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12.0 OBJECTIVES

After going through this unit you should be able to

- define the concept of poverty
- explain the various approaches to understand the phenomenon of poverty
- describe rural and urban poverty in a historical perspective
- state the nature and extent of poverty in contemporary India
- summarise the approaches adopted in the Five-Year Plans towards the problem of poverty
- explain the persistence of poverty in India.

12.1 INTRODUCTION

In the first two units of this Block you learnt about the rural and urban economy of India. In this unit, you will look at one of the socio-economic problems of our country, namely the phenomenon of poverty in rural and urban India.

To understand the phenomenon of rural and urban poverty in India, we first discuss the general and broad concept of poverty and view different approaches to understand it. Then, against this background, we describe the rural and urban poverty in the country in a historical perspective. This section is followed by a discussion of the nature and extent of poverty in contemporary India. In addition, we examine the approaches adopted in the Five-Year Plans towards this problem and discuss its persistence. Finally, we look at the alternative ways of eradicating poverty.

12.2 CONCEPT OF AND APPROACHES TO POVERTY

Poverty is a broad concept with many aspects to it. In this unit, we will discuss it in economic terms. Here, poverty is viewed as a level of living that is so low that it inhibits the physical, mental and social development of human personality.

Let us first look at this concept of poverty and then discuss various approaches to study this phenomenon. Against this background, we will discuss, in the latter parts of this unit, rural and urban poverty in India.

12.2.1 Concept of Poverty

The problem of poverty has been with the human culture and civilisation since ages. In the beginning the human beings were dependent on nature for the fulfillment of even their basic needs for survival such as food, clothing and shelter. The society was at a low level of social organisation and technological development. The state of poverty was general in nature faced by all members of society.

Gradually, there occurred great progress in social organisation and technological development. Human beings started producing food and clothes and building houses for themselves. They also produced various other articles for maintaining a comfortable life. This conquest of the human being over nature has gone a long way over the ages.

However, the fruits of socio-economic progress have not been equally shared by all sections of society. Society has been broadly divided into two classes i.e. the rich and the poor. The rich people are economically rich, politically dominant and socially superior. But the common masses are economically poor, politically dominated and socially inferior. On the one hand, we find affluence of the ruling class and poverty of the mass on the other. This type of poverty of the weaker sections of society is a social product. It is intrinsically related to the prevailing socio-economic structure of society. The poverty of the masses is generated and perpetuated by the social system. It has been called 'artificial' poverty (Joshi 1986: 213). This means that poverty is a socially created state. It is multi-dimensional in nature comprising economic, political, social and

cultural aspects. But economic poverty constitutes the basis and gets reinforced and perpetuated by political, social and cultural backwardness.

12.2.2 Approaches to Understand Poverty

Poverty has been defined differently in the developed and the developing countries because of their different levels of economic development. There are two main approaches to the problem of poverty-the '**nutritional**' approach and the '**relative deprivation**' approach.

i) **The Nutritional approach**

This approach has been adopted in the developing countries. In this case, poverty is measured on the basis of minimum food requirements. This is calculated in terms of consumption of adequate calories (generally 2250 calories) to maintain working capacity of a person. People who are unable to fulfil this bare minimum in food consumption due to their low income are placed below the '**poverty line**'. The concept of poverty line is used to demarcate the poor from the non-poor. It is formulated in terms of an income level, which is considered to be adequate for enabling a person to maintain a minimum level of consumption of goods and services. Persons whose income level is below the poverty line are identified as poor. This is a measure of 'absolute' poverty i.e. poverty defined with reference to some predetermined standard or norm.

ii) **The Relative Deprivation approach**

In case of the developed countries, the 'relative deprivation' approach has been adopted for measuring poverty because fulfillment of minimum need of food is not the major problem. Here, poverty is seen in terms of relative deprivation of a class or a section of population against the privileged ones. Poverty is perceived in terms of an exclusion of a class or section of population from average living patterns, activities and participation in social life because of lack of resources e.g. wealth, income, education and political power. The emphasis is more on social inequalities than nutritional requirements.

The 'nutritional' approach to poverty is highly deficient in nature because it excludes essential non-food requirement for human living. In defining poverty, we must include essential non-food requirements like clothing, housing, education and health-care facilities, which are as important as the essential food requirements for an average human life in a civilised society. We cannot reduce human life to sheer animal life, which is concerned only with basic survival needs.

Against this backdrop of the concept of and approaches to poverty, we will now look at the phenomenon of rural and urban poverty in India. This discussion will be in terms of a historical perspective.

12.3 HISTORICAL DIMENSION

While discussing the historical dimension of poverty in our country, we will view this phenomenon in ancient, medieval and colonial periods of Indian history.

12.3.1 Ancient Period

The roots of contemporary rural and urban poverty in India go deep down the history of the country. The Rigvedic society was basically tribal, semi-nomadic, pastoral and largely egalitarian. According to Sharma (1980) it was a pre-class society at a very low level of socio-economic development. Poverty was a general problem of the people. In the third book of the Rigveda a prayer is offered to God to drive away poverty and famine. But the *varna*-based inegalitarian society developed during the Later Vedic period and onwards with the growth of agrarian settlements, towns and cities. A full-fledged class-based social order was formed in the age of the Buddha and has continued ever since. Thus, we witness a change from a stage of general state of poverty to a stage of socially-generated poverty during the ancient period.

In the ancient Indian society the king, nobles, holders of land grants, and rich merchants constituted the privileged class. They belonged to the Brahman, Kshatriya and a section of the Vaisya *varna*. They enjoyed a prosperous life through appropriation of surplus produced by the working people. They did not directly participate in the process of production. But the common people comprising peasants, artisans, craftspersons, labourers, servants and slaves were very poor. They belonged to Vaisya and Shudra *varna* and the untouchable castes. They suffered from multiple disabilities and deprivations e.g. economic, political, social, religious and cultural. The peasants had to pay heavy taxes to the privileged ruling class with little left for their survival. The artisans and craftspersons also suffered from exploitation and oppression of the rulers. The servility of the Shudra assumed various forms. They worked as domestic servants and slaves, agricultural slaves, hired labourers and artisans. Manu mentions seven kinds of slaves - a captive of war, a slave of maintenance, a son of a female slave, one purchased for money, a slave obtained as a present, a hereditary one, and one condemned to slavery for any offence (Punit 1982). The masses lived in absolute poverty, which was created by inequitable distribution of social resources and reflected in their utter misery. Kalhana, a Kashmiri poet in ancient India, in his book "*Rajatarangini*" refers to a drought in the beginning of the eighth century as follows.

