in 2011-12. Andhra Pradesh reveals a noteworthy decline in urban poverty from 23 per cent in 2004-05 to 6 per cent in 2011-12. States such as Madhya Pradesh, Orissa and Rajasthan also saw a steep decline.

Economists and government officials attribute it to high economic growth rate of 8.5 percent during the period, 2005 and 2010. Three factors are typically given credit for this reduction: (1) the rural employment guarantee program (NREGA) and its lifting effect on the rural labor wages, (2) the doubling of the quantity of subsidized food distributed through the PDS and (3) the sharp increase in food procurement prices (putting more money in farmers' hands).

Still, it is as well to take note of the contrary numbers coming out at different points of time, from different sources.

During the decade to 2011, even though the rural population grew by **12 percent**, the number of cultivators actually dropped from 127 million to 119 million. In the same period, the number of agricultural laborers went up sharply, by an astonishing **36 percent**, from 106 million to 144 million. The only conclusion that can be drawn is that there are people who used to own land sold out and joined the ranks of landless labor. But why farmers might sell their holdings? The reason might lie in the subdivision of holdings.

The average size of a holding shrank as much as 40 per cent over 30 years, from 1.84 hectares to 1.16 hectares. By 2011, 85 per cent of all farm holdings had become smaller than two hectares, with the number of these small and marginal holdings growing from 66 million in 1981 to 117 million in 2011. So, it would be logical to assume that many holdings became too small to be viable, and were sold. Meanwhile, the agriculture has become more diversified and the need for labor input has increased – growing vegetables requires more man-hours than growing wheat. Thus, we may conclude that the fall in rural poverty is largely due to rise in wages, for which credit must be given to NREGA.

So, the rural poverty reduction is not due to people moving out of agriculture, as many proponents of urbanization argue. A worrisome aspect of the survey, however, is the contradiction of more and more people reporting that they get two square meals a day. Yet, there is no commensurate reduction in the number of children who are underweight and/or stunted. Some people tend to see it as bias built in the survey.

Poverty is Highest among the Marginalized

Among the social groups in rural areas, the most unfortunate are the Scheduled Tribes, with 47.4 percent living in poverty, followed closely by the Scheduled Castes at 42.3 percent, Other Backward Castes at 31.9 per cent. These finally add up to 33.8 percent for all classes.

In the urban India, the Scheduled Castes are the poorest at 34.1 per cent, followed by the Scheduled Tribes at 30.4 per cent and OBC at 24.3 per cent against 20.9 per cent for all classes.

Among religious groups, the Muslim community is the most inflicted by poverty in the urban areas at 33.9 per cent. In rural areas too, Muslims make up for the most poor and figures differ in different states: Assam (53.6 per cent), Uttar Pradesh (44.4 per cent), West Bengal (34.4 per cent) and Gujarat (31.4 per cent).

Sikhs have lowest poverty ratio in rural areas at 11.9 per cent, whereas in urban areas, Christians have the lowest proportion of poor at 12.9 per cent. Further, poverty in rural areas declined at a faster pace than in urban cities between 2004-05 and 2009-10.

Daily Wage Earners are the Poorest

Naturally the labor class is poorest in the country. Almost 50 percent of agricultural laborers are poor and 40 percent non-farm laborers are below the poverty line in rural areas. Even in the

agriculturally prosperous States, most farm laborers live in poverty: Haryana (55.9 percent) and Punjab (35.6 percent).

In urban areas too, the casual laborers were the worst affected, with 47.1 percent living under the poverty line. State wise, highest poverty is among the casual labors in Assam (89 percent), Bihar (86 percent), Orissa (58.8 percent), Punjab (56.3 percent), Uttar Pradesh (67.6 percent) and West Bengal (53.7 percent).

Yet Another Committee to Redefine the Poverty Line!

There was wide spread criticism of the above poverty calculations based on a **Rs.22.40** per day poverty line for rural areas and a **Rs 28.60** line for urban areas; civil society and poverty experts felt that they were unrealistically low. Many called it the "destitution line". As per this formula, an individual above a monthly consumption of Rs 860 in urban and Rs.673 in rural areas is not considered poor. These benchmarks are even lower than the earlier cut off lines of **Rs 32** and **Rs 26**, which the Plan panel had stated in its affidavit before the apex court.

In March 2012 the government admitted that the Tendulkar methodology for poverty calculation wasn't in line with the "current ground reality" and it would evolve a new approach. In May 2012, it constituted a new five-member poverty panel headed C. Rangarajan, to review the way poverty is estimated. Its recommendations were expected by March 2013, but are still being awaited in July 2013. Until then the current calculations will hold.

Question: Why the government does not want to use an international poverty tool such as the Multidimensional Poverty Index (PMI), described later?

Economic and Human Development Factsheet of India

India is now classified as a Lower-Middle Income Country and over the last decade, it has transformed itself from a recipient of aid to a donor state. It is part of the influential "BRICS" bloc of countries, along with Brazil, Russia, China and South Africa. As a group, these countries are now taking a collective stance on major international issues, spanning both the economic and social sectors. It became a trillion dollar economy in 2007-08. Despite a global economic downturn, it has been growing at the rate of at least 7 % per annum. In terms of Purchasing Power Parity (PPP), it is the fourth largest economy in the world (after the US, China and Japan).

India's population now exceeds 1.2 billion people. Of these, almost 620 million are males and more than 580 million are females; 243 million people, or 23% of the total population, are estimated to be in the age range of 10-19 years. The overall sex ratio (the number of females per 1000 males) for India is 940 females per 1000 males as per 2011 Census, which is an improvement over the 2001 figure of 933. However, child sex ratio (0-6 age group) has declined from 927 to 914 between 2001 and 2011 as per Census figures. Though there has been a substantial decline in overall infant and child mortality and a consequent increase in life-expectancy of the population, the decline has not been sufficient to achieve the 11th Plan goal of reduction to 30/1000 live births by 2012. Literacy levels in India have gone up from 64.8 % in 2001 to 74.0 % in 2011.

Demographic Indicators		2001	2011
1	Total Population (Crore)	102.8	121
2	Sex Ratio (Female per 1000 male)	933	940
3	Child Sex ratio (girls per 1000 boys)	927	914
Economic Indicators		2005 - 06	2009 - 10
4	Gross Domestic Product (USD, Billion)	834	1727.1
5	Contribution of Agriculture to GDP (%)		14.62
6	Contribution of Industry to GDP (%)		20.16
7	Contribution of Services to GDP (%)		65.22

8	GDP Growth Rate (%)		8.0
Human Development Indicators		2000	2011
9	Human Development Index (HDI) value	0.461	0.547
10	Global Ranking in HDI		134 (of 187)
11	Gender Inequality Index (GII)	0.553 (2001)	0.617 (2011)
12	Global GII Ranking		129 (of 146)
13	Gender Empowerment Measure (GEM)	0.416 (1996)	0.497 (2006)
		2001	2011
14	Literacy Rate (%)	64.8	74.04
15	Male Literacy Rate (%)	75.3	82.14
16	Female Literacy Rate (%)	53.7	65.46
17	Life Expectancy at Birth (Years)	63.3	65.4
Poverty and Hunger Indicators		2004 - 05	2009 - 10
18	People Under Poverty (%)	37.2	29.8
19	Number of Poor (Millions)	407.22	354.68
		2009 - 10	2011 - 12
20	NSSO - Percentage of Rural Poor (%)	29	24.5
21	NSSO - Percentage of Urban Poor (%)	16	15.5
		2010	2012
22	Multidimensional Poverty Index (MPI)		
23	Number of Multidimensional Poor (%)		
		2011	2012
24	Global Hunger Index (GHI) Score	23.5	22.9
25	Global GHI Ranking	67 (of 80)	65 (of 79)
			2012
26	Proportion (%) of Undernourished Population		19
		2010	2012
27	Under Weight Children under 5 (%)	44.0	42.5

Poverty, Hunger and Food Situation in India

When India achieved independence, more than 50 years ago, the people of the country were much afflicted by endemic hunger. They still are. – Amartya Sen, Nobel Prize Winner

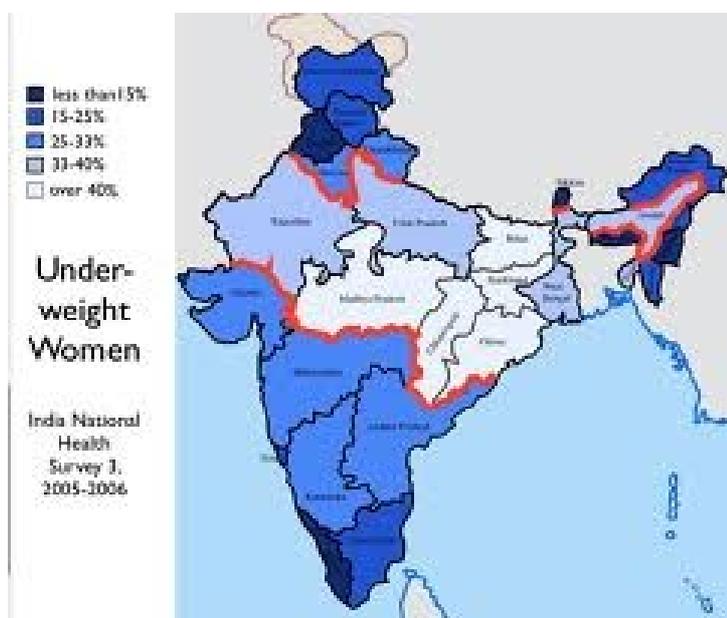
The widespread poverty shows up as widespread hunger and malnutrition in the country. It only reflects the fact that the country has failed to look after the well being of its people properly, even after 65 years of independence. The situation is so alarming that many experts call it a "silent emergency" for the country. Together, poverty and under-nutrition form a self-perpetuating vicious cycle from which people find it extremely difficult to come out on their own.

The problem is particularly serious because chronic under-nutrition in children adversely affects the grown up adults' mental and physical development. Further, they are unable to function optimally; their performance both at school as well as in the workplace is impaired. It forces them to lead a compromised life and makes it increasingly difficult to step out of poverty. Additionally, under-nutrition greatly increases the vulnerability towards infections and diseases, including measles and malaria. This, in turn, adds to mortality rate, particularly of young children.

Poverty also causes most deaths in the world. Over 10 million people die every year of chronic hunger and hunger induced ill health, of which a quarter deaths take place in India. In comparison, earthquakes, floods, droughts and wars claim less than 10 percent death; which get the most media attention. This shows how serious the world leaders are to tackle global poverty.

Hunger and Malnutrition in India

Despite the recent high economic growth and its aspirations for superpower status, India alone accounts for 54% of all malnutrition-related child deaths. The sheer scale and scope of India's malnutrition problem positions the subcontinent as ground zero in the fight to end child deaths from acute malnutrition. Over 40 percent Indian children are underweight, 30% newborn have low weight at birth, and over 55% married women and about 80% young babies in the age group 6-35 months are anemic. During 2006 – 2007, malnutrition contributed to the death of seven million Indian children, nearly two million before the age of one.



