

POVERTY

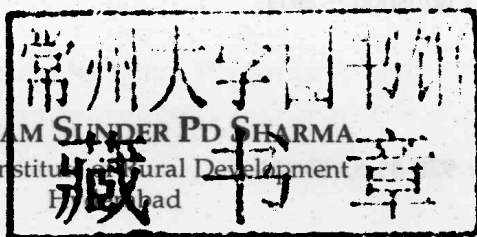
Challenges in India

S. S. P. Sharma

Serials

Poverty Challenges in India

DR. SHYAM SINDER PD SHARMA
National Institute of Rural Development
Hyderabad



SERIALS PUBLICATIONS

NEW DELHI (INDIA)

© Dr. Shyam Sunder Pd Sharma

First Published – 2011

ISBN: 978-81-8387-301-7

All rights reserved with the Publisher, including the right to translate or reproduce this book or parts there of except for brief quotations in critical articles or reviews.

Published by

SERIALS PUBLICATIONS

4830/24, 1st Floor, Ansari Road

Darya Ganj, New Delhi-110002 (India)

Phone : 23245225. Fax : 91-11-23272135

E-mail: serials@satyam.net.in

PREFACE

Poverty strikes not only at the core of ongoing existence. By effectively taking away the rights of human being to live in good health, to obtain an education, and to enjoy adequate nutrition, poverty destroys the aspirations, hopes, and enjoyment of the future as well. Economics is mainly concerned with the problem of reducing scarcity by improving the management of society's available resources. Because poverty involves severe scarcity of commodities, it ought to be one of central concern of economics. Nevertheless, poverty is not just an economic matter-it also involves other dimensions such as social, cultural and institutional elements. Therefore, it is appropriate that contributions to this book, *Poverty Challenges in India*, are from both economist and non-economists.

Although the economic wealth of the country has increased greatly in recent times, overcoming poverty is the greatest challenge before the nation. The main, but not exclusive focus of this book is on the study of poverty and the poverty eradication policy in the country. I wish to thank all contributors for the time and effort that they have put into preparing their contributions. All papers have been subject to review.

Can India's anti-poverty programmes be an effective tool for reducing poverty levels? This book argues that they can, provided sufficient attention is paid to two critical aspects: their design and their implementation. Conversely, the ineffectiveness of anti-poverty programmes to date can be traced to failures in both these aspects, in program design, insufficient attention has been paid to the determination of programme benefits, with little consideration of the optimal level required to secure the desired results. This optimal level depends on household responses to the benefits received and, in many cases, can be estimated through good economic research.

However, in all too many cases, this book has not informed the design of India's anti-poverty policies specifically. On the implementation side, different features of specific programmes are frequently at cross-purposes with each other, reducing its effectiveness. Focusing on decentralized administration of programmes and targeting to specific groups such as the poor or the scheduled castes and tribes, It is argued that when these features are combined in one programme, benefits are far less likely to reach the poor.

I appreciate the enthusiasm of Serials Publications for publishing this work and their professional approach to its production. I express my gratitude to my secretarial staff who took a lot of pain in arranging the papers and putting at the appropriate place in the contents. I can't miss to put on record the help that I got on my family front from my wife Mrs. Saroj Sharma. Finally, I hope this book will improve our understanding of the reasons for the occurrence of poverty and provide new insights into the effectiveness of policies to address it. In addition, it will provide new tools of mitigating the menace of poverty with the concrete measures at the ground level. A feature of this book is that its coverage of concepts, policies and analysis is strengthened by case studies and empiricism.

S S P Sharma

NIRD, Hyderabad

LIST OF CONTRIBUTORS

Davinder Kumar Madaan, Department of Economics, Punjabi University GKC, Talwandi Sabo, Punjab, India.

Rukhsana Kalim, Professor of Economics, University of Mangement and Technology, C-11, Johar Town, Lahore.
Mohammad Shahbaz, Research Officer at Social Policy and Development Centre, Karachi. For Correspondence: Social Policy and Development Centre, 15-Maqbool Co-operative Housing Society Block 7 & 8, Karachi 75350, Pakistan.