One could scarcely see the water in the Jhelum, entirely covered as the river was with corpses soaked and swollen by the water in which they had been long lying... The King's ministers and guards became wealthy as they amassed riches by selling stocks of rice at high prices.

12.3.2 Medieval Period

During the medieval period, socially created poverty of the masses was perpetuated in the kingdoms and empires ruled by both the Muslim rulers and the Hindu rulers. The ruling class comprising the king, nobles, *zamindars* (landlords), *jagirdars* and the rich merchants and traders thrived on the surplus produced by the working people and lived a highly ostentatious life. But peasants, craftspersons, artisans, labourers, servants and slaves lived a miserable life despite their hard labour. Nikitin, a foreign traveller, who visited the Vijayanagar empire which was ruled by the Hindu rulers, observed that the land was overstocked with people; but those in the country were very miserable while the nobles were extremely opulent and lived in luxury (Punit 1982).

Moreover, the severity of drought and famines forced people at times to barbarism. Abdul Hamid describes in *Badshahnama* that in one of the bad years of the so called 'golden age' of the Mughal emperor Shah Jahan, 'destitution at last reached such a pitch that men began to devour each other, and the flesh of a son was preferred to his love'. Economic misery of the common people continued unabated along with their socio-political deprivations. Poverty of the masses amidst affluence of the privileged ruling class could be a valid description of the medieval period as was the case in the ancient period.

12.3.3 Colonial Period

The British colonial rule over India added an alien exploiter and oppressor. This accentuated the problem of poverty of the country in general and the Indian masses in particular. Indian economy was subordinated to serve the interests of British capital. In the previous two units of this Block we looked at these aspects. A huge amount of wealth was drained out of India to enrich the British ruling class. The peasants were ruthlessly exploited and oppressed by the *zamindars*, money-lenders and the state under the new land revenue system. Rural artisans suffered from the decline of rural household industries. Urban craftsmen were exploited and oppressed by the British traders and their agents. A number of towns and cities, which were famous for their manufactures, declined and became desolate. Reporting on the decline of urban handicrafts William Bentinck, the Governor-General, said in 1834-35 "the bones of the cotton-weavers are bleaching the plains of India" (Chandra 1977: 184). The growth of modern machine-based capitalist industries also resulted in exploitation of the workers by the capitalists.

Further, the occurrence of frequent famines and the high losses of life in them reflect the high magnitude of poverty and starvation, which had taken root in India during this period. According to William Digby's estimate, over 28,825,000 people died during famines only in the second half of the nineteenth century. In 1943, nearly thirty lakh (three million) people died in the famine of Bengal. Moreover, the grim situation of India's poverty in the nineteenth century was recognised by many English officials in India. Charles Elliot remarked "I do not hesitate to say that half the agricultural population do not know from one year's end to another what it is to have a full meal". William Hunter observed that "forty million of the people of India habitually go through life on insufficient food" (Chandra 1977:194 - 95). The condition became worse in the twentieth century. The quantity of food available to an Indian declined by as much as twenty-nine per cent in the thirty years between 1911 to 1941 (Chandra 1977: 195).

Check Your Progress 1

Tick the right answers of the following questions.

- i) What does the nutritional approach to poverty tries to measure?
 - a) The health of the urban population
 - b) Poverty on the basis, of minimum food requirements
 - c) Relative poverty of the poor as compared to the rich
 - d) Poverty on the basis of the income level of the rural population.

- ii) What is the main purpose of the relative deprivation approach?
 - a) Measure poverty of those below the poverty line
 - b) Determine the privileges of the rich
 - c) Assess the minimum food requirements
 - d) Assess the deprivation of a section of population as compared to others
- iii) Explain in about five lines the concept of poverty.

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12.4 POVERTY IN CONTEMPORARY INDIA

The problem of poverty in India after Independence can be described in terms of the social classes, castes or groups afflicted with poverty in rural and urban areas. It can also be discussed in terms of magnitude of the problem and the linkages between rural and urban poverty.

12.4.1 Rural and Urban Poor

In India, large sections of the population live in abject poverty. The poor live in rural and urban areas. In the rural areas, they consist of small landholders, agricultural labourers, artisans and craftsmen. They mainly belong to the scheduled castes, scheduled tribes and other backward castes.

