

Trends and patterns of poverty in India: an analysis of its factors contributing

Husensab Nadaf¹ and R R Biradar²

Abstract: *The paper based on secondary data from the Planning, Programme Monitoring and Statistics Department, Government of India. The Planning Commission has updated the poverty lines and poverty ratios for 2011-12 based on the recommendations of the Tendulkar Committee using Household Consumer Expenditure Survey 2011-12 data of the National Sample Survey (NSS) 68th round. The poverty ratio in the country has declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. The incidence of poverty has declined by 30.74 percent in rural area at national level. The incidence of poverty based on Tendulkar poverty ratio is 55.7 and 60.8 percent in rural area, 43.7 & 37.6 percent in urban area, and 54.4 & 57.2 percent in Bihar and Odisha. The incidence of poverty has significantly declined by 22 percent in Bihar and 28.2 percent in Odisha during 2004-05 to 2011-12. The incidence of poverty has significantly declined by 18.1 percent in Maharashtra. The correlation matrix of the factor contributing to influence the poverty in India. Six of the eight variables have significant correlation with depended variable of poverty. These variables are sex ratio, landless household, agriculture labours, marginal workers and size of household. These variables are 0.05 level significant correlations with poverty.*

Keywords: Incidence of poverty, Regional poverty and factors

Introduction

Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed in this country that only they who fail to reach a certain minimum consumption standard should be regarded as poor. Poverty is about denial of opportunities and fulfillment of human potential. Poverty and inequality are closely related, and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. The overwhelming fact about poverty in the country is its rural nature. Major determinants of poverty are lack of income and purchasing power attributable to lack of productive employment and considerable underemployment, inadequacy of infrastructure, affecting the quality of life and employability. Lalita Kumari (2013) poverty estimates at state level are based on the household consumer expenditure surveys conducted by National Sample Survey (NSS). These surveys are normally conducted on quinquennial basis. The last quinquennial survey was conducted in the year 2009-10 (66th round). Since 2009-10 was not a normal year, NSSO conducted another large sample survey in the year 2011-12 (68th

¹ Research Scholar, Dept of Economics Karnatak University, Dharwad.

² Professor Dept of Economics Karnatak University, Dharwad.

Corresponding author: Husensab Nadaf can be contacted at: hussain8982@gmail.com.

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round) and this section is based on the findings broadly from 2011-12 expenditure data and comparison is made with respect to 2004-05 (61st round). Planning Commission periodically estimates poverty line and poverty ratio at state level for each of quinquennial rounds. The methodology adopted by Planning Commission has undergone changes from time to time based on the recommendation made by experts. The latest methodology adopted by Planning Commission was the suggestion by Expert Group under the chairmanship of Prof. Suresh D. Tendulkar and known commonly as Tendulkar Committee methodology. Even though several representations were made suggesting Tendulkar's poverty line is too low, and to review the methodology Committee was constituted under the chairmanship of Dr. C. Rangarajan, since Rangarajan Committee report is expected only in mid 2014 Planning Commission updated poverty line as per Tendulkar Committee methodology.

Review of Literature

The brief review of the literature clearly indicates the incidence of poverty, its rate of decline and methodologies of estimation and examining the causes of poverty and impact of poverty alleviation programmes on reduction of poverty.

Gupta (2005) a study found that income and consumption measures failed to confine significant aspects of deprivation experienced by the poor. He applied Human Poverty Index and Capability Poverty Index to estimate poverty for different states. He estimated that human poverty ranged between 23 per cent in Kerala to 54 per cent in Bihar during 1991-93.

Himanshu (2007) found that poverty did decline during 1993-2005, but the annual rate of reduction during this period had been lower than that of in 1970s and 1980s. The author confirms the earlier findings that the 1990s has indeed been the last decade for poverty reduction. In this study, a little reduction in poverty has been observed in 1993-2000; the bulk of decline having occurred in 1999-2005. Poverty declined faster during 1999-2005 but the annual rate of decline was lower than that of in the previous decade of 1983-1994. The picture emerging from the poverty reduction during 1999-2005 shows that poverty reduction at national level was due to poverty reduction in the states with above national average poverty till 1999. Further, his research paper shows evidence of improvements in non-income indicators during 1993-2005. Rajesh Pal (2016) in his study found that lacking assets is both a cause and an outcome of poverty. Poor health, deficient skills, scant access to basic service and the humiliations of social exclusion reflect deprivation in personal, public and social assets. The author finds that potential for economic growth and poverty reduction is heavily influenced by state and social institutions. The relationship between poverty and unemployment is positively related that declined poverty. Author suggestion to reduce the poverty in three ways promoting opportunity, facilitating empowerment, and enhancing security.

Objectives

This paper attempts to examine the trends and regional poverty in India. The paper has two-fold objectives.

1. To examine the trends and regional patterns of incidence of poverty in India.
2. To identify the factors contributing to poverty.
3. To offer policies suggestion for reduction of poverty in India.