According to the United Nations, malnutrition is more common in India than in Sub-Saharan Africa. UNICEF estimates that in India, one in every three children is malnourished, and nearly half of all childhood deaths are attributed to malnutrition. UNICEF studies reveal maximum under-nutrition in the five Indian states: **Uttar Pradesh, Madhya Pradesh, Bihar, Rajasthan, and Orissa**. About 225 million people are under nourished; they don't get the FAO's minimum recommended intake of 1750 kcal per person per day.

In rural India where most of the Indian poor and undernourished people live, women's nutrition and child caring practices are inadequate. There is also the tradition of early marriage in many

part of the country. As a result, under developed mothers are likely to produce low birth-weight babies who are vulnerable to malnutrition because of low dietary intake, lack of appropriate care, poor hygiene, poor access to medical facilities, lack of education and inequitable distribution of food within the household. Therefore, food insecurity is a major contributory factor in undermining the economic productive potential of individuals, families and entire the nations.

Food Grain Rots in Warehouses; Yet Millions of Poor go Hungry

India is next only to the United States in arable land area in the world. It also has the third largest water area after Canada and the US. Globally, India ranks second in the farm output. It is the largest milk, jute and pulse producer in the world and has world's second largest cattle population (175 million in 2008). It is the second largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second largest fruit and vegetable producer, accounting for 10.9% and 8.6% of the world fruit and vegetable production respectively. India is also the largest consumer and second largest producer of silk (after China) in the world. In 2008, it had the world's third largest fishing industry.

More than 45 years after the Green Revolution; India provides a unique specter of overflowing godowns and rotting grains on the one hand while millions go to bed hungry – India is among the poorest countries in the Global Hunger Index. To get rid of the extra grain stock, India aggressively resorted to food grain exports. Recently, rice exports touched 10 million tonnes, making India the world's biggest rice exporter, and close to 9.5 million tonnes of wheat was also exported. And yet, food grain stocks remain unmanageably high and so are the food prices in the open market.

Comparing India's food security at global level, recently the **Global Food Security Index 2012** (GFSI) report was published. It is developed by the Economist Intelligence Unit (EIU) and is sponsored by the American chemical company DuPont. India was ranked **66 in the list of 105 countries** – much lower than neighboring China (ranked 39) and somewhat lower than Sri Lanka (62). However, India is somewhat better off than Pakistan (75) and Bangladesh (81). The index considers three key food security factors – affordability, availability, and quality – across a set of

105 countries. Using 25 unique indicators to measure these factors, both developing and developed countries are indexed.

With India expected to become the most populous country in the world by 2025, providing sufficient food and nutrition to its population is going to be a serious challenge in the coming years. Of the three factors, India scores somewhat better for 'availability' than the other two 'affordability' and 'quality and safety' factors.

Some stark facts about food wastage and consumption

According to the UN Food and Agriculture Organization (FAO), 1.3 billion tonnes of food, about one-third of the global food production is either wasted or lost. Food wastage is sacrilegious in India, when so many people are unable to get two square meals a day.

- 33% of all the food produce globally doesn't reach human mouths – it's either lost in transit, damaged or wasted by consumers.
- Developed nations like the US and European countries throw away 222 million tonnes of edible food every year which is almost equal to what sub-Saharan Africa consumes!
- India loses about 21 million tonnes of wheat annually due to inadequate storage and distribution.
- The Department of Industry Promotion and Planning (DIPP) claims that losses of farm produce every year are estimated to be over Rs 1 trillion (1,00,000 crore) per annum of which 57% percent is due to avoidable wastage.
- Food consumption as a share of household expenditure averages 49.5 percent in India, as against an average of 52.3 percent in South Asia and just 20 percent in high income countries.
- In India an average person consumes 37 grams of quality protein. In comparison, an average person in low-income countries consumes 48.7 grams and in a high income country 101.7 grams.

The Game of Indian Poverty Line (IPL)

The Number Game of Poverty Line



The World Bank uses the benchmark of \$1.25 which is the average of the national poverty lines of the world's 15 poorest countries. Some years ago, it estimated that 41.6 percent of India's population lives within an income of **1.25 dollars** a day and 76 percent manage within **2 dollars** per day. The Asian Development Bank (ADB) used the benchmark of \$1.35 to state that 55% Indians live in extreme poverty. The ADB's benchmark is Asia-specific and is based on surveys from 16 Asian countries. So, depending on which benchmark is used, 42% to 55% Indians live in extreme poverty.

Deciding who is poor and who is not, is purely arbitrary and is a great pastime for the poverty experts. It always leads to heated debates and disagreements. India is no exception to this phenomenon, but the cruel irony is that even a slight shift of the poverty line can add or eliminate

millions of people from the list of poor. This provides extra thrill to Western experts who have never such big numbers in their own country.

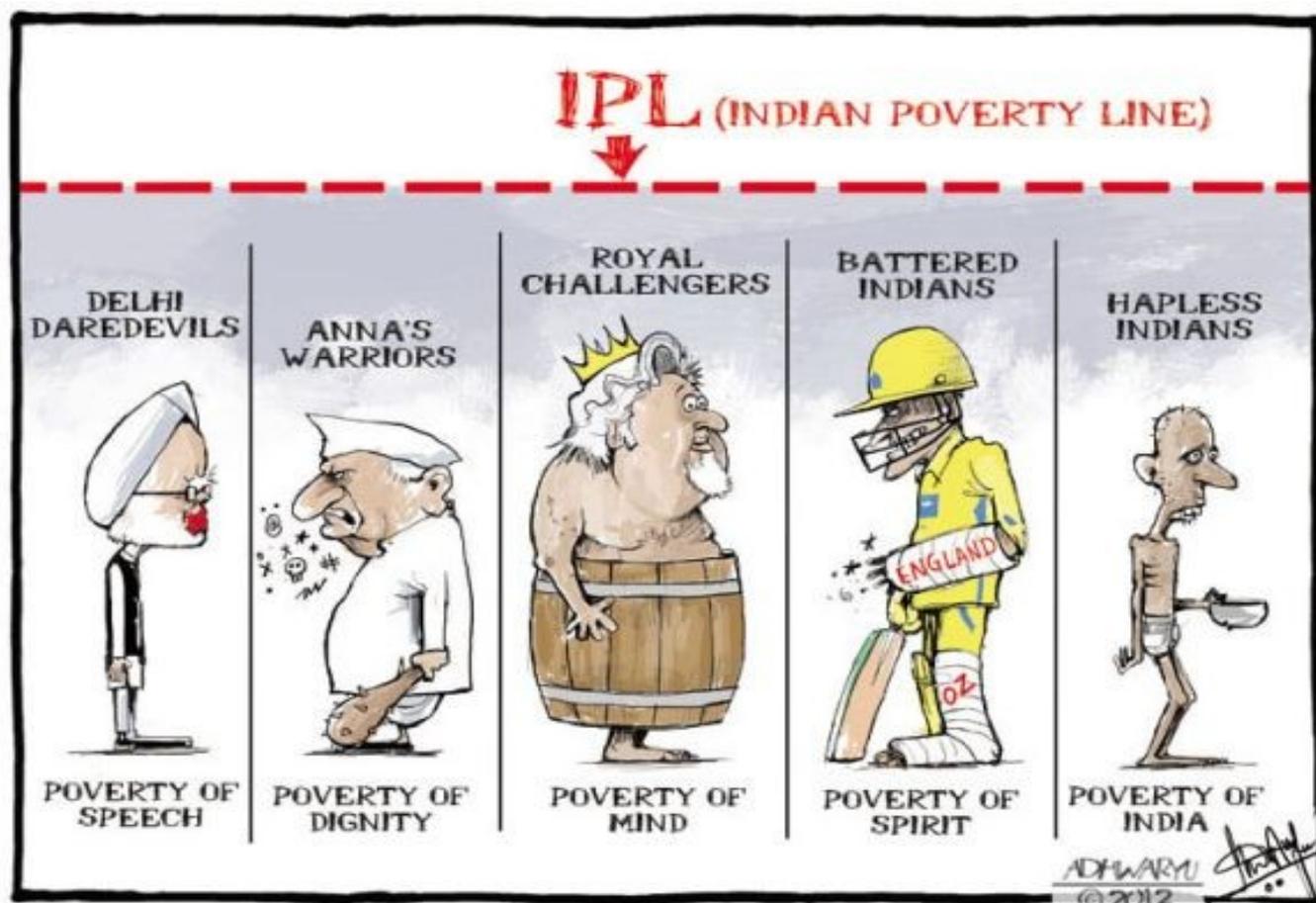
The methodology for estimating poverty has been reviewed from time to time. Aside from the Alagh committee (formed in 1977), past poverty estimation panels include the D.T. Lakdawala panel (1989) and the Tendulkar Committee (2005), which submitted its recommendations in December 2009. The Tendulkar panel moved away from the Alagh panel's calorie intake-based approach to poverty and included consumption expenditure on health and education. This approach is still prevailing in India.

The income level required to purchase the necessary amount of calories is decided by the national Planning Commission that uses data from the National Sample Survey Organization (NSSO), which measures monthly per capita consumer expense (MPCE) every five years. So the official poverty level of the country depends upon the NSSO data and the methodology of the Planning Commission. It currently follows the Tendulkar Committee procedure and might change when the Rangarajan Committee (set up in May 2012) gives its recommendations.

Thus, if we consider the latest NSSO data of 2011, the number of people below the poverty line in the country is 267 million as against 407 million crore in 2004-05. Compare these numbers with the European Union and US populations of 500 million and 310 million, respectively.

In 2007, the state-run National Commission for Enterprises in the Unorganized Sector (NCEUS) found that 77% of Indians (836 million) lived on less than 20 rupees per day; most of them working in "informal labor sector with no job or social security.

The poverty line assumes importance in India for the practical reason that it decides the beneficiaries of government welfare schemes. Other than that it also helps in judging the efficacy of government programs.



Poverty Lines in Developed Countries

Developed countries have very different poverty yardsticks. The US sets its poverty line at \$11,490 annual income for a one-person household. It is slightly over \$30 a day. Many rich countries set their poverty lines in relative terms, so an increase in the incomes of top rich elites results in more poverty if everything remains the same.

It is fair to say that income is certainly an important parameter, but income alone cannot tell much about poverty or the poor. Human poverty is a state of suffering due to deprivation of multiple basic needs: sufficient food and nutrition, health, education, and shelter. People are forced to live in poverty when they are limited in opportunities and capabilities. Thus, poverty should be seen as a state of multidimensional deprivation, beyond income. Seen in this light, poverty is not an income issue; it is a human development issue.