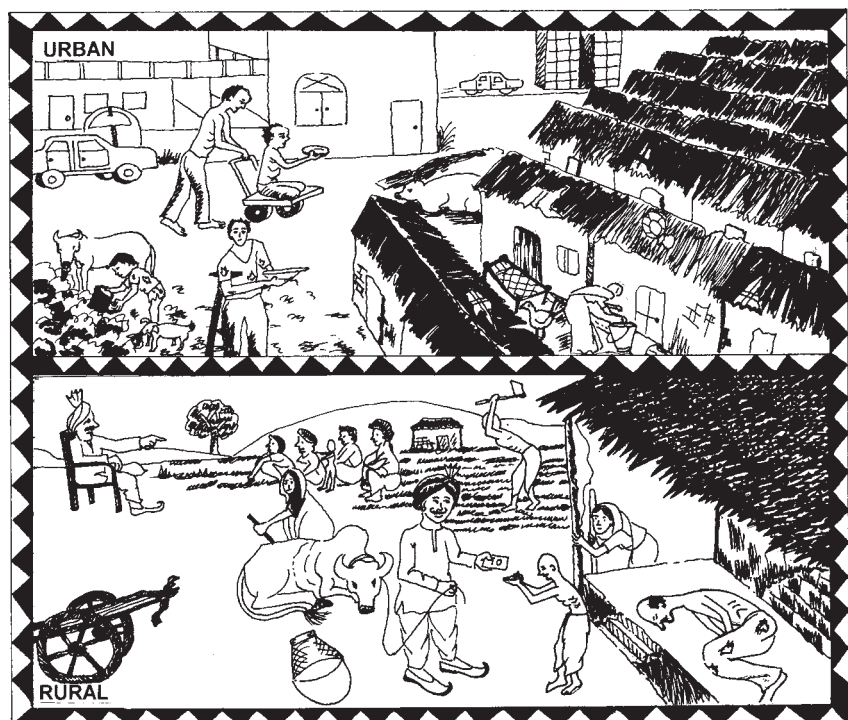


Fig. 12.1: Urban and rural poverty

In urban areas, the poor people are usually engaged in the unorganised sector and some low paid jobs in the organised sector. They are employed in unskilled, semi-skilled and also some low-income skilled jobs. They work as wage earners in industries, trade, commerce, transport and construction industry. A large number of them are also engaged in self-employed activities as rickshaw-pullers, shoe-repairers, vendors, owners of teashop and pan-bidi shop and even beggars. The urban poor living as slum dwellers and pavement dwellers are found in abundance in Indian towns and cities. Figure 12.1 shows the predicaments of both rural and urban poverty.

The condition of both the urban and the rural poor is miserable. They own very few or negligible assets. Their income and expenditure are very low. Their wages are meagre. Many of them are unemployed and underemployed, which enhances their pangs of poverty. The rate of literacy is lowest among them. They do not enjoy much of the benefits of available health facilities. They do not get even enough food to eat. Their housing condition is sub-human or inhuman. They are severely exploited and oppressed by the privileged class both in the rural and urban areas.

12.4.2 Magnitude of Rural and Urban Poverty

The magnitude of poverty in India has been estimated in terms of the nutritional criterion, which takes into account only the minimum food intake of a person to maintain working capacity. But some non-food items such as clothing, housing, education and health-care are also equally essential for a minimum standard of human living and hence must be considered while analysing poverty. Moreover, in a developing country like India, we find that the privileged class enjoys all available modern amenities and also indulges in conspicuous consumption. This means that they buy goods and services which enhance socio-economic status and which are not affordable to the poor. The majority of the people are, on the other hand, not able to fulfil their minimum needs. There is a situation of wide socio-economic inequalities. Therefore, a proper approach to the problem of poverty has to take into consideration the prevailing inequalities with regard to distribution of assets, income and consumption expenditure both in the rural and urban areas.

Several economists and planners have estimated the number and proportion of people living below poverty line. The 'poverty line' as mentioned in the earlier section 12.2 is expressed in terms of an income level which is considered to be adequate for sustaining a minimum level of consumption. For instance consumption of food items giving 2250 calories of energy to a person per day is deemed necessary for maintaining working capacity. This is one norm against which poverty line is defined. Presently in our country, following the recommendations of Expert Group on Proportion and Number of Poor separate deflators are used for rural and urban areas of different states. The State - specific consumer price index of selected commodity groups for the agricultural labourers was used as price deflator for the rural areas and State-specific retail price movement of consumer price index for the industrial workers for the urban areas.

In India we find differences in the estimates of poverty. This is mainly due to two reasons. First, the analysts have adopted different methodology in their calculation. Secondly, fluctuation occurs in the level of poverty due to rise, in

the level, in periods of bad agricultural growth and decline in the time of good harvest. However, there is complete unanimity on the fact that the absolute number of the poor has increased over the years from 131 million in 1960-61 to about 273 million in 1984-85 (Datt and Sundharam 1988: 294). The proportion of people below the poverty line is also very high. It was about forty per cent of the population after forty years of Independence even if we take the official figure of the plans. Moreover, the number of the rural poor is more than four times the number of the urban poor. During 1993-94 the absolute number of rural poor was 244 million (24 crore and 40 lakh) whereas the number of urban poor was 76 million (7 crore 60 lakh) (Ninth Five-Year Plan 1997-2002). Rural poverty directly affects urban poverty because most of the urban poor are migrants from the villages. These people have been driven out of their villages due to poverty there (Datt and Sundharam 1988).

At the national level, the incidence of poverty on the Head Count Ratio declined from 44.48 per cent in 1983 to 26.10 per cent in 1999-2000. It was a decline of nearly 8.5 per cent points in ten year period between 1983 and 1993-94 (NSS 50th round, 1993-94), followed by a further decline of nearly ten per cent points in the period between 1993-94 to 1999-2000. In absolute terms, the number of poor declined from about 323 million in 1983 to 260 million in 1999-2000. The decline has not been uniform either across states or across rural and urban areas. While the poor in the rural areas declined from 45.65 per cent in 1983 to 27.09 per cent in 1999-2000, the decline in urban areas has been from 40.79 per cent to 23.62 per cent during this period (NSS 55th round, 1999-2000). Although there is a broad consensus among the scholars (Deaton 2002, Sundaram and Suresh 2002) that poverty had indeed declined substantially in the 1990s, the magnitude of the decline remains a point of contention because the official estimates based on the NSS fifty-fifth round are not likely to be comparable with earlier rounds of NSS, due to changes in the design of the fifty-fifth round consumption module. According to Deaton's estimates in 1999-2000, 29 per cent of India's population live below the official poverty line (Deaton 2003). The Tenth Five-Year Plan (2002-2007) aims to reduce the poverty ratio by 5 per cent points by 2007. This means bringing down the poverty ratio in the country to 21 per cent from the 26.1 per cent (official data) in 1999-2000.