Chaiti Sharma Biswas, Economic Research Unit & Sociological Research Unit, Indian Statistical Institute, 203, B.T. Road, Kolkata-700108.

Harihar Sahoo, Research Scholar, Centre for the Study of Regional Development, School of Social Sciences, Jawaharlal Nehru University, New Delhi-110067.

Uma Shankar, Shishir Pandey, Harendra Mohan Singh, Research Scholars, Faculty of Commerce, Banaras Hindu University, Varanasi-221005.

D.C. Nanjunda, Director, Center for Advanced Rural and Tribal Policy Innovation and Management, Kushal Nager-34, Kodagu District, Karnataka State, India.

G.R. Krishnamurthy, 'Professor-of-Eminence' and Director at Advanced Institute of Management, Mangalore.

Dipanwita Ghosh, Reader, HMM College for Women, Dakshineswar, Kolkata-700 035.

Sarbjeet Singh, Lecturer in Economics, L.R. Institute of Legal Studies, (Affiliated to Himachal Pradesh University, Shimla), Solan, (H.P.) 173223.

Eswarappa, Kasi, UGC Research Fellow, Department of Anthropology, Central University (P.O.), University of Hyderabad, Hyderabad, 500046, Andhra Pradesh, India.

S S P Sharma, Professor & Head (CWL R) National Institute of Rural Development, Hyderabad.

V. Neelamegam, Lecturer, Department of Economics, D.B.Jain College, Chennai 600 097.

Sadananda Prusty, Associate Professor, Institute of Management Technology (IMT), Raj Nagar, Ghaziabad-201 001 (U.P.), India.

Siddhartha Sarkar, Faculty, Department of Commerce, Dinhata College, Dinhata 736135, Cooch Behar, West Bengal, India.

S S P Sharma, Professor & Head, NIRD

Samarjit Das, Samarjit Das, Research Scholar, Jadavpur University, Kolkata-700 032, India.

Niraj Kumar, Niraj Kumar is presently working as Consultant for different Development Agencies in Bihar. He was previously associated with UNDP and UNICEF in their HIV programme in Bihar.

U. Hemantha Kumar

Subrata Kumar Ray, Reader in Economics & Head of the Dept. of Economics, Sabang Sajanikanta Mahavidyalaya, Paschim Medinipore, West Bengal.

Subrata Kumar Ray, Reader in Economics & Head of the Dept. of Economics, Sabang Sajanikanta Mahavidyalaya, Paschim Medinipore, West Bengal.

CONTENTS

<i>Preface</i>	ix
<i>List of Contributors</i>	xi
1. Globalization: Poverty, Unemployment and Inequality in India <i>Davinder Kumar Madaan</i>	1
2. Remittances and Poverty Nexus: Evidence from Pakistan <i>Rukhsana Kalim & Mohammad Shahbaz</i>	15
3. Women Household Empowerment in a Comparative Rural-Urban Perspective: A Case of West Bengal <i>Chaiti Sharma Biswas</i>	41
4. Reasons of Non-Acceptance and Future Intention to use Contraceptive Method in India: Insights from NFHS Data <i>Harihar Sahoo</i>	57
5. Microfinance and Poverty Alleviation: A Case Study of Swaranjayanti Gram Swarozgar Yojana (SGSY) <i>Uma Shankar, Shishir Pandey & Harendra Mohan Singh</i>	81
6. Urban Poverty and Development: Indian Experiences <i>D. C. Nanjunda</i>	96
7. Organizational Constraints in Achieving Food/ Nutrition Security/Sufficiency and Strategies & Measures for Tackling the Constraints & for Creating the Networking Among Various Concerned Agencies & Schemes <i>G.R. Krishnamurthy</i>	114