Looking at Poverty, Beyond Lack of Income

"Poverty is not a statistical issue. It is a human issue." – **James Wolfensohn**

The UN Definition of Poverty: The Copenhagen Declaration at the "World Summit on Social Development" describes poverty as *"a condition characterized by severe deprivation of basic human needs such as food, shelter, safe drinking water, sanitation, health, education, and information"*.

Amartya Sen's Capability Approach to Development and Poverty

Poverty must be seen as the deprivation of basic capabilities rather than merely the lowness of incomes. – **Amartya Sen, Nobel Prize Winner, 1998**

Amartya Sen's theory is simple: Development is expansion of people's freedom, as it enhances their capabilities. Poverty will then be just the opposite – a state of badly limited freedom. In this approach, an individual is poor if he or she lacks basic capabilities related to having sufficient food, shelter, health, education, etc. According to Sen, ultimately the focus has to be on what people *can* or *cannot* do. Thus, the standard of living enjoyed by people must be seen in terms of people's capabilities. Therefore, the ideal approach to removing poverty is to increase the capability of poor so that they can take care of their basic needs.

The beauty of Sen's approach is that it is comprehensive and considers all aspects of human life, not just economic. Everything, that affects freedom, becomes important: economic policies, availability of basic infrastructure, social and cultural practices, social and political discriminations, health conditions, education level, personal and emotional factors, and so on. It has greatly impacted developmental thinking all over the world in last 2 decades. Its impact is clearly seen in the UNDP's programs.

The UNDP's Human Development Index (HDI) launched in 1990 was the first major attempt to measure human well-being away from the usual per capita income benchmark, yet was simple enough to rank nations. The HDI uses three variables: life expectancy as a measure of longevity, adult literacy as an index for knowledge, and per capita GNP as a measure of economic prosperity. In 2010, it launched a comprehensive poverty index, called the Multidimensional Poverty Index (MPI) which has tremendous scope for use by the policymakers; some south American nations have already adopted it. It will be discussed later.

You may like to explore these pages written for general people:

[**Amartya Sen's Concepts of Development and Poverty**](#)

[**What is Development for the 21st Century world?**](#)

The Human Development Index (HDI) 2013



The latest Human Development Report titled "*The Rise of the South: Human Progress in a Diverse World*" was released in March 2013. It highlighted the emergence of South on the world platform. It noticed that for the first time in 150 years, the combined output of the developing world's three leading economies—Brazil, China and India—is about equal to the combined GDP of the longstanding industrial powers of the North—Canada, France, Germany, Italy, United Kingdom and the United States. This represents a dramatic rebalancing of global economic power: In 1950, Brazil, China and India together represented only 10% of the world economy, while the six traditional economic leaders of the North

accounted for more than half. According to projections in the Report, by 2050, Brazil, China and India will together account for 40% of global output, far surpassing the projected combined production of today's Group of Seven bloc.

India's HDI indicators for 2012 relative to countries from the BRICS and IBSA groups

Country / Region	HDI Value	HDI Rank	Life Expectancy at Birth (years)	Expected years of Schooling	Mean years of Schooling	GNI per Capita (2005 ppp\$)
Brazil	0.730	85	73.8	14.2	7.2	10,152
China	0.699	101	73.7	11.7	7.5	7,945
India	0.554	136	65.8	10.7	4.4	3,285
Russian Fed.	0.788	55	69.1	14.3	11.7	14,461
South Africa	0.629	121	53.4	13.1	8.5	9,594
BRICS	0.655	--	69.8	11.5	6.6	6,476
IBSA	0.588	--	66.4	11.2	5.0	4,401

Clearly, India is the worst performer in the BRICS countries and it lags behind all other countries in all HDI component indicators.

The report bracketed India with Equatorial Guinea near the tail end of medium human development countries group. It ranked India 136th among 187 countries evaluated for the human development index (HDI), which measures the average achievements of the countries in three main human development dimensions – health (life expectancy), education and standard of living (gross national income per capita). India's HDI value of 0.554 placed it in the medium human development category. Between 1980 and 2012, India's HDI value went up from 0.345 to 0.554; an increase of 61 percent or an average annual increase of 1.5 percent.

Despite India's progress, its HDI of 0.554 is below the average of 0.64 for countries in the medium human development group, and close to the average 0.558 for South Asian countries. From South Asia, countries which are close to India's HDI rank and population size are Bangladesh and Pakistan, both at the 146th rank. These rankings, however, mask the inequalities in the distribution of human development across the population.

It also identifies four specific areas of focus for the future to sustain the development momentum: enhancing equity, including on the gender dimension; enabling greater voice and participation of citizens, including youth; confronting environmental pressures; and managing demographic change.

India's Progress in the HDI Indicator between 1980 and 2012

Between 1980 and 2012, the life expectancy at birth increased by 10.5 years, mean years of schooling by 2.5 years and expected years of schooling by 4.4 years. The gross national income (GNI) per capita went up 273 percent. Only the trend may be observed; it would be misleading to compare the absolute values because of change in the underlying data and methods.

	Life Expectancy at Birth (years)	Expected years of Schooling	Mean years of Schooling	GNI per Capita (2005 ppp\$)	HDI Value
1980	55.3	6.3	1.9	0880	0.345
1985	57	7.1	2.4	1007	0.379
1990	58.3	7.4	3	1191	0.410
1995	59.8	8.2	3.3	1389	0.438
2000	61.6	8.3	3.6	1702	0.463
2005	63.3	9.9	4	2190	0.507
2010	65.1	10.7	4.4	3009	0.547
2011	65.4	10.7	4.4	3175	0.551
2012	65.8	10.7	4.4	3285	0.554

Impact of Inequality on Human Development

Inequalities hold back human development

An essential part of human development is equity. Every person has the right to live a fulfilling life according to his or her own values and aspirations. No one should be doomed to a short life or a miserable one because he or she happens to be from the "wrong" class or country, the "wrong" ethnic group or race or the "wrong" sex.

Inequality reduces the pace of human development and in some cases may even prevent it entirely. This is most marked for inequality in health and education and less so for inequality in income, where the effects are more substantial in high and very high HDI countries. A human development analysis of 132 developed and developing countries finds an inverse relationship between inequality and human development, reinforcing the conclusions of several studies of developed countries.

The Inequality-adjusted Human Development Index (IHDI)

The effects of inequality on human development can be captured by the Inequality-adjusted Human Development Index (IHDI), which examines the average level of human development and its distribution along the dimensions of life expectancy, educational attainment and command over the resources needed for a decent living. Where there is no inequality, the IHDI equals the HDI. A difference between the two denotes inequality; the greater the difference, the greater the inequality.

Based on IHDI calculations for 132 countries in 2012, almost a quarter of HDI value, or 23% is lost to inequality. Low HDI countries suffer most because they tend to have greater inequality in more dimensions. Low HDI countries lose a third of HDI value to inequality, whereas very high HDI countries lose only 11%.

Inequality-adjusted Human Development Index of Some Select Countries

		HDI		Inequality adjusted HDI		Inequality Adjusted Life Expectancy Index		Inequality adjusted education Index		Inequality adjusted income index		Quintile income ratio	Income Gini Coeff.
		Value	Value	% loss	Loss in rank	Value	% loss	Value	% loss	Value	% loss		
HDI rank	Country	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2000-10	2000-10
1	Norway	0.955	0.894	6.4	0	0.928	3.7	0.968	2.2	0.797	12.8	3.9	25.8
3	US	0.937	0.821	12.4	-13	0.863	6.6	0.941	5.3	0.681	24.1	8.4	40.8
85	Brazil	0.730	0.531	27.2	-12	0.725	14.4	0.503	25.3	0.411	39.7	20.6	54.7
92	Sri Lanka	0.715	0.607	15.1	11	0.786	9.4	0.618	14.6	0.461	20.8	6.9	40.3
101	China	0.699	0.543	22.4	0	0.731	13.5	0.481	23.2	0.455	29.5	9.6	42.5
136	India	0.554	0.392	29.3	1	0.525	27.1	0.264	42.4	0.434	15.8	4.9	33.4
140	Bhutan	0.538	0.430	20.0	8	0.568	24.1	0.312	12.2	0.450	23.1	6.8	38.1
146	Bangladesh	0.515	0.374	27.4	5	0.595	23.2	0.252	39.4	0.350	17.7	4.7	32.1
146	Pakistan	0.515	0.356	30.9	2	0.487	32.3	0.217	45.2	0.426	11.0	4.2	30.0
157	Nepal	0.463	0.304	34.2	0	0.622	19.5	0.202	43.6	0.225	37.4	5.0	32.8
175	Afghanistan	0.374				0.225	50.9	0.205	39.3			4.0	27.8
	Regions												
	Arab States	0.652	0.486	25.4		0.669	16.7	0.320	39.6	0.538	17.5		
	East Asia and Pacific	0.683	0.537	21.3		0.711	14.2	0.480	21.9	0.455	27.2		
	Europe and Central Asia	0.771	0.672	12.9		0.716	11.7	0.713	10.5	0.594	16.3		
	Latin America and Caribbean	0.741	0.550	25.7		0.744	13.4	0.532	23.0	0.421	38.5		
	South Asia	0.558	0.395	29.1		0.531	27.0	0.267	42.0	0.436	15.9		
	Sub-Saharan Africa	0.475	0.309	35.0		0.335	39.0	0.285	35.3	0.308	30.4		
	World	0.694	0.532	23.3		0.638	19.0	0.453	27.0	0.522	23.5		

Quintile income ratio: Ratio of the average income of the richest 20% of the population to the average income of the poorest 20% of the population.

Income Gini coefficient: Measure of the deviation of the distribution of income (or consumption) among individuals or households within a country from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality.

Globally, there have been much greater reductions in inequality in health and education in the last two decades than in income. This is partly because of the measures used—life expectancy and mean years of schooling have upper bounds to which all countries eventually converge. But for income, there is no upper limit. Virtually all studies agree that global income inequality is high, though there is no consensus on recent trends. One study that integrated the income distribution of 138 countries over 1970–2000 found that although mean income per capita has risen, inequality has not. Other studies conclude the opposite. Still others find no change at all.

There is also a link between health and education. Better education for women, for example, tends to result in better health outcomes for them and for the next generation. Thus life expectancy and educational attainment may move in tandem.

Rising inequality, especially between groups, can lead to social instability, undermining long term human development progress. Persistence of inequality often results in a lack of intergenerational social mobility, which can also lead to social unrest.

The rise in income inequality to some extent reflects a failure of national fiscal, and particularly taxation, systems. This can be offset by social protection. In Latin America, for example, income inequality has declined as a result of cash transfer programs.