Now let us look at those factors, which explain the nature and extent of rural and urban poverty. The factors considered here are (i) unequal distribution of wealth (ii) the pattern of per capita expenditure on consumption (iii) the pattern of possession of assets (iv) illiteracy and health and (v) regional differences in the patterns of poverty.

i) Poverty and Unequal Distribution of Wealth

We discuss now the question of unequal distribution of personal income, which throws some light on the nature of poverty in India. Estimates of distribution of personal income made by various reputed organisations and noted scholars reveal the existence of concentration of economic power in both the urban and rural areas in the country. This is reflected in the prevalence of a wide range of variation between the income of the top and the bottom levels of the population. According to the estimate of the Reserve Bank of India from 1953-54 to 1956-57, in the rural areas, the top five per cent of the population had seventeen per cent of the aggregate income while the bottom twenty per cent

had only about nine per cent of the income. Moreover, in the urban areas, the top five per cent of the population had twenty six per cent of the aggregate income but the bottom twenty per cent had only seven per cent of the income. Hence, the gap in income between the top and the bottom income group is wider in the urban areas than in the rural areas. Moreover, it is also evident that the fruits of economic development have been appropriated over the years by the rural and the urban rich. Similar trend has been observed in other studies (Datt and Sundharam 1988).

ii) **The Pattern of Per capita Expenditure on Consumption**

The pattern of the per capita expenditure on consumption among the rich and the poor section of the population is another indicator of the magnitude of economic inequality, poverty and the gap in the standard of living. There has been an increase in average per capita real consumer expenditure both in the urban and rural areas. Despite this increase the condition of the bottom forty per cent people in the urban areas and five per cent in the rural areas has worsened in the absolute sense. This is reflected in decline in their real consumption expenditure over the years. Moreover, the disparity in the level of expenditure between the top five per cent and the bottom five per cent of the population has been gradually increasing and in the urban areas it is becoming more acute than in the rural areas (Bose 1980:17). As per the results of the National Sample Survey fifty-fifth round on household consumer expenditure in 1999-2000, the average per capita monthly expenditure in urban India has grown to Rs. 529 as against Rs.486 in 1994-95 (an increase of 15.6 per cent) and that of the rural India it has grown to Rs.304 from Rs.281 (an increase of eight per cent) during the same period. At the same time the NSS data shows a higher incidence of unemployment in both rural and urban areas (NSS fifty-fifth round, 1999-2000). It is clear that the gains of economic progress have been cornered by the rich people. On the other hand, the standard of living of the lower income groups has either remained stationary or has positively deteriorated over the years.

iii) **The Pattern of Possession of Assets**

The pattern of possession of assets in rural and urban areas also gives an idea about the extent of poverty in India. The people living below the poverty line have very few or almost negligible assets. The structure of landownership would reveal the highly inequalitarian nature of asset distribution in rural areas. Data on ownership of land during the 1950's shows that about 47 per cent of the population owned either no land or less than one acre of land and accounted for about 1.38 per cent of the total land resources. Various land reform measures have been adopted by the government. However, the heavy concentration of land has remained practically unaltered. The twenty-sixth round report of the National Sample Survey for the year 1971-72 shows that about two per cent of the rural households own about twenty-three per cent of the land areas while about forty-five per cent of the households own only two per cent of the land (Chattopadhyay 1989: 123). Moreover, it has also been observed in some studies that in the two decades between 1961 and 1981 the proportion of cultivators came down from 52.3 per cent to 41.5 per cent while during the same period the per centage of agricultural labourers increased from 17.2 per cent to 25.2 per cent of the total labour force. This reflects an increasing incidence of pauperisation of the rural poor (Chattopadhyay 1989: 123). During

the period 1983 to 1999-2000, the per centage of persons in the labour force at the national level declined from 66.5 per cent in 1983 to 61.8 per cent in 1999-2000 (NSS fifty-fifth round, 1999-2000). The deterioration in the employment situation will augment the incidence of poverty.

Moreover, in the urban areas there are large sections of pavement dwellers who possess very few or almost no assets. The decaying tenements of the slum dwellers and the hutments of squatters are the burning examples of urban poverty. According to the 1971 Census, sixty-six per cent of the households in cities with a population of more than one lakh live in one room tenements. In 1981, at the national level, nearly seventy-three per cent of the households were living in houses with two or less rooms and this rate declined marginally to seventy one per cent in 1991 (National Human Development Report 2002). The National Building Organization (NBO) has estimated that the shortage of housing units increased from 14.5 million in 1971 to 16.7 million in 1977 (De Souza 1983: xxi). On the other side we witness a large increase in the assets of the privileged section of the urban population. For example, the total assets of top twenty large industrial houses increased from rupees 1,346 cores in 1963-64 to 20,138 crores in 1985 (Datt and Sundharam 1988: 348).

iv) Illiteracy and Health

Regarding educational facilities we find that it is mainly the poor people who are illiterates both in the rural and urban areas. In 1981, it was observed that about sixty-four per cent of India's population were illiterate. The rate of illiteracy was seventy per cent in rural areas and forty-three per cent in the urban areas in 1981. The national illiteracy rate was around forty eight per cent and thirty-four per cent in the years 1991 and 2001, respectively. Moreover, the absolute number of illiterates has also increased from 300 million in 1951 to 438 million in 1981 according to a report of the Institute of Economic Growth published in 1988. Further in the case of health facilities, it was found that fifty-five per cent of the rural population was not served even by primary health centres. The urban poor also could hardly afford expensive medical treatment in towns and cities. Both illiteracy and poor health status generate living conditions which reflect poverty.

Activity 1

Visit a slum and observe the living conditions of the poor who live there. Interview members (male and female adults i.e. above twenty years of age) of five families on such aspects of their life like:

- a) occupation and family income per month
- b) regularity of employment
- c) size of the family
- d) educational status of each family member and how they came to live in this slum

Discuss, if possible, the-information you have gathered with other students at the Study Centre.

v) **The Regional Pattern of Poverty**

An important aspect of poverty in India is its differential distribution in different regions, towns and cities. In 1981 The largest number of the urban poor is found in the state of Uttar Pradesh where about forty per cent of the state's total urban poor lives below the 'poverty line' and the least number of them were in Haryana constituting about seventeen per cent of the urban population of the state. Orissa, Bihar, West Bengal and Tamil Nadu had more than fifty per cent of the people below the poverty line in 1983. By 1999-2000 while Tamil Nadu and West Bengal had reduced their poverty ratio by half, Bihar and Orissa continued to be the poorest states with poverty ratio of forty-seven and forty three per cent, respectively. Rural Orissa and rural Bihar were the poorest among the rural areas in 1999-2000 and among the urban areas the poorest three states were Orissa, Madhya Pradesh and Bihar (NSS fifty five round, 1999-2000). On the whole, one-fifth of the total urban population lives in slums or squatter settlements. The slum population of most of the cities in India during the seventies was estimated at twenty to thirty per cent of the total urban population. This was true of Delhi, Kolkata and Chennai (De Souza 1983: xiii-xiv). Among the metropolitan cities Kolkata and Mumbai had the largest number of people living in slums in 1981, numbering 3.03 million and 2.83 million respectively according to a paper published by the National Institute of Urban Affairs in New Delhi in 1989.