8. Indian Informal Sector: Emerging Answer to Poverty Challenges 125
Dipanwita Ghosh
9. Extent of Absolute Poverty among the Tribal and Non-tribal Households in the Rural Areas of Himachal Pradesh: A Comparative Analysis 140
Sarbjeeet Singh
10. Poverty and Vulnerability among Tribal People: A Case of Sugalis 163
Esivarappa, Kasi
11. Poverty Alleviation and Sustainable Development: Some Conceptual Analysis 196
S S P Sharma
12. A Study on Poverty Among Arts College Students With Special Reference To Chennai City 216
V.Neelamegam
13. Analysis of Poverty, Openness and Literacy in India 225
Sadananda Prusty
14. Poverty and Informality: Are Women More Vulnerable? 241
Siddhartha Sarkar
15. The Poverty Debate in India: Some Confusion and the Realities 259
S S P Sharma
16. Urbanization in Kerala: Over Urbanization Vs. Urban Poverty Towards a Perspective 302
Samarjit Das
17. Voluntarism in Rural Development in India: Initiative, Innovation, and Institutions 317
Niraj Kumar
18. Policy Intervention for Poverty Alleviation: A Case of SGRY in Orissa 334
U. Hemantha Kumar
19. National Rural Employment Guarantee Scheme and Poverty Alleviation in West Bengal 376
Subrata Kumar Ray

20. Decentralised Agricultural Development Planning, Change in Cropping Pattern, Agricultural Growth and Poverty Alleviation of Farm Households: A Block Level Study in Midnapur District, West Bengal <i>Subrata Kumar Ray</i>	396
<i>Index</i>	431

GLOBLIZATION: POVERTY, UNEMPLOYMENT AND INEQUALITY IN INDIA

Davinder Kumar Madaan

INTRODUCTION

Globalization has become an expression of common usage. While to some, it represents a new world with no barriers, for some others, it spells destruction. It is, therefore, necessary to have a clear understanding of what globalization means and what it stands for. Broadly speaking, the term 'globalization' means integration of economies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. The process of globalization accelerated since the beginning of 1980s and subsequent to the establishment of World Trade Organization (WTO) on 1st January 1995.

Economic liberalization and globalization has had differential impact on labour markets and employment across countries and regions. Its impact on various sectors within a country has also been different. Broadly speaking, the African and Latin American situations have indicated worsening employment and labour market conditions. The cases of

countries in East Asia are often contrasted with this largely gloomy scenario. Despite a major economic and financial crisis in 1997, these countries have been overwhelmingly successful in manifesting relatively low levels of unemployment and impressive economic growth rates. In general, the experiences of a very large number of countries-both developed and developing-show that growth of employment has declined and informalisation of the labour market has increased leading to greater insecurity in employment conditions and declining social security mechanisms. Inequality in income/earnings within and across a large number of countries has been yet another consequence of globalization. In this paper, the impact of globalization is studied on poverty, unemployment and inequality in India. While the period 1983 to 1993 has been taken as pre-globalization, the period 1993-94 onwards has been taken as post-globalization period.

India, which initiated economic reforms consisting of liberalization, privatization and globalization of the economy in July 1991, is among those countries, which adjusted relatively quickly to the adjustment process. After the initial 2-3 years of low growth rate of the Gross Domestic Product (GDP), the growth rate appreciably increased and the overall growth rate during 1990s has been about 6.5 per cent. During 2007-08, the economy grew at a rate of 9 per cent. There has been an appreciable increase in the growth of exports and the country's foreign exchange reserves are in a comfortable position with more than 300 billion dollars. As a whole, evidence on the impact of economic liberalization and globalization in India points out that Indian experience has been a mixed one. While India has not witnessed massive displacement of labour, hyper real inflation rates and drastic increase in the incidence of poverty as manifested in the case of Latin American and African countries, she has not been successful in replicating the East Asian successes either. However, very often apprehensions have been expressed over the adverse effects of liberalization and globalization on livelihoods, employment and human development. There are a large number of vulnerable groups in India which, it is feared,

may have to bear the costs of globalization unless policies and programmes are put in place to prevent deterioration in their socio-economic conditions in the short run, and improve their capabilities to effectively participate in and benefit from globalization in the long run.