Gender Inequality and Women’s Status

Gender equality is both a core concern and an essential part of human development. All too often, women are discriminated against in health, education and the labor market, which restricts their freedoms. The extent of discrimination can be measured through the Gender Inequality Index (GII), which captures the loss in a country's progress due to gender inequality in three dimensions: reproductive health, empowerment and labor market participation. The gender inequality is especially tragic not only because it excludes women from basic social opportunities, but also because it gravely imperils the life prospects of future generations.

The higher the GII value the greater the discrimination. Based on 2012 data for 148 countries, the GII shows large variations across countries, ranging from 0.045 (in Netherlands) to 0.747 (in Yemen), with an average of 0.463. High gender disparities persist in South Asia (0.568), Sub-Saharan Africa (0.577) and the Arab States (0.555). In South Asia, the three driving factors are low female representation in parliament (18.5%), gender imbalances in educational achievement (28% of women have completed at least secondary education, compared with 50% of men) and low labor force participation (31% of women are in the labor force, compared with 81% of men).

Gender Inequality Index of Some Select Countries

		Gender Inequality Index		MRR	Adolescent fertility ratio	Seats in Parliament	Population with at least Sec. Education		Labor Force participation rate	
		Rank	Value	Deaths per 1 lakh live births	Births per 1000 women age 15-19	% Female	% 25 year or older		% 15 year or older	
HDI rank	Country	2012	2012	2010	2012	2012	2006-10	2006-10	2011	2011
1	Norway	5	0.065	7	7.4	39.6	95.6	94.7	61.7	70.1
3	US	42	0.256	21	27.4	17.0	94.7	94.3	57.5	70.1
85	Brazil	85	0.447	56	76.0	9.6	50.5	48.5	59.6	80.9
92	Sri Lanka	75	0.402	35	22.1	5.8	72.6	75.5	34.7	76.3
101	China	35	0.213	37	9.1	21.3	54.8	70.4	67.7	80.1
136	India	132	0.610	200	74.7	10.9	26.6	50.4	29.0	80.7
140	Bhutan	92	0.525	180	44.9	13.9	34.0	34.5	65.8	76.5
146	Bangladesh	111	0.518	240	68.2	19.7	30.8	39.3	57.2	84.3
146	Pakistan	123	0.567	260	28.1	21.1	18.3	43.1	22.7	83.3
157	Nepal	102	0.485	170	86.2	33.2	17.9	39.9	80.4	87.6
175	Afghanistan	147	0.712	460	99.6	27.6	5.8	34.0	15.7	80.3
Regions										
	Arab States		0.555	176	39.2	13.0	31.8	44.7	22.8	74.1
	East Asia and Pacific		0.333	73	18.5	17.7	49.6	63.0	65.2	80.6
	Europe and Central Asia		0.280	28	23.1	16.7	81.4	85.8	49.6	69.0
	Latin America and Caribbean		0.419	74	70.6	24.4	49.8	51.1	53.7	79.9
	South Asia		0.568	203	66.9	18.5	28.3	49.7	31.3	81.0
	Sub-Saharan Africa		0.577	475	105.2	20.9	23.7	35.1	64.7	76.2
	World	--	0.463	145	51.2	20.3	52.3	62.9	51.3	77.2

India's GII

On the Gender Inequality Index (GII), India has been ranked 132nd among the 148 countries for which data are available. According to the report, all countries in South Asia, with the exception of Afghanistan, were better places for women than India, with Sri Lanka (75) topping them all; Nepal ranked 102nd and Bangladesh 111th. India ranks low partly because of its skewed sex ratio, with only 914 females every 1000 males.

Women representation in Parliament in India is only 10.9 percent. The only worse country than India is Iran with 3.1 percent. The country that has best representation of women in Parliament is Nepal with 33.2 percent. Even in Pakistan 21.2% lawmakers are women.

In India, the female participation in the labor market is 29 per cent, compared with 80.7 per cent for men. In United States which ranks 42nd on the list, 57.5% women and 70.1% men are a part of the labor force. At 35th rank, China fared even better.

India also fares badly on education and health for women. Only 26.6% women above 25 years received a secondary education in 2010, compared to 50.4% of men. Pakistan, in comparison, scored lower, with 18.3% of women having received secondary education compared to 43.1% of men. In the U.S., 94.7% women have received a secondary education – a figure slightly higher than for men (94.3%). In China, this figure was 54.8% for women and 70.4% for men.

India ranks badly on the Maternal Mortality Ratio (MMR) as well. The MMR measures the number of maternal deaths per 100000 live births. In India, for every 100000 births, 200 women die due to complications in childbearing. The only countries to have higher MMR than India are Bangladesh (240), Pakistan (260) and Afghanistan (460). The countries with lowest Maternal Mortality Ratio are Sri Lanka (35) and Iran (21). In comparison, the MMR in China is 37 and in the US, 21.

Role of Education in Gender Equality

One of the most powerful instruments for advancing equity and human development is education, which builds people’s capacities and expands their freedom of choice. Education also has striking benefits on health and mortality. Evidence worldwide establishes that better education of parents, especially of mothers, improves child survival. Moreover, working women and more-educated women (who tend to complete their schooling before bearing children) are likely to have fewer children. Educated women also have healthier children who are more likely to survive, thus reducing the incentive to have a larger family. Educated women also have better access to contraception and use it more effectively. Therefore, mother’s education is more important to child survival than household income or wealth is. This has profound policy implications, potentially shifting emphasis from efforts to boost household income to measures to improve girls’ education. Gender inequality is especially tragic not only because it excludes women from basic social opportunities, but also because it gravely imperils the life prospects of future generations. The following table illustrates the impact of women education on mortality and fertility rates.

Under-five mortality rate and total fertility rate by mother’s education level
In selected countries, most recent year available since 2005

Country	Survey year	Under Five mortality rate (per 1000 live births)				Total Fertility rate (births per woman)			
		No Edn.	Primary	Secondary or higher	Overall	No Edn.	Primary	Secondary or higher	Overall
Bangladesh	2007	93	73	52	74	3.0	2.9	2.5	2.7
Egypt	2008	44	38	26	33	3.4	3.2	3.0	3.0
Ethiopia	2005	139	111	54	132	6.1	5.1	2.0	5.4
Ghana	2008	103	88	67	85	6.0	4.9	3.0	4.0
India	2005/2006	106	78	49	85	3.6	2.6	2.1	2.7
Indonesia	2007	94	60	38	51	2.4	2.8	2.6	2.6
Liberia	2009	164	162	131	158	7.1	6.2	3.9	5.9
Mali	2006	223	176	102	215	7.0	6.3	3.8	6.6
Niger	2006	222	209	92	218	7.2	7.0	4.8	7.0
Nigeria	2008	210	159	107	171	7.3	6.5	4.2	5.7
Rwanda	2007/2008	174	127	43	135	6.1	5.7	3.8	5.5
Uganda	2006	164	145	91	144	7.7	7.2	4.4	6.7
Zambia	2007	144	146	105	137	7.1	7.1	3.9	6.2

Note: Data refer to the period 10 years before the survey year.

Women's issues in India have been in the limelight since the December gang rape and death of a young woman in Delhi. After the incident, widespread protests asking for stronger laws and protection for women took place around the country.

As for the Multidimensional Poverty Index (MPI), which identifies multiple deprivations in the same household in education, health and living standard, India's value averages out at 0.283, a little above Bangladesh's and Pakistan's. The figures for evaluating MPI have been drawn from the 2005-06 survey, according to which 53.7 per cent of the population lived in multidimensional poverty, while an additional 16.4 percent were vulnerable to multiple deprivations.

The 2013 HDI reports (both summary and complete) can be downloaded from this page:

<http://www.undp.org/content/india/en/home/knowledge-and-solutions/human-development-products/GHDR2013/>

The Global Hunger Index (GHI)

The Global Hunger Index 2012



The report on Global Hunger Index for seventh year was released on 11 October 2012 by the International Food Policy Research Institute (IFPRI), Welthungerhilfe, and Concern Worldwide. The basic theme of the report for the 2012 Global Hunger Index was: *The Challenge of Hunger: Ensuring Sustainable Food Security under Land, Water, and Energy Stresses*.

This index basically measures malnutrition and hunger based on three parameters: (1) Proportion of people who are undernourished, (2) Proportion of children under five who are underweight, and (3) the Child mortality rate. The index number varies between 0 and 100. The higher the score, the worst the food/nourishment related poverty of the country.

Values below 5	low hunger
Values 5 – 10	moderate hunger
Values 10 – 20	serious hunger
Values 20 – 30	alarming hunger
Values above 30	extremely alarming hunger



It did find some progress on hunger reduction worldwide but the progress was too slow. India failed to show any significant improvement in its GHI score despite strong economic growth. In the list of 79 countries, India was ranked 65th behind China, placed at the 2nd position, Pakistan at 57th and Sri Lanka at 37th position. The hunger level in India (along with Pakistan and Bangladesh) is higher than per capita gross national income (GNI), suggesting very high level of inequality in income distribution.

In the group of developing countries called BRICS (Brazil, Russia, India, China and South Africa), the other four perform better than India in dealing with hunger. Brazil and Russia have a "low" hunger index score and China and South Africa are placed among states with "moderate" hunger level. India's hunger index value improved slightly from 24.2 in 1990 to 23.5 in 2011 and 22.9 in 2012, and it still remains among countries with an "alarming" hunger level.

High Prevalence of Child Under-Nutrition

The main reason behind India's dismal performance on the GHI is the lack of proper nutrition among the children and poor calorie count. The reasons for poor child nutrition in India are really manifold – child under-nutrition is a sign of many things wrong with society – social equity, poverty, women's education and empowerment, women's nutrition, poor sanitation, etc. These are all ultimately reflected in poor child nutrition.

India with 43.5 percent underweight children under five, together with Bangladesh and Timor-Leste, ranked 68th and 73rd, respectively, has the highest proportion of underweight children under the age of five. Region wise, the highest level of hunger is present in the South Asia and Sub-Saharan Africa.

On this index, India finds itself in the company of countries with the highest levels of hunger, stunted children, and poorly fed women and way behind China. India ranks below several countries in sub-Saharan Africa, such as Cameroon, Kenya, Nigeria, and Sudan in GHI, even though per capita incomes in these Sub-Saharan African countries are much lower than in India. In India, 46% children under five are undernourished compared to just 5% in Pakistan. Even the neighboring Nepal and Sri Lanka as well as Sudan and North Korea did better than India. The relative rankings have remained virtually unchanged since last year's GHI report.