12.4.3 Rural-Urban Linkages of Poverty

It has been observed that the problem of poverty in India is mainly a problem of rural poverty. According to the estimate of the Seventh Plan, out of about 273 million people below the poverty line about 222 million lived in rural areas while only fifty million lived in urban areas in 1984-85. According to the National Sample Survey estimates in 1999-2000, the head count ratio of the rural poor is 27.1 per cent and that of the urban poor 23.6 per cent (National Sample Survey 1999-2000).

Moreover, it has been said that the urban poor of India are only an overflow of the rural poor into the cities and that essentially they belong to the same class as the rural poor (Dandekar and Rath 1971). We find that a large number of rural poor migrate to urban centres due to lack of work in villages and growing opportunities of employment in towns and cities. The largest cities have attracted the largest number of rural migrant workers because, unlike the small towns, they offer a wide range of employment opportunities. Most of these people are engaged either in low income self-employment activities or low paid unskilled or semi-skilled jobs in the unorganised sector of the urban economy. The primary reason for rural-urban migration is economic, and the rural poor migrate to the cities in search of employment rather than better employment opportunities (see De Souza 1978: xv). The rural poverty is carried over to the urban areas by the channel of rural urban migration. This is very evident in slums and squatter settlements, environmental deterioration, sub-standard housing and low levels of health and nutrition of the urban poor.

Social and cultural factors also play an important role in facilitating the migration of the rural poor to the urban centres. The rural migrants depend upon kinship, caste and regional networks not only for decisions with regard to the choice of destination but also for their early and easy adjustment to the

difficult conditions of urban living. They get automatically pushed into the slums or squatter settlements where their kin-members, castemen, acquaintances or friends live. These people help them in getting employment or give financial assistance in the beginning. It has been pointed out that the spontaneous settlements of the urban poor are not merely collections of sacks and huts but communities of fellow migrants. Each is based on a network of primary ties based on language, region, village, caste or kin. It has enabled the rural migrants coming from small village communities to become familiar with and acculturated in the complex and diversified environment of a metropolitan city (De Souza 1983: xvi).

Moreover, the urban poor maintain their linkages with their families in rural areas by visits and remittances. They go to their villages during harvesting, festivals and other ceremonies like marriage and death. In time of difficulty or unemployment they fall back on the traditional but scanty, sources of income available in their villages. Most of them continue to maintain their roots in villages.

The rural poor join the mass of urban poor after reaching the towns and cities. In this way, rural poverty is carried over to urban areas. But the natural increase in the population of the urban poor has also become significant in recent years because of the number of the urban poor who are permanently settled in towns and cities. In our next section we will turn our attention to the approach and concern at the governmental level toward the problems of poverty in India.

Check Your Progress 2

i) State whether the following statements are true or false.

Mark a T or F against each statement.

- a) Urban poverty and rural poverty are independent of each other.
- b) Though there is a lot of poverty since independence the rich too have become poorer.
- c) The per capita consumer expenditure has increased during the current period.
- d) In rural areas forty-five per cent of the households own about twenty three per cent of land.

ii) Who constitute the rural poor in India? Use four lines for your answer.

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iii) Outline the nature and magnitude of the housing problem of the urban poor in about ten lines.

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- iv) What have been the five factors, which have helped in throwing light on the nature and magnitude of the problem of rural and urban poverty in India? Answer in five lines.

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12.5 POVERTY AND THE FIVE YEAR PLANS

The Constitution of India (1950) aimed at securing justice, liberty and equality to all the citizens and constitutes the country into a socialist, secular and democratic republic. According to the Directive Principles of State Policy enshrined in the Constitution, the State assumed the responsibility of securing adequate means of livelihood to all citizens, a proper distribution of the material resources of the country. It assumed the responsibility of preventing concentration of wealth to the common detriment. The aim was to build up a social order, which stands for the welfare of the people. The resonance of these Constitutional commitments implying removal of poverty has permeated into all the Five-Year Plans in a tacit or categorical terms. For example, the Second Five-Year Plan stated that the benefits of economic development must accrue more and more to the relatively less privileged classes of society. The focus of the Ninth five-year Plan was growth with social justice and equity. The Tenth Plan aims at economic growth with a stronger thrust on employment generation and equity. As mentioned earlier it envisages to reduce the poverty ratio by five per centage points from twenty-six per cent to twenty-one per cent by 2007 and by ten points further to eleven per cent by 2012.

Moreover, the Plans have sought to lay special emphasis on the common person, the weaker sections. But the efficacy of the approach and strategy adopted for resolving the problem is very doubtful. Let us now outline the two approaches that have been adopted in the Five-Year Plans.

12.5.1 Growth Oriented Approach

In the beginning, India's Five-Year Plans laid emphasis on the growth of economy of the country as a whole through raising production and the per capita income. It was postulated that the benefits of rapid economic growth would automatically trickle down to the poor people and raise their living standard through providing them more employment opportunities, higher income and more wages. Moreover, no distinction was made between rural and urban poverty and the latter was considered to simultaneously vanish with the former.