WORLD ECONOMY

The globalization in itself is controversial. It is pushed as a strategy of economic development in the developing countries. In fact, it promised faster economic growth based on unhindered flow of goods, resources and capital across regions and countries, and based on comparative market efficiency and most efficient utilization of world resources. But it has led to some disquieting trends and consequences in the labour markets. It has generally excluded than included the already disadvantaged countries, areas (rural, inaccessible, less developed), workers (with insecure work and earnings), social groups (tribals and aboriginal communities) and women (in general, and particularly, from the lower socio-economic strata of society). The question arise that "can the developing countries like India be a global player?" If we see the size of economy and stage of development, then the answer is 'No'.

There is a considerable difference between the high and low-income economies of the world. Table 1 depicts the economic disparity in the world during 2007.

In 2007, 56 High Income economies (per capita GNI, US\$ 11456 or more) controlled 74 per cent of world GDP/ Production and 57.4 per cent of world trade with only 16 per cent of the world population. On the other hand, 154 developing economies (per capita GNI US\$ 11455 or less) constituted 84 per cent of world population and controlled only 26 per cent of the world GDP and 42.6 per cent of the world trade. Moreover, the world's 59 poorest economies (per capita GNI US\$ 935 or less) constituted 20 per cent of the world population, and controlled only 1.5 per cent of world GDP (US\$ 810 bn) and 2.5 per cent of the world trade. During 2007, the per capita income of high-income economies was US\$ 37566 as compared to US\$ 578 of the low-income economies, US\$

2337 of the developing economies, and US\$ 7958 of the world. The per capita income of Norway was US\$ 76450 as compared to US\$ 110 of Burundi during this period.

Table 1
Economic Disparity in the World During 2007

<i>Economies/Group</i>	% SHARE IN WORLD				
	GDP	Popu- lation	Area	Trade	Per Capita Income US\$
High-Income Economies#	74	16	25.8	57.4	37566
Developing Economies##	26	84	74.2	42.6	2337
Low-Income Economies@	1.5	19.6	22.6	2.5	578
WORLD	100	100	100	100	7958
EU-27	31	7.4	3.2	39.5	33482
NAFTA-3	28.9	6.7	16.3	16.4	35564
ASEAN-10	2.4	8.5	3.4	5.9	2256
SAARC-8	2.6	23	3.5	1.9	948

Source: World Bank (2008), *World Development Indicators database & IMF* (2008), *DOTS*.

N.B.

GNI per capita US\$ 111456 or more, covering 56 economies of the world.

GNI per capita US\$ 11455 or less, covering 154 economies of the world.

@ GNI per capita US\$ 935 or less, covering 59 economies of the developing world.

Further, top 300 MNCs control 25 per cent of world GDP. Forbes' 2008 world's billionaires list consisting of 1125 persons had a combined wealth of US\$ 4400 bn (8.1 per cent of world GDP). The gap between the developed and the developing countries has widened due to adverse terms of trade and unequal exchange faced by the latter as their primary exports were agricultural goods. Thus, the hopes that globalization would benefit the poorer and labour surplus countries have not materialized in case of several countries and regions of the world.

GLOBALIZATION AND POVERTY IN INDIA

During the period of globalization since 1991, the incidence of poverty in India has been declining. Planning Commission, as

the Government's nodal agency, estimates the incidence of poverty at the national and state levels, on the basis of large sample survey on household consumer expenditure conducted by the National Sample Survey (NSS) Organization approximately every five years. The poverty ratio in India can be seen from the Table 2 given below.

Table 2
Poverty Ratio (Share of Poor in Total Population) in India

Year	Rural	Urban	Combined	(Per cent)
				Incidence of Poverty in million
1983	45.6	42.2	44.8	324
1993-94	37.3	32.4	36.0	320
2004-05	28.3	25.7	27.5	315

Note: Poverty ratios are estimated by Uniform Recall Period (URP) Method, which uses 30-day recall/reference period for all items of consumption.