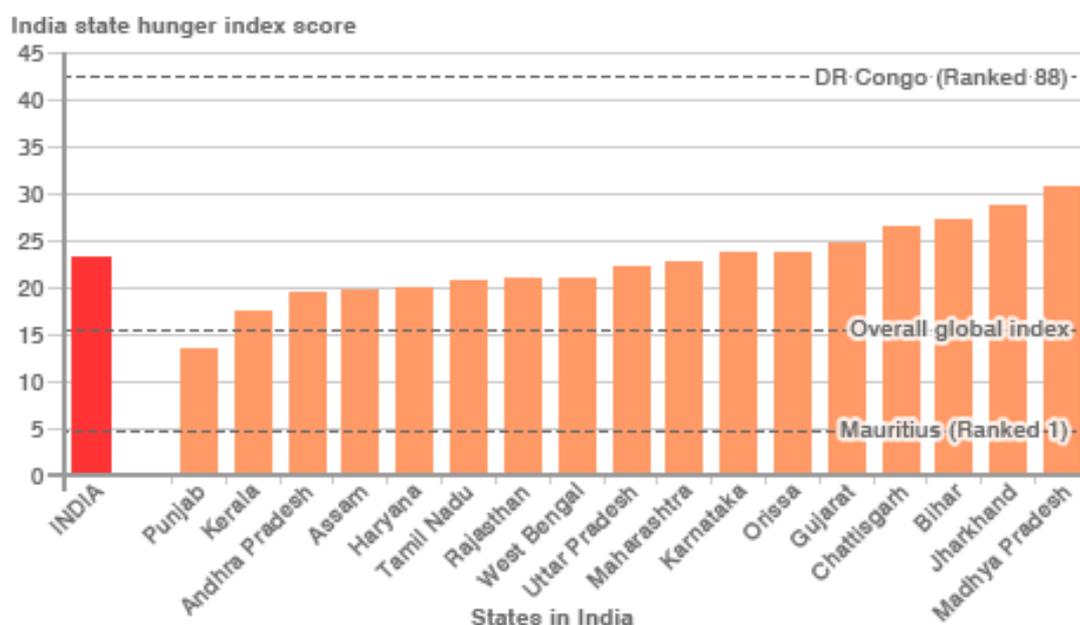
Lack of Frequent Data Update

It also highlighted the fact that India's score was based on partly outdated data, as there is lack of an up-to-date data on the nutrition status of its people. Even in 2013, the only available comprehensive data come from 2005 – 06. Countries such as Vietnam collect annual nutrition data for planning and surveillance purposes and collect deeper data at less frequent intervals. Even Bangladesh has a combination of surveillance on a frequent basis and deep surveys (every 3 years) more frequently.

Hunger in Indian States

In 2008, the first of attempts to map state-wise hunger index of the country on the lines of the Global Hunger Index was made. It was called India State Hunger Index (ISHI). It used data from the NFHS survey of 2005-06 and the NSSO survey of 2004-05. The IGHI was calculated for 17 states, covering over 95% of population. The analysis showed considerable variations in poverty level among different states.

WORLD HUNGER INDEX - HOW INDIA COMPARES



SOURCE: IFPRI

No State had ISHI lower than 10: the ISHI score ranged from 13.6 ("serious") for Punjab to 30.9 ("extremely alarming") for Madhya Pradesh, reflecting substantial variability. Twelve states had scores in the range, 20 – 30, implying an "alarming" hunger level. India did not have a single state in the 'low hunger' or 'moderate hunger' categories.

The ISHI scores aligned closely with the poverty levels in states, but show little correlation with state's economic growth; high hunger level was seen even in states doing well economically. Therefore, economic growth is not necessarily associated with poverty reduction in India. This is a cause for concern because the benefits of economic growth are not trickling down to the poor.

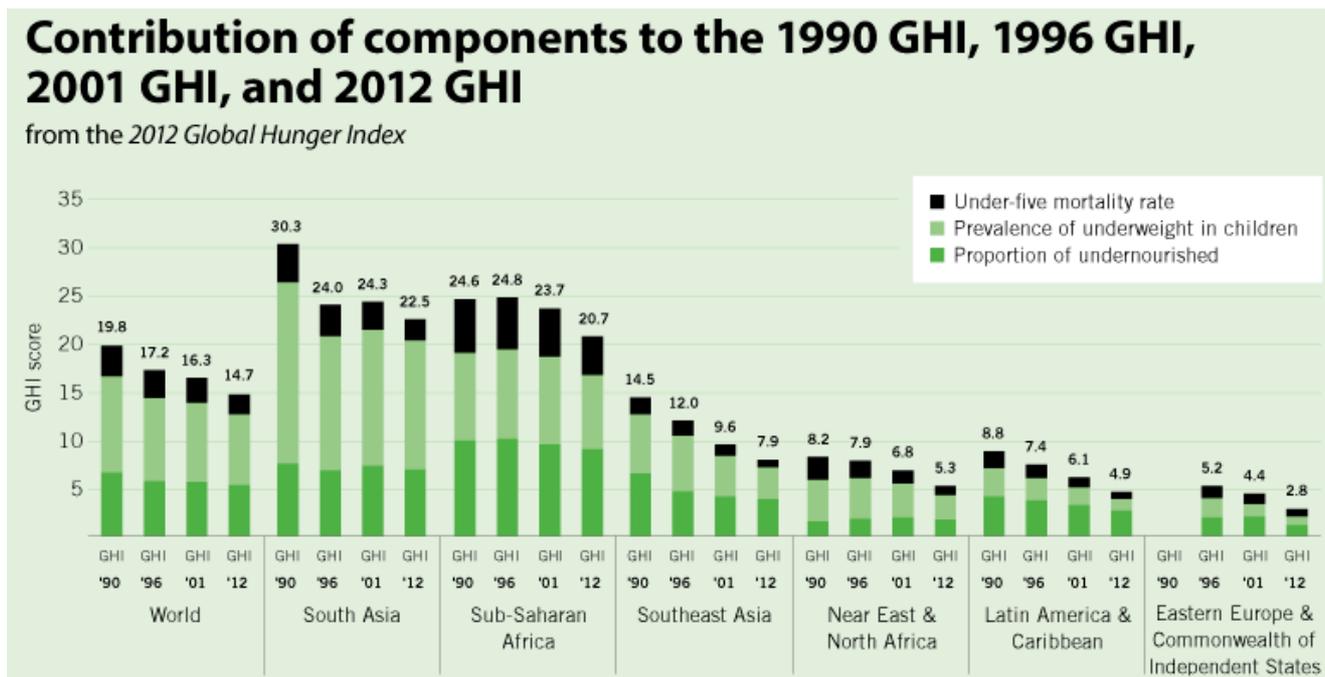
According to the analysis, child underweight accounted for the greatest contribution to the State Hunger Index for almost all states, followed by calorie deficiency and child mortality. In a few states such as Kerala and Tamil Nadu, calorie deficiency contributed almost as much as child underweight.

Key Findings & Facts

- All Indian states have at least a "serious" level of hunger; there is not a single state with low or even moderate levels.
- When compared to countries in the GHI, Indian states' rankings would range from 34th (Punjab) to 82nd (Madhya Pradesh). This indicates substantial variability among states.
- The four best performing states — Punjab, Kerala, Haryana and Assam — are in the 'serious' category. Punjab, the best-performing state in the country in terms of hunger, would rank below countries like Gabon, Honduras and Vietnam, placed low in the global index.
- Twelve states, including Andhra Pradesh, Uttar Pradesh, Karnataka, Gujarat and West Bengal, fall into the "alarming" category and one (Madhya Pradesh) is considered to have an "extremely alarming" level of hunger. It would rank between Ethiopia and Chad in the global list. Bihar and Jharkhand had index scores similar to Zimbabwe and Haiti.
- The five worst performing states in hunger level terms are Madhya Pradesh, Jharkhand, Bihar, Chhattisgarh, and Gujarat. The supposedly prosperous Gujarat ranks below the poor state of Orissa
- India's poor performance on the GHI is primarily due to its relatively high levels of child malnutrition and undernourishment resulting from calorie deficient diets.
- ISHI scores are closely aligned with poverty, but there is little association with state-level economic growth; high levels of hunger are seen even in states that are performing well economically.
- Improving child nutrition is of utmost urgency in most Indian states because of its large contribution to the ISHI scores. All states also need to improve strategies to facilitate inclusive economic growth, ensure food sufficiency, and reduce child mortality.

Global Hunger has Reduced Since 1990

As seen the chart below, all across the world the prevalence of hunger has decreased since 1990. However, in absolute terms South Asia and Sub-Saharan Africa still have the highest level of hunger: the major issue being underweight children and undernourished population. Clearly, people in these two regions have high food insecurity.



The Multidimensional Poverty Index (MPI)

Poverty is multidimensional. It extends beyond money incomes to education, health care, political participation and advancement of one's own culture and social organization. – Atal Bihari Vajpayee, Former Prime Minister of India

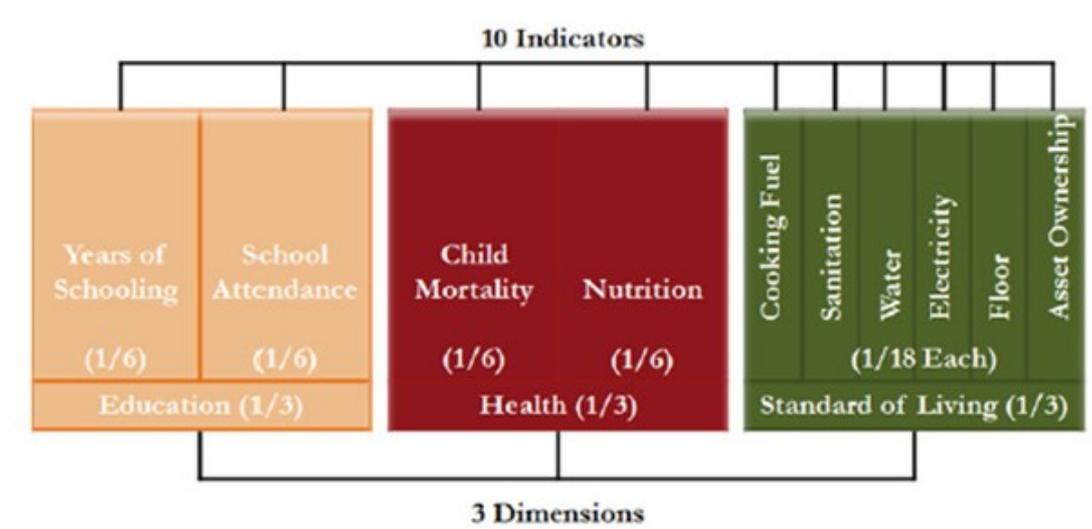
Poverty is a state of multiple deprivations, not just income alone. Income yardsticks of poverty are one dimensional measure and do not reveal the intensity or nature of deprivations faced by the poor. Therefore, composite poverty indicators that consider several deprivations are required to provide better picture of poverty.

Until 2010, United Nation's Human Development Index (HDI) and its mirror image, the Human Poverty Index (HPI) have been two such composite indexes in popular use so far. They complement the income based poverty estimates and help discover deprivations in education, health and standard of living – three critical dimensions of poverty. Now, a more detailed composite measure of poverty, the Multidimensional Poverty Index (MPI) is available that presents a much detailed landscape of the extent as well as the range of deprivations.