The Government began with the Community Development Project (CDP) in 1952. Under this project the whole community in a particular area was taken as a homogeneous unit. The emphasis was given on economic growth. The project covered the programmes like improvement in agriculture, animal husbandry, village and small industries, health and sanitation, social education etc. Moreover, an effort was made to effect changes in the pattern of landownership through various land reform measures such as the abolition of the *zamindari* system, tenancy reforms, ceilings on landholding and distribution of surplus land to the small landholders and landless people. Further, in the nineteen sixties, antipoverty programmes concentrated in places and in crops where these could significantly raise production. The important programmes comprised the Intensive Agricultural District Programme (IADP) and the Intensive Agricultural Area Programme (IAAP) launched in 1960 and 1964 respectively. Since the mid-sixties, the Government has mainly helped the better off farmers and big landowners to raise agricultural production through adopting modern technology in the form of use of High Yielding Varieties (HYV) of seeds, chemical fertilizers, tractors, water pumps etc.

In course of time it was realised that the benefits of these development programmes have been largely cornered by the privileged section of the rural population. The impact of land reform measures was also very limited. The conditions of the poor did not improve. In fact, their number increased both in rural and urban areas.

12.5.2 Growth with Social Justice

When it was observed that the **growth oriented approach** was a failure in effecting the trickling down of benefits of development to the poor, the five-year plans started giving special emphasis on the cause of social justice. The motto of development since the early seventies became **growth with social justice**. Special programmes were launched to benefit the backward areas and backward section of the population e.g. small and marginal farmers and landless labourers and especially those belonging to the scheduled castes and the scheduled tribes.

i) Programmes in Rural Areas

In rural areas, various programmes came into operation such as Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers (MFAL) and Drought Prone Area Programmes (DPAP). The concept of *Antyodaya* (all-round development of all poorest section in each village) came in 1977. 'Food for Work' programme was started in the same year to provide employment to the rural poor particularly in slack season. This programme

was christened National Rural Employment Programme (NREP) in 1980. Special subplans were introduced to remove regional disparities and development especially of the hill and tribal areas. Minimum Needs Programme was launched to secure to the rural areas certain basic amenities in the field of education, health, drinking water, electrification, roads and home sites for the poor. Further, the national scheme of Training Rural Youth for Self-Employment (TRYSEM) was started in 1979 with a view to removing unemployment among the rural youth. The Rural landless Employment Guarantee Programme (RLEGP) was initiated in 1983 to offer more employment opportunities for the rural landless. The Integrated Rural Development Programme (IRDP) aimed at providing assistance to families below the poverty line to raise their income and assets over the poverty line. The Jawahar Rozgar Yojana (JRY) has been launched in April 1989 for removal of unemployment. *Indira Awas Yojana*, which was launched as a sub-scheme of *Jawahar Rozgar Yojana*, was implemented as an independent scheme since 1996 with the aim of helping the rural in the construction of the dwelling units. *Pradhan Mantri Gramodaya Yojana*, launched in April 2000 is implemented in the rural areas through the country following the pattern of the *Indira Awas Yojana*. *Samagra Awas Yojana* is a comprehensive housing scheme launched in April 1999 with a view to ensure integrated provision for shelter, sanitation and drinking water for the rural poor. The *Swarnajayanti Gram Swarozgar Yojana*, a new and holistic self-employment programme for the rural poor was launched on April 1999, replacing the earlier self-employment and allied programmes such as IRDP, TRYSEM, DWCRA etc. *Jawahar Gram Samridhi Yojana*, which was a re-structured, streamlined and comprehensive version of the erstwhile *Jawahar Rozghar Yojana* was launched in April 1999. National Social Assistance Programme came into effect from August 1995. It is aimed at providing social security in case of old age, maternity and the death of the primary breadwinner of the family. However, it can be said that the impact of these programmes has been very marginal on the problem of poverty in the country. Corruption, leakages and incapacity to create permanent asset have made these programmes unsuccessful to a large extent. The Government has nonetheless come out with new programmes, sometimes replacing the old ones, hoping to mitigate the problems of poverty in the rural areas.

Activity 2

Go to a village and visit an area where the poorest sections of the population live. Observe their living conditions. Talk to at least 5 adult members living there about

- a) their source of income
- b) their caste status (i.e. high or low)
- c) their awareness of old and new anti-poverty programmes.

Write a two page report on the basis of the information you have gathered. Compare, if possible, your report with those written by other students at your Study Centre.

ii) Programmes in Urban Areas

Further, in case of urban poverty we find a gradual change in the perception of the planners. Urban poverty was not seen as a distinct problem in the early

Five-Year Plans. It was treated only as an off-shoot of rural poverty. But this problem was addressed directly with the Seventh Five-Year Plan. This plan envisaged a multi-pronged strategy to resolve the problem. It aimed at (a) providing gainful employment to the unemployed, particularly, women and youth, (b) raising the earnings of those already employed in low paid jobs, (c) increasing the productivity and earnings of those who were self-employed workers, and (d) improving the access of the urban poor to basic amenities like education, health-care, sanitation and safe drinking water (Seventh Plan 1985 Vol 1: 32). For this, the plan proposed to take up a few pilot projects in selected urban areas.

The various programmes meant for removing urban poverty are grouped under three categories (a) shelter and services, (b) employment, and (c) public distribution and nutrition. Shelter and services related programmes include provision of housing, environmental improvement of slums, programmes concerned with the welfare of children, women and youth. The Prime Minister of India announced a centrally sponsored scheme called Valmiki Ambedkar Awas Yojana (VAMBAY) on 15th August 2001 to ameliorate the condition of urban slum dwellers living below the 'poverty-line'. The National Slum Development Programme was launched in August 1996 with the primary objective of the development of the urban slums. Employment related programmes concern with helping the urban poor in self-employment through providing credit and loans on concessional rates and upgradation of their skills. *Swarna Jayanti Shahari Rozgar Yojana*, launched in December 1997, is one such programme aimed at providing gainful employment to the urban unemployed and underemployed through encouraging the setting up of self-employment ventures or provisions of wage employment. The urban poor get benefit from the Public Distribution System (PDS) which supplies certain essential goods like cereals, edible oils, kerosene oil etc. at fair prices. The general programmes of mid-day meal, special nutrition programme and integrated child development services are also expected to help them. In order to make PDS more focused and targeted towards poor, the *Antyodaya Anna Yojana* has been launched in 2000. The scheme contemplates identification of 10 million poor families and providing them with twenty-five kilograms of foodgrains per family per month at a low price of Rs. 2/kg for wheat and Rs. 3/kg for rice.