Source: Govt. of India, *Planning Commission*

The data of the latest NSS 61st Round for the year 2004-05 indicate that, the poverty ratio at the national level was 27.5 per cent (28.3 per cent rural and 25.7 per cent urban). The corresponding poverty estimate for 1993-94 was 36.0 per cent (37.3 per cent rural and 32.4 per cent urban). However, during the pre-reforms period in 1983, the poverty ratio was 44.8 per cent (45.6 per cent rural and 42.2 per cent urban). Thus, poverty ratio in India declined during globalization period. Though poverty ratio has come down, but the absolute poverty in India has not declined so much. It may be noted that the number of poor in India was still very large. There were 315 million poor in 2004-05 as compared to 324 million in 1983. The World Bank (2005) estimates show that 80 per cent of India's population lives below the international poverty line of \$ 2 a day. The number of people living \$1.25 a day has increased from 421 million in 1981 to 456 million in 2005. Further, according to National Commission of Employment in the Unorganized Sector (2007), 77 per cent of India's population i.e. 836 million,

have a per capita consumption expenditure of less than or equal to Rs. 20 per day. The impact of growth on curbing the poverty is higher in areas where social infrastructure is more developed. Economic reforms have failed to reduce poverty at the promised faster rate.

GLOBALIZATION AND UNEMPLOYMENT IN INDIA

The unemployment situation in India during globalization period has also undergone some important changes. Table 3 depicts this picture.

Table 3
Unemployment Rate in India

Year	Number of Labour Force	Number of Workforce	Number of Unemployed	(million)
				Unemploy- ment Rate (%)
1	2	3	4=2-3	5=4/2*100
1983	263.8	239.5	24.3	9.2
1993-94	334.2	313.9	20.3	6.1
1999-2000	364.9	338.2	26.7	7.3
2004-05	419.7	384.9	34.7	8.3

Note: Employment estimated on the basis of Current Daily Status (CDS).

Source: NSSO. Employment and Unemployment Situation in India, Various Rounds

Though during pre-globalization period, the unemployment rate decreased from 9.2 per cent in 1983 to 6.1 per cent in 1993-94, but during post-globalization period, the unemployment rate increased to 7.3 per cent in 1999-2000 and 8.3 per cent in 2004-05. Moreover, the number of unemployed persons increased from 20.3 million in 1993-94 to 34.7 million in 2004-05. Hence globalization led to negative impact on employment in India. However, it may be noted that India generated 74.4 million new jobs during pre globalization period (1983 to 1993-94), which decreased to 71 million during post-globalization period (1993-2005). But a surge in employment was higher during 1999-2005 as compared to 1993-99.

The growth of employment in India was also slowed down during post-globalization period. Table 4 shows the annual growth rate of employment in India during pre as well as post globalization period.

Table 4
Annual Growth Rate of Employment in India

Year	Agriculture Sector	Secondary Sector	Tertiary Sector	Overall Growth
1983 to 1993-94	1.41	2.60	3.81	2.04
1993-94 to 1999-2000	0.06	2.84	2.89	1.05
1999-2000 to 2004-05	1.49	5.81	3.92	2.82
1993-94 to 2004-05	0.71	4.18	3.35	1.85

Note: Employment is on the basis of Usual Principal and Subsidiary Status (UPSS)

Source: NSSO. Employment and Unemployment Situation in India, Various Rounds

It is clear from this table that overall annual growth rate of employment in India declined from 2.04 per cent during pre globalization period (1983 to 1993-94) to 1.85 per cent during post-globalization period (1993-2005). However, annual growth of employment was higher (2.82 per cent) during 1999-2005 as compared to 1993-99 (1.05 per cent). It may be noted that in case of secondary sector, the annual growth rate of employment increased from 2.6 per cent during pre-globalization period to 4.18 per cent during post-globalization period. This increase was more than double during 1999-2005 as compared to 1993-99. The tertiary sector faced marginal decline in employment opportunities, as its annual growth rate declined from 3.81 per cent during pre-globalization period to 3.35 per cent during post-globalization period. However, in case of agriculture sector, the annual growth rate of employment declined by about half from 1.41 per cent in 1983-94 to 0.71 in 1993-2005. During 1993-99, this growth was 0.06 per cent only. It means employment opportunities in agriculture sector suffered a lot during post-globalization period.