What is Multidimensional Poverty Index (MPI)

In July 2010, a new measure of poverty, called Multidimensional Poverty Index (MPI), was released by the UK-based Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Program (UNDP). It will henceforth replace the existing Human Poverty Index (HPI) calculated annually by the UNDP in its flagship Human Development Reports, being published since 1997. The MPI also uses the same dimensions – education, health and living standard – but in a much more detailed manner. Therefore, it is like looking at poverty through a microscope.

What does the MPI Measure?



In constructing the MPI values **education level** is judged by two sub-indicators: years of schooling and child enrolment (each indicator is weighted equally at 1/6).

Health status is indicated by child mortality and nutrition indicators (each indicator is weighted equally at 1/6), and

The **living standard** is measured by six sub-indicators: electricity, sanitation, drinking water, floor, cooking fuel, and asset ownership (each of the six indicators is weighted equally at 1/18).

These ten sub-indicators portray poverty with details of its shades.

Who is poor? A person is identified as multidimensionally poor if he or she is deprived in one third or more of weighted indicators.

How is MPI Used?

The MPI can be used as an analytical tool to identify the most vulnerable people, show aspects in which they are deprived and help to reveal the interconnections among deprivations. It can identify the poorest among the poor, reveal poverty patterns within countries by province or social group, and track changes over time, enabling policymakers to target resources and design policies more effectively. This can enable policy makers to target resources and design policies more effectively.

The MPI value reflects both the incidence (percentage of people who are poor) and intensity (the average number of deprivations each household faces) of poverty. The index value ranges from zero to one – lower values mean lower poverty levels. People or households deprived in 7 indicators are clearly worse off than those deprived in 3 indicators.

The multidimensional approach to assessing poverty has been adapted for national use in Mexico; Chile and Colombia are considering adopting it.

The MPI and the MDGs

The Millennium Development Goals (MDGs) are the most broadly supported, comprehensive and specific development goals the world has ever agreed upon. Eight of the MPI's ten indicators relate to MDG targets. Hence the MPI can be used to identify the most vulnerable people and identify different patterns of deprivations – clusters of deprivations that are common among different countries or groups. The MPI can be used to understand the interconnections among deprivations, help target aid more effectively to the most vulnerable, identify poverty traps and consequently strengthen the impact of interventions required to meet the MDGs.

What the Multidimensional Poverty Index 2010 Revealed

The MPI poverty and income poverty can be different: Country specific analysis shows that in some countries, the difference between MPI poverty and income poverty is particularly marked. For example, in India 55% population is MPI poor compared with the 42% extreme income poor (official poverty line recognizes only 33% population as poor); in Ethiopia 90 per cent of people are MPI poor compared to 39 per cent extreme income poor; and in Pakistan 51 per cent are MPI poor compared to 23 per cent extreme income poor. Conversely, in Tanzania 89 per cent are extreme income poor compared to 65 per cent MPI poor; therefore Tanzania is better off than what the income of \$1.25 a day numbers say.

Eighty percent world's poor live in South Asia and Africa: Almost half of the world's poor as measured by the MPI live in South Asia (51 per cent or 844 million people) and over one quarter in Africa (28 per cent or 458 million). Thus, together the two region account for about 80% of world's poor. The incidence as well as the intensity of MPI poverty is greatest in these two areas. In **Sub-Saharan Africa** 64.5 per cent of people are MPI poor; in **South Asia**, 55 per cent.



Just eight Indian states have more poor than Sub-Saharan Africa: It is also interesting to note that there are more 'MPI poor' people (421 million) in just eight Indian states (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal) than in the 26 poorest African countries combined (410 million). Thus, despite the recent impressive economic performance of India, the MPI reveals that extensive acute multidimensional poverty still persists.

Regional MPIs can vary within a country: Multidimensional poverty can vary significantly within regions of countries. For instance, in the Indian state of Kerala 16% of people are MPI poor; compared to 81% in the Bihar state.

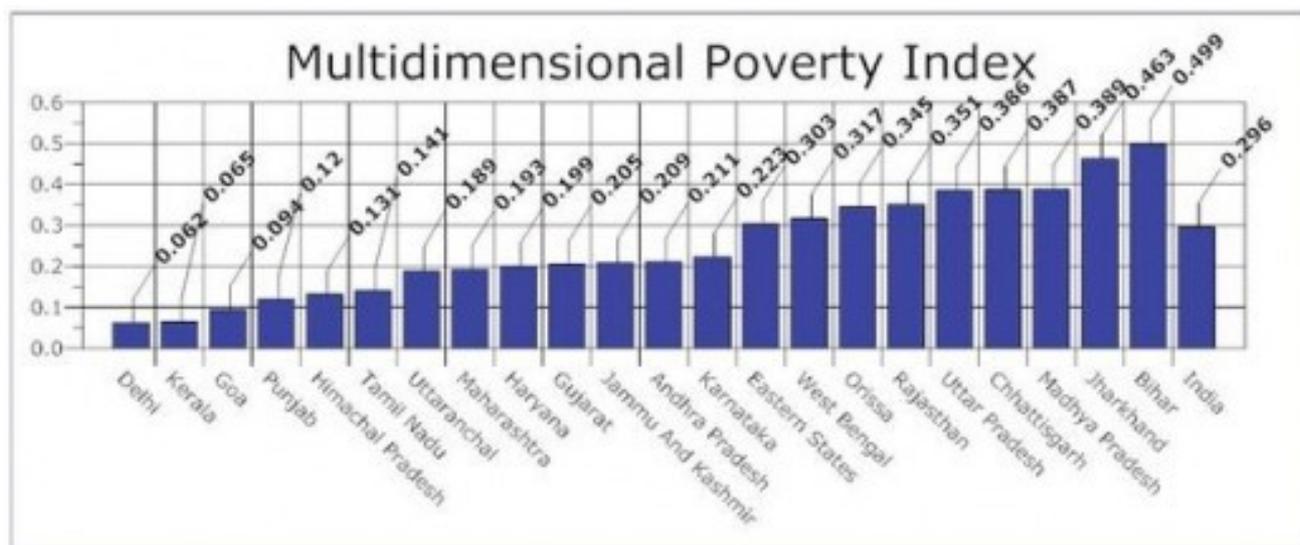
The MPI reveals nature of poverty: The nature and composition of poverty varies across countries and regions; each of which requires a different policy response. For example, countries such as Syria, Iraq and Azerbaijan are predominantly deprived in health and education; India and Bangladesh, however, experience higher deprivation in nutrition than in child mortality.

An MPI Analysis of India done in 2010

When the MPI methodology was applied to individual Indian States in 2010, it shows that 55% of the Indian population is poor – deprived in 30% indicators. It is much higher than the official figure of 32.7%. About 39% population is poor in 40% indicators; 30% Indians are poor in 50% indicators, 20% people are deprived on 60% indicators, and 10% population is deprived on 70% of the 10 indicators.

The MPI analysis also reveals that at national level three largest deprivations in India are: Nutrition (biggest) followed by Child Mortality and school enrolment. About 52% population is deprived of cooking fuel, 49% people lack proper sanitation, and 39% are undernourished.

Application of Multidimensional Poverty Index (2010) to Indian States



There are more 'MPI poor' people (421 million) in just eight Indian states (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal) than in the 26 poorest African countries combined (410 million).

A comparison of the MPIs for various Indian states with the MPIs of the 103 other developing countries show wide regional differences. The best performing state is Kerala and resembles Paraguay and Philippines, next best is Goa, which is close to Indonesia, and Punjab's MPI is similar to that of the Central American nation of Guatemala. Amongst the low performers, MPI of Madhya Pradesh is similar to DR Congo and Rwanda, while Bihar and Jharkhand have the worst MPI and compare with Somalia.

Probing multidimensional poverty castes and tribes suggested that the Scheduled Tribes (ST) are most poverty stricken: 81% ST population is poor, followed by 66% poor in the Scheduled Caste (SC) community and 58% poor among Other Backward Class (OBC). Among rest of the Hindus only 33% are MPI poor. The ST, SC and OBC community also shows high intensity of deprivation – between 52% to 59% of weighted indicators.

It also points to the fact that South Asia has the world's highest levels of poverty: Fifty-one percent of the population of Pakistan is MPI poor, 58% in Bangladesh, and 65% in Nepal; not very different from 55% in India.

Key Findings of the Multidimensional Poverty index 2013 Report



MPI 2013: The MPI 2013 revealed that a total of 1.6 billion people are living in multidimensional poverty. More than 30% of the combined populations (5.4 billion) of the 104 countries analyzed. These include 29 Low Income Countries, 67 Middle Income Countries and 8 High Income Countries. Of these 1.6 billion people, **51%** live in South Asia, and **29%** in Sub-Saharan Africa. Most MPI poor people - 72% - live in Middle Income Countries.

Dynamics: Changes in MPI over time were analyzed for 22 countries and 189 regions covering 2 billion people. Of 22 countries 18 reduced poverty significantly. Most 'top performing' countries reduced multidimensional poverty as fast as or faster than they reduced income poverty. **Nepal, Rwanda** and **Bangladesh** had the largest

absolute reductions in MPI poverty, followed by Ghana, Tanzania, Cambodia and Bolivia. The percentage of poor people in Nepal dropped from 64.7% to 44.2% between 2006 and 2011, 4.1 percentage points per year; in Rwanda, MPI poverty fell by 3.4 percentage points per year during 2005-2010; and in Bangladesh, by 3.2 percentage points per year from 2004 - 2007.

India: India reduced multidimensional poverty significantly between 1999 and 2005-6, but the reduction was uneven across states and social groups, and much slower than in poorer neighbors Bangladesh and Nepal. The MPI poverty fell considerably faster than income poverty but at a rate that was less than one-third of the speed its poorer neighbors Nepal and Bangladesh achieved more recently. At the other end of the scale, Jordan, Peru, Madagascar and Senegal showed no significant reduction in multidimensional poverty. There are **53.7% MPI poor in 2012** compared with **55%** revealed by in 2010 when the index was first launched.

No correlation with income poverty (\$1.25/day): Among the 16 countries for which comparison was possible, Nepal and Malawi reduced the incidence of both multidimensional and income poverty at roughly the same absolute rate. For the other countries, rates varied; for example, Rwanda, Ghana and Bolivia reduced the multidimensional headcount two to three times faster than the \$1.25/day poverty headcount in absolute terms, whereas in Uganda, Cambodia and Ethiopia, reductions in the incidence of income poverty surpassed those in the incidence of MPI poverty.

So, the two measures do not necessarily move together. The advantage, however, the MPI has over income poverty measures is that it makes visible immediately reductions in non-income deprivations, such as malnutrition, education, water and sanitation. The MPI captures and celebrates that progress, which is so important at a human level.