The economic reforms started in the 1990 have an adverse effect on the PDS system. The food distributed through PDS is subsidised by the Government to the extent of the difference between the issue price of foodgrains and their economic cost to Food Corporation of India (FCI), the agency which incurs the cost of transportation, storage and administration of the stock of foodgrain. In the wake of the economic reforms the government reduced the subsidies drastically and such reduction hit poor drastically. For ensuring supply of foodgrains to the PDS system in face of export attraction due to the devaluation of rupee, for maintaining their level of production in spite of sharp rise in input prices and for political consideration of assuaging the rich farmers' lobby, the government had to increase the procurement prices of rice and wheat (Bandyopadhyay 1995). This compounded the reasons for the increase for the prices of the commodities in the fair shops. In June 1997 the government announced Targeted PDS or TPDS in the place of Revamped PDS or RPDS of the early 1990s. The TPDS introduced the idea of differential entitlements

for different categories of citizens based on the formulae that identified below poverty line (BPL) households (Chatterjee and Measham 1999). The steps taken by the government resulted in reducing the population covered by the benefits of PDS.

However, we must note that most of these programmes expected to benefit the urban poor are general in nature. There exist only a few programmes specifically meant for the urban poor, most of which are in the shelter sector. Further, most of these programmes are at their experimental stage. They do not cover even a small fraction of the urban poor. Many programmes are floundering and some are already showing signs of malfunction.

On the whole the measure undertaken to deal with the problem of poverty in rural and urban areas seems to be inadequate. At this point, it seems quite relevant to ask the question what are the factors, which are responsible for the emergence and persistence of the phenomenon of poverty that no amount of efforts seems adequate. Let us examine the causes of poverty.

12.6 PERSISTENCE OF POVERTY

In India, we find co-existence of abject poverty of the masses and affluence of the privileged class both in the rural and urban areas since ages. The failure of the government in resolving the problem of poverty has been generally attributed to rising population, havoc of natural calamities such as drought and flood and character deficiency of individuals. It is true that the country is still at a low level of economic development. But it is also certain that the major benefits of development have been concerned by the richer section of the population.

In reality, poverty in India is a social product and not a natural phenomenon. It has been socially generated and reinforced and perpetuated. It is a consequence of extreme socio-economic inequalities. It results from differential position of different social classes, castes and groups in economic, political, social and religious domains of society. Roots of poverty lie in the economic, political and social set up of society. Demographic, natural and psychological factors are off-shoots of the highly inegalitarian structure of society though they play an important role in perpetuating poverty. Now let us look at the important economic, political and socio-cultural factors, which have led to the persistence of this problem.

12.6.1 Economic and Political Factors

The basic economic factor responsible for the problem of poverty in India is the highly unequal distribution of the economic resources of the country among various social classes and castes. We find wide inequalities in distribution of assets and income between the rich and the poor both in rural and urban areas. The productivity of labour remains low in agriculture due to highly unequal distribution of landholdings. Big landowners generally do not care much for raising agricultural production because their needs are fulfilled even at low level of production. The small and marginal farmers do not possess enough resources to make adequate use of modern inputs for raising productivity. The agricultural labourers do not feel much motivated to work hard due to their

low wages. The limited spread of the Green Revolution in agriculture has not helped much in removing the problem of mass poverty. In addition, the benefits of limited agricultural growth in agriculture have been grabbed by the rural rich. Similarly, in the urban areas also the fruits of economic development have gone to the rich. The urban poor have to lead a miserable life due to their employment in low paid jobs in the unorganised sector, low income activities of self-employment and the problems of unemployment.

Further, the political factor has also contributed to the prevalence of mass poverty in India since ages. The state power has been controlled by the privileged ruling class both in the urban and rural areas. The ruling class controls the state machinery. It directly or indirectly protects and promotes its class interests. But the mass of the poor people have always remained powerless.

12.6.2 Socio-cultural Factors

The caste system has been an important factor in perpetuating poverty of the masses. The rigid stratification of the caste system imposed severe restrictions on occupational mobility. Generally speaking, a person born in poor lower caste lived and died in the same social position. The caste system imposed social distance between castes, with regard to marriage, food, habitation and general social interaction. The upper castes were considered socially and ritually superior and the lower castes were declined inferior. The upper castes practised discrimination against the lower castes in social and religious matters.

Moreover, the belief in '*karma*' justified the inegalitarian and just social order. It held that poverty is the consequence of one's *papa karma* (bad deeds) in earlier births. Performance of *varna dharma* was considered essential for a better life in future birth. In this way, a systematic and concerted effort was made to ward off any challenge to the existing social system in which the majority of the people suffered from abject poverty while the ruling class lived a happy and ostentatious life.

Further, nowadays priority is given to values, which emphasize the fulfillment of one's self-interests. Materialism has got an upperhand over humanitarian values. We witness a mad rush among the rich people for raising their social status through indulging in conspicuous consumption, i.e., consuming those goods and services which reflect one's financial strength and prestige like buying jewellery, cars, latest electronic gadgets, etc. This emphasis on materialism and pursuit of self-interests has helped to widen the gap between the rich and the poor. It has also bred alienation and dehumanisation.

The problem of poverty continues as ever with an added momentum. The poor have strong feelings of marginality, of helplessness, of dependence, of inferiority, sense of resignation, fatalism and low level of aspiration. These tendencies are transmitted from one generation to the next. Therefore, the children of the poor are very often not psychologically geared to take full advantage of the changing conditions or increased opportunities that occur in their life. Thus the problem of poverty perpetuates endlessly.