Poverty Reduction in India between 1999 and 2006 – An MPI Analysis

(Read www.ophi.org.uk/multidimensional-poverty-index)

Between 1999 and 2006, multidimensional poverty in India fell faster than income poverty. Using an adaptation of the MPI, the extent of poverty reduction was examined. Significant reductions were made in all ten indicators, and the biggest absolute improvements were seen in access to electricity, housing conditions, access to safe drinking water, and improved sanitation facilities, rather than in education and health indicators (Figure 6).

From 1999 to 2006, MPI poverty in India fell by **16%**, from 0.300 to 0.251. This was mainly due to a statistically significant reduction in the **percentage** of people identified as poor (H); the reduction in the **intensity** of poverty (A) was smaller, but still statistically significant. The reduction in MPI poverty in India has been positive, but much slower than that achieved by some of her neighbors Nepal and Bangladesh, which are poorer in terms of income. Unfortunately, we are unable to analyze more recent progress made in India, because updated data are not available.

Trends by state

Poverty reduction varied widely across 25 states with 17 states achieving statistically significant reductions in MPI poverty and in the incidence of multidimensional poverty. Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh, and West Bengal, in which more than 60% of people were poor in 1999, all showed relatively small reductions. In contrast, four less-poor South Indian states – Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu – reduced the percentage of poor people by more than 13 percentage points each in absolute terms. However, while poorer states managed to reduce multidimensional poverty the least, they **reduced income poverty more** than rich states, highlighting the need to measure and analyze both types of poverty.

Trends by social group and household characteristics

Some poor groups - for example, people in rural areas, the Scheduled Castes or households whose head had only 1-5 years of education - experienced strong reductions in poverty. **Yet most of the very poorest groups** – such as Scheduled Tribes, Muslims, female-headed households, and households whose head had no education – **saw slower reductions in poverty**. At the same time, the poorest of the poor – **the deeply poor**, as measured by more

stringent deprivation criteria – decreased from **26.4%** of the population in 1999 to **19.3%** in 2006. That is a very heartening trend, because it shows that the reduction in overall poverty in India has been obtained largely by reducing the percentage of people who are truly destitute. But there is still a long way to go: nearly a fifth of India's population – more than two hundred million people – was still deeply poor in 2006, and millions more remained acutely poor.

Basic Causes of Poverty in India

1. Exclusion and Marginalization

If the virus of color and race based discrimination has damaged the social set up of many countries in the West, the bacteria of caste division has done the same thing in India. Lower caste people have traditionally been excluded from the mainstream society, governed by the so called upper caste communities. They have historically lived isolated in the periphery of the villages or townships and subsisted doing only those tasks considered "unfit" for the upper class. Their un-touchability can be considered the worst form of rejection by the mainstream society.

Roma, the Scheduled Caste of Europe!

The Roma have been part of European civilization for more than a thousand years. With an estimated 7–9 million people, they are Europe's biggest ethnic minority, present in all 27 EU member states. Most are EU citizens but continue to suffer discrimination and social exclusion. They are generally trapped in the vicious cycle of social exclusion that has persisted generation after generation.

While considerable change has taken place in people's attitude in last sixty years, but these "lower caste" communities are still not satisfactorily absorbed in the mainstream society. Rural India (where 70% of the population lives) is still quite "caste conscious" compared with the urban society where financial wellbeing has largely erased the caste division. Mahatma Gandhi tried to remove the social stigma of un-touchability by coining the label "Harijan" for the lower caste. The official label is Scheduled caste (SC).

Another segment of society that is still very much detached from the mainstream is the tribal community forming 8% of the population. These tribal people (called Scheduled Tribe (ST)) have historically lived in secluded areas such as forests. Ironically governments never initiated any meaningful steps to assimilate them in the mainstream socioeconomic framework. The lack of governance of tribal has given rise to armed Maoist movement in a large area of the country – labeled "Red Corridor".

Other than the SCs and STs, another section of various communities has also been designated "Other Backward Classes" or simply OBC – they may or may not be Hindus. Their socioeconomic plight is similar to SCs and STs. The list of OBCs is dynamic and every now and then government edits it; there is significant confusion about their exact proportion – estimates vary between 25 – 52%. However, most experts agree OBCs to be in the range 25 – 35% of the population.

Why this issue of marginalization is important can be guessed from the statistics: Indian population consists of roughly 16% SC, 8% ST, and 35% OBC. Hence, combined together they form over two-third of Indian population! So, the population of the so called forward of upper class is only 30 – 35 percent who by and large control everything.

*The question is: **How can any country actually progress if more than half of its people remain excluded from the mainstream development process?***

2. Illiteracy

High level of illiteracy, particularly in the rural areas and among women, has been a crucial factor not only in perpetuating economic backwardness but also for high population growth. The persistence of high illiteracy level has created a situation where poverty and population are feeding each other. In fact, it is well established that female literacy plays an important role in the well being of the family in multifarious ways. When educated, women can not only contribute economically but also raise healthier kids and keep the family size small.

3. Population

While the growth rate of population has decreased significantly over the decades and India's population is currently growing annually at the rate of about 1.3 percent. Around 1.7 crore people are being added each year. However, not that many people are lifted out of poverty every year. Early marriage of girls and lack of awareness about reproductive healthcare are major factors behind current population growth, not the large family size. Population is clearly a factor contributing to, or sustaining, poverty.

4. Unequal Distribution of Wealth

India happens to be a rich country inhabited by very poor people. – Dr Manmohan Singh

Unfortunately, since independence all economic development has taken place in the cities when majority of the population lives in the countryside. Thus, the rural India has always remained neglected. Another peculiarity is the land holding pattern in India: most land has traditionally been under the control of a few landlords, leaving the vast majority landless. This lopsided land ownership can be traced back to the "Zamindari" system started by the colonial British. Handful zamindars became legal owners of vast tracts of land and all others had to work for them to survive. Land reforms were debated noisily after independence but unfortunately implementation lacked political will, despite the famous "Bhoodan Andolan" of Vinoba Bhave.

5. Corruption

Corruption and leakages in government schemes are widespread in India. Late Prime Minister Rajeev Gandhi had famously admitted that only about 15% money actually reaches the ultimate beneficiaries. A common form of corruption in schemes designed for the poor is inclusion of non-BPL people with political connections in the list of beneficiaries. The end result is that the eligible poor are denied the benefits. Poor quality of goods or service delivery in government programs has become a norm rather than exception.

6. Faulty Economic Reforms



The so called economic liberalization and market reforms are nothing but an attempt to replicate the Western model of capitalism which primarily is centered on economic expansion. This is inherently pro-rich and the benefits to the poor accrue due to a "trickle down" effect. There are basic problems with current economic reforms of the government. One, the vast majority of poor of the country, particularly the SC/ST and OBCs, generally live isolated from the mainstream economy. Therefore, practically nothing trickles down to them.

The second reason is more fundamental. Given the huge population base and poverty, India needs an "employment centric" economy – a lot of micro, small and medium business units. Large high tech industrial units don't generate many jobs and certainly can't employ unskilled or low skilled people whose numbers run over 300 million. According to the NSSO survey, the size of India's workforce is around 450 million. Of which less than 10% work in the formal organized sector and the government recognizes only 70 million as unemployed or underemployed. If for sake of estimation we assume 30% poverty then $1210 \text{ million} \times 0.30$, or about 360 million poor people. Therefore, $360 - 70 = 290$ million must belong to unaccounted people who barely subsist and live under the poverty line.

Most of them must be farm laborers and with low skills. How do they survive? They milk the cows, become seasonal farm workers, run small shops or on roadsides, make incense sticks, match sticks and bidis, drive manual or auto rickshaws, working as domestic help, work as gardeners and watchmen, or work as plumbers, carpenters or shoe repairers and so on.

The NREGA scheme targeted them but they need more comprehensive and mainstreaming approach. At present, beyond the government welfare schemes they have no other safety net such as pension or healthcare benefits enjoyed by the regular employees and hence, are the most vulnerable.

7. The Colonial Rule

"A significant fact which stands out is that those parts of India which have been longest under British rule are the poorest today." – Jawaharlal Nehru



It was the traditional historic prosperity of India that attracted invaders in last one thousand years. Prior to the English, India had been ruled by the foreigners like the Kushanas, Turko-Afghans and Mughals. All of them gradually got assimilated into the Indian society and culture. They not only became absorbed in India but also protected and promoted Indian society, culture and economy. None of them took away wealth or resources from India to any other country. Revenue collected or wealth acquired by them was spent within India. It was either spent for the public welfare or for the state or for personal luxury, but remained within the country. Thus, India remained prosperous even in the Mughal era until the East India

Company started acquiring "diwani" (right to collect revenue) around 1760; thus laying the foundation for the British rule.

The Battle of Plassey in June 1757 marked the beginning of British dominance (and also the beginning of end of the Mughal Empire): when a small force of the East India Company's professional troops, defeated and killed the ruling Nawab of Bengal, Siraju-ud-daula. The outcome of the battle marked a significant turning point in the history of Indian subcontinent. It permitted the English East India Company to gain control over the rich resources of the in the northeastern Bengal and Bihar. Soon, after the Battle of Buxar it acquired the "diwani" in Bengal and in 1765 its rights expanded to Bihar and Orissa.

Unlike their predecessors the British, however, consciously remained in India as foreign occupiers until they left in 1947. They remained isolated from the Indian society and culture and formed a separate class of their own within India. Britain's relationship with her Indian colony was one of political subordination, but economic exploitation formed the core of this relationship. The prime objective was maximization of revenue from the colony.



Further, Indian economy became subordinated to the British trade and industry. India became a supplier of cheap raw material and market for the British goods. It promoted the British economy at the expense of Indian economy. As the savings or surplus money flew to England, there was no chance for capital formation in India. In 1830, India accounted for 17.6% of industrial production against Britain's 9.5%, but by 1900 India's share was down to 1.7% against Britain's 18.5%. Moreover, the British policies forcibly disbanded community grain banks and promoted replacement of food crops for local consumption to cash crops like cotton, opium, tea and grains for export to feed the animals in England.

Besides, all the civil administration and army expenses of Britain were paid by India; it was also bearing the cost of territory building both inside and outside India. The drain of wealth during the 200 years of colonial rule effectively ended up blocking growth of industries and changed the cropping pattern to suit their colonial interests leaving Indian farmers vulnerable to famines. It is

estimated that during the two centuries of colonial rule, famines and the resulting epidemics caused between 30 and 60 million deaths. The most recent Bengal Famine of 1943-44 led to about 1.5 million deaths from starvation; 3.5 million if deaths from epidemics are also included.

This the drain of wealth continued till they left. In his masterpiece "Poverty and un-British Rule in India" Dadabhai Naroji blamed "the drain of wealth" for the poverty in India.