12.7 ERADICATION OF POVERTY

Having noted the root causes of poverty, we can say that the real constraints to growth with equity are located primarily in the institutional or in the politico-

economic sphere. In an underdeveloped country like India where great mass of the people live in abject poverty, a social welfare solution is not suitable. Eradication of the problem of massive poverty is not possible within the prevailing social, political and economic order. In fact, this gigantic problem cannot be resolved without a fundamental transformation of society itself, which would involve redistribution of wealth and equitable sharing of the growing prosperity and changes in the power structure in favour of the poor.

Adoption of an essentially capitalist path of development has accentuated the problem of poverty and the chasm between the rich and the poor. This trend has to be reversed in favour of a truly socialist path of development. The country would have to give first priority to ending the system which has generated inequality and mass poverty. In fact, we have to wage a struggle against socio-economic and political inequalities in order to alleviate the problem of poverty. Land should go to the tiller. The public sector should be expanded rapidly and progressively to encompass the whole economy with increasing participation of workers in management. Labour intensive programmes of development such as housing, irrigation and communication should be given emphasis to remove the problem of unemployment and underemployment. Wages of workers also have to be raised to improve their living conditions. Equal access to essential social services like education and health should be provided to all. Moreover, we have to put an end to the raising consumerist culture, which has a very damaging impact on the society as a whole. Both the rural and urban poor have to organise themselves and fight for effecting such structural changes in society.

Check Your Progress 3

i) Expand these abbreviations and match the following programmes with their dates of commencement.

- | | |
|-----------|---------|
| a) NASP | 1) 1997 |
| b) SJSR | 2) 2001 |
| c) PMGY | 3) 1999 |
| d) JGSY | 4) 2000 |
| e) VAMBAY | 5) 1995 |

ii) Briefly state in about six lines why emphasis is laid on growth with social justice in the Five-Year Plans since the nineteen seventies.

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iii) What is the basic economic factor responsible for the problem of poverty? Use five lines for your answer.

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12.8 LET US SUM UP

We began this unit by outlining the definition and approaches to the phenomenon of poverty. We said poverty is a multidimensional phenomenon and does not merely indicate lack of money. We outlined the nutritional and the relative deprivation approaches to the phenomenon of poverty. We then moved on to look at poverty as it existed in different periods of time in India like in the ancient, medieval and colonial periods of time. We observed that abject poverty of the masses and affluence of the rich have co-existed in India for centuries. In our discussion of poverty in contemporary India, we first identified the poor in rural and urban India and then moved on to describe the nature and extent of poverty and the linkage between poverty in rural and urban areas. Removal of poverty has been one of India’s national primary concerns. We looked at the Five-Year Plans in terms of the approaches adopted towards finding a solution to the problem of poverty. We outlined the programmes launched for the rural and urban poor. We also observed that these measures have been inadequate and we examined the deep-seated economic, political and socio-cultural factors that have generated the problem of poverty. We concluded by pointing out that possibility of eradicating the problem effectively will be high if we adopt a socialistic path of transformation of society where the inequalities between the rich and the poor will be greatly reduced.

12.9 KEYWORDS

Growth Oriented Approach and ‘Growth with Social Justice’

Growth oriented approach which was adopted in the early Five-Year Plans gave major emphasis on raising national income. The development programmes launched with this view treated the whole community in a particular area as a homogeneous unit. But in the growth with social justice approach special programmes have been initiated to benefit the poor and backward sections of the population, especially the scheduled castes, scheduled tribes and women. The cause of social justice has been given some consideration in this case.

Nutritional and Social Deprivation Approaches to Poverty

The nutritional approach to poverty takes into consideration only minimum food intake of a person deemed essential for maintaining his working capacity. But the relative deprivation approach takes into account unequal access of wealth, income, education, political power etc. which are considered essential for average living pattern, activities and participation in social life.

Poverty Line

Poverty Line has been defined differently in the developed and the developing countries. In India, the nutritional approach has been adopted in defining the poverty line. In this case poverty is measured on the basis of minimum food requirements in terms of adequate calorie intake (generally 2250 calories) of a person to maintain his working capacity. People who have lower income than necessary for fulfilling their minimum food requirements are placed below this 'poverty line'. This is a measure of absolute poverty, which does not include non-food essential requirements such as clothing, housing, and education in defining poverty.

12.10 FURTHER READING

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12.11 SPECIMEN ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- i) b
- ii) d
- iii) The concept of poverty has many dimensions to it. In economic terms, it can be viewed, as a level of living which is so low that it inhibits the physical, mental and social development of human personality.

Check Your Progress 2

- i) a) F b) F c) T d) F
- ii) In rural areas, they consist of small landholders, agricultural labourers, artisans and craftsmen. They mainly belong to the Scheduled Castes, Scheduled Tribes and Other Backward Castes.
- iii) A large section of the urban poor belongs to the category of slum and pavement dwellers. The decaying tenements of the slum dwellers and the hutments of squatters are the burning examples of urban poverty. According to 1971 census sixty-six per cent of the households in cities (with a population of more than one lakh) lived in only one room tenements. The National Building Organisation estimated that the shortage of housing units increased from 14.5 million in 1971 to 16.7 in 1977. The head count ratio of the urban poor constitutes 23.6 per cent of the total population (National Sample Survey 1999-2000).
- iv) The five factors have been
 - i) unequal distribution of wealth
 - ii) pattern of per capita expenditure in consumption
 - iii) the pattern of possession of assets
 - iv) illiteracy and health
 - v) regional differences in patterns of poverty.

Check Your Progress 3

- i)

a)	National Social Assistance Programme	1995
b)	<i>Swarna Jayanti Rozgar Yojana</i>	1997
c)	<i>Pradhan Manthri Gramodhaya Yojana</i>	2000
d)	<i>Jawahar Gram Samridhi Yojana</i>	1999
e)	<i>Valmiki Ambedkar Awas Yojana</i>	2001
- ii) When it was observed that the growth oriented approach was a failure in trickling down of benefits of development to the poor, the Five-Year Plans started giving special emphasis on the cause of social justice. Hence the motto of development since seventies became growth with social justice.
- iii) The basic economic factor responsible for the problem of poverty in India is the highly unequal distribution of wealth in the country among the various social classes and castes.