You may like to read:

[**How the British Empire Starved Millions of Indians?**](#)

[**Slavery and Famine in the British India**](#)

Anti Poverty Measures in India



The government has been running many schemes for the benefit of the poor ever since independence. The public distribution scheme (PDS) is perhaps the best example and was among the first and has been running since mid 1950s, though it became targeted in 1997 for the BPL people only. There are other schemes covering employment, healthcare, housing, education and skill development etc for the BPL people. Some schemes target specific groups such as children, pregnant women or girls.

Besides, intervention by the Supreme Court has also often help strengthen the poor centric government programs. For instance, in 1996, in the *Chameli Singh v. State of Uttar Pradesh* case, the Supreme Court declared that the "right to live guaranteed in any civilized society implies the *right to food*", among other rights. In 2001, the People's Union for Civil Liberties (PUCL) filed a writ petition contending that the "right to food" is part of the fundamental "right to life" provided in Article 21 of the Constitution.

In the ongoing litigation in the case, the Court has issued several interim orders; for example, the Court ordered the implementation of eight centrally sponsored schemes as legal entitlements. These include the Public Distribution System (PDS), Antyodaya Anna Yojana (AAY), the Midday Meal Scheme, and Integrated Child Development Services (ICDS), among others. In 2008, the Court ordered that Below Poverty Line (BPL) families be entitled to 35 kg of food grains per month at subsidized prices.

For food and nutrition challenges the Indian government has a two pronged: One is the direct and specific interventions targeted towards the vulnerable groups such as children below 6 years, adolescent girls, pregnant and lactating mothers. The second approach is the indirect or general approach to improve nutrition level of the weaker sections of the society at large.

The programs for direct targeted interventions include:

1. Integrated Child Development Services (ICDS),
2. National Rural Health Mission (NRHM),
3. Midday Meal Scheme,
4. Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG), popular as *Sabal Beti (Hindi)*
5. Indira Gandhi Matritva Sahyog Yojna (IGMSY).

The major indirect or general intervention programs include:

6. Targeted Public Distribution System (TPDS),
7. National Horticulture Mission,
8. National Food Security Mission,
9. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS),
10. Nirmal Bharat Abhiyan,

11. National Rural Drinking Water Program etc.

All these schemes are designed to promote better nutrition and health among the targeted people. The government has stated recently that there is no problem of resources for the Nutrition-related schemes.

Other major initiatives for poverty alleviation and development are as follows:

1. **Swarnajayanti Gram Swarajgar Yojana (SGSY):** Launched on April 1, 1999, it aims to provide employment to poor people living in rural areas of the country. The SGSY aims at providing self-employment to villagers through the establishment of Self-help groups. Activity clusters are established based on the aptitude and skill of the people which are nurtured to their maximum potential.

2. **Antayodaya Anna Yojana (AAY):** It was launched in December 2000. Under this scheme 2.43 crore of poorest among BPL families get 35 kilogram foodgrains per family per month under the targeted PDS. Rest of the 6.52 crore BPL families get lesser but specified quota of foodgrains.

3. **Annapurna Scheme:** It was launched in 2000-2001. Under the Scheme, 10kg of foodgrains (rice or wheat) per month are provided free of cost to the destitute who are at least 65 years of age, though eligible but remained uncovered under National Old Age Pension Scheme since April 1, 2000.

4. **National Food Security Bill:** It is a comprehensive Act that will integrate several programs such as the MDMS and other food related programs in one package.

5. **National Food for Work Program:** It was launched on november 14, 2004 in 150 most backward districts of country with objective of intensifying generation of supplementary wage employment. The program is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100 % centrally sponsored scheme and foodgrains are provided free of cost.

6. **Indira Awas Yojana:** It aims to provide low cost housing to the BPL families.

7. **Swaran Jayanti Sahari Rozgar Yojana:** It was launched on Jan 1, 1997 after unifying three existing schemes. It aim to provide gainful sustainable employment to the under employed or un-employed urban BPL youths through setting up of self-employment ventures or provision of wage employment.

8. **Rajiv Gandhi Grameen Vidutikaran Yojana:** It was launched in April 2005 by merging all ongoing schemes. Under the program, 90% grant is provided by Govt. of India and 10% as loan by Rural Electrification Corporation (REC) to the State Governments.

World Bank's proposal to reduce Poverty in India



In April 2013, the World Bank announced a 4 year multi-billion (US\$12-20 b) plan to reduce India's poverty to just 5.5% by 2030, from 29.8% level of 2010. The focus will be on seven poorest Indian states which are together home to 60% of India's poor, namely Bihar, Chhattisgarh, Jharkhand, Madhya

Pradesh, Odisha, Rajasthan, and Uttar Pradesh. If India were to continue its non-inclusive growth as it did from 2005 to 2010, poverty would fall to only 12.3 percent while 33.6 per cent would remain above the vulnerability threshold by 2030. The proposed program would help keep 41% people above the poverty line.

Under the program, the World Bank would lend 3 – 5 billion US dollars every year for four years (2013 – 2017), of which 60% will go to state government-backed projects and half of this will go to low-income or special category states (where public services face high delivery costs).

The initiative became possible because the poor states are now growing faster than the average, and so investments there have the potential for greater impact. However, the infrastructure needs are massive; urban centers are growing exponentially, with cities adding at least an additional 10 million urban dwellers each year; and social programs need to be strengthened to promote inclusive growth. Under the proposals the IFC will invest in areas such as innovative renewable and green projects, processed food, logistics and infrastructure, agri-business, and finance and insurance. It is hoped that the initiative would spur economic growth and enhance private investment in the seven poor states.

The UN Development Action Framework (UNDAF) 2013 – 2017 for India



The United Nations Development Action Framework (UNDAF) 2013-2017 has been developed in partnership with the Planning Commission as the nodal partner. It has been prepared in collaboration with government agencies, civil society, donors and other key development partners. The UNDAF 2013-2017 for India is harmonized with the 12th Five Year Plan. Together with the Planning Commission, the nodal agency for the UNDAF, the UNCT has ensured that there is coherence between the planned interventions of the UN and GoI's priorities as articulated under the following six UNDAF Outcomes.

The UN proposes to prioritize its work to give emphasis to the nine States of India with the highest proportion of people living in poverty: Odisha, Bihar, Chhattisgarh, Madhya Pradesh, Jharkhand, Uttar Pradesh, Maharashtra, Assam and Rajasthan. This selection is based upon an analysis of key statistical indicators related to poverty, inequality, human development, literacy and gender with disaggregation for SC and ST. Given the scale and multi-dimensionality of poverty, the UNDAF will work towards the achievement of six outcomes which are as follows:

Outcome 1: Inclusive Growth. Inclusive and equitable growth policies and poverty reduction strategies of the government strengthened to ensure that the most vulnerable and marginalized people in rural and urban areas have greater access to decent employment, skills development, social protection and sustainable livelihoods. The outcome builds upon the UN's comparative advantages in these areas with a strong focus on policy advocacy and dialogue, capacity development, rights-based approach, gender equality and environmental sustainability.

Outcome 2: Food and Nutrition Security. Vulnerable populations in the UNDAF priority states have improved availability of, access to and utilization of food and nutrition to meet minimum standards. This proposition is based on the UN's well-placed position to provide holistic inter-sectoral solutions.

Outcome 3: Gender Equality. Government and civil society institutions are responsive and accountable for improving women's position, advancing their social, political, economic rights and preventing gender discrimination. The outcome builds upon the UN's comparative advantages and focuses on capacity development of institutions and specialized technical assistance. UN will offer support needed to advance gender equality across caste, class, community, religion, region and urban /rural locations in line with national priorities.

Outcome 4: Equitable Access to Quality Basic Services (Health; Education; HIV and AIDS; Water, Sanitation and Hygiene (WASH)). Vulnerable and marginalized populations have equitable access to and use quality basic services in selected states. The outcome builds upon the UN's comparative advantages, and focuses on capacity development of institutions, as well as the mobilization of political commitment towards securing basic services for vulnerable and marginalised populations, particularly women, living in remote and inaccessible regions.

Outcome 5: Governance. Governance systems are more inclusive, accountable, decentralized and program implementation more effective for the realization of rights of marginalized groups, especially women and children. The UN will build upon its comparative advantages as an impartial convener to ensure participation of all stakeholders, particularly those belonging to SCs, STs,

Minorities and other disadvantaged groups, in the national development process. Participation of women from marginalized groups will be given priority.

Outcome 6: Sustainable Development. Government, industry and other relevant stakeholders actively promote more environmentally sustainable development and resilience of communities is enhanced in the face of challenges of Climate Change, Disaster Risk and natural resource depletion. This outcome recognizes the national imperative to ensure environmental sustainability while aiming at high rates of growth and poverty reduction. It also works directly for poverty reduction by improving the coping capacity of vulnerable communities (SCs, STs, Minorities and women, particularly those belonging to marginalized groups) and by strengthening sustainable natural resource use. It will address natural resource depletion and disaster risk, both of which impact women adversely. It will also focus on clean energy for productive use.

The Way Forward to a Poverty Free India

- The Indian government must adopt the Multidimensional Poverty Index with most of its indicators as the official measure of poverty rather than appointing any more committee to review the poverty line. This concept is outdated. The MPI is comprehensive and its analysis gives concrete policy interventions.
- Give importance to Amartya Sen and his Capability Approach in designing future development and poverty removal policies. The West can't teach us anything about anti-poverty strategies.
- Undernutrition and malnutrition need immediate attention at the war footing. Simultaneously, focus on literacy, particularly of girls must be kept in the center of attention. These two measures will give sustained benefits in the long run.
- Population is a major concern in tackling poverty. They both appear to feed each other. It can only be tackled by paying attention to women's well being; there is urgent need to strengthen the programs looking after their reproductive health. Preventing adolescent girl's marriage is another important and closely related issue. Steps taken towards gender equality will also have wholesome benefits.
- Exclusion of the lower caste people from the mainstream society and its processes is still a major social problem in India and also an important cause of poverty. Enhancing education among the weaker section is the ideal antidote to their marginalization and integration in the social mainstream.
- The economic development model needs rethinking; it should maximize employment rather than wealth for a few. India must not copy the economic model of the Western nations because none of them has to deal with a population similar to India. India needs more and more unskilled and semi skilled jobs in industries with appropriate technologies that don't eliminate human jobs. The micro, small and medium segment is where India should focus; large industries alone cannot offer enough employment for the huge workforce. Promotion of entrepreneurship and small enterprises in rural areas is the ideal form of development that will simultaneously eradicate poverty.
- When it comes to government's schemes the issue of corruption automatically crops up. Combined with a callous and lazy bureaucracy corruption can undermine even the best designed programs. Therefore, all anti-corruption measures and policies that promote accountability and transparency ultimately help fight poverty.

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