Material and Methods

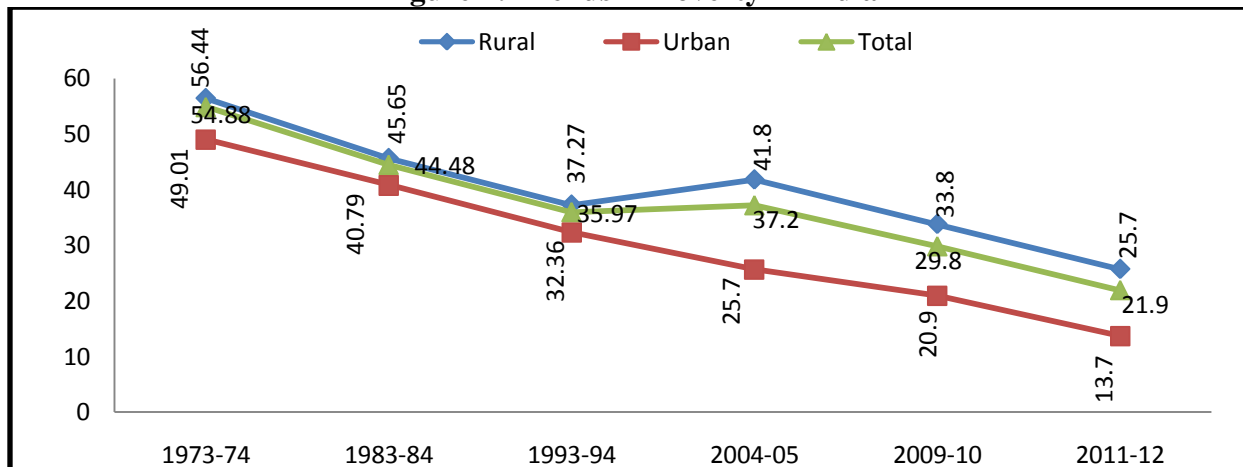
The study is based on Secondary data collected from various source like, Annual Reports, Planning commission (2011-12), NSSO (1973-74 to 2011-12). I have classified four types of regional states like Eastern, Western, Northern and Southern. The Statistical tolls used like Percentage, Correlation matrix. The factors contributing to poverty variables are irrigation, non-agriculture workers, agriculture labours, sex ratio, density, literacy, marginal workers, per capita income, migrants and size of the households.

Result and Discussion

Trends and Regional Patterns of Poverty

Now a day’s an incidence of poverty has a major concern. It is well recognized due to the growth mediated strategy of development and an inclusion of the direct public intervention programmes of the government. The magnitude of the incidence has declined not only at the national level but also at the rural and urban areas across the states. The figure 1 shows, trends of the poverty in India during the period from 1973-74 to 2011-2012. The incidence of poverty has declined by 30.74 percent in rural area at national level during 1973-74 to 2011-12. The incidence of poverty is always less in India level. During the period 1973-74, 1983-84, 1993-94 rural poverty has declined by 22.65 percent. But 2004-05 in this year poverty has increased by 7.65 percent, after 2009-10 to 2011-12 the poverty has declined by 4.3 Percent. The poverty in urban area continuously declined by 35.31 percent and whole India 33.98 percent during the period 1973-74 to 2011-12.

Figure 1: Trends in Poverty in India



Sources: Planning commission Government of India

The incidence of poverty across Eastern states has been presented in Table 1. The poverty in Bihar and Odisha continuous to be heights in Eastern state compare to other states. The incidence of poverty based on Tendulkar poverty ratio is 55.7 and 60.8 percent in rural area, 43.7 & 37.6 percent in urban area, and 54.4 & 57.2 percent in Bihar and Odisha. The incidence of poverty has significantly declined by 22 percent in Bihar and 28.2 percent in Odisha during 2004-05 to 2011-12. The middle level state poverty ratio is recorded by 37 percent in Jharkhand, 36.9 percent in Manipur, 34.7 percent in Arunachal Pradesh and 32 percent in Assam during 2011-12. The Nagaland rural poverty ratio has declined by 10 percent in 2004-05 and thereafter

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increased by 9.9 percent in 2011-12. During the period 2004-05, 2009-10, and 2011-12 the urban poverty continuously declined by 25, 16.5, and 9 percent respectively in Nagaland. The low level state poverty ratio 8.2 percent in Sikkim, 11.9 percent in Meghalaya, 14 percent in Tripura, and 20.4 percent in Mizoram during 2011-12. The incidence of poverty has continuously declined by 26.2 percent in Sikkim during 2004-05 to 2011-12.

Table 1: Poverty across Eastern State

States	RURAL			URBAN			TOTAL		
	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12
Arunachal Pradesh	33.6	26.2	38.9	23.5	24.9	20.3	31.1	25.9	34.7
Assam	36.4	39.9	33.9	21.8	26.1	20.5	34.4	37.9	32
Bihar	55.7	55.3	34.1	43.7	39.4	31.2	54.4	53.5	33.7
Jharkhand	51.6	41.6	40.8	23.8	31.1	24.8	45.3	39.1	37
Manipur	39.3	47.4	38.8	34.5	46.4	32.6	38	47.1	36.9
Meghalaya	14	15.3	12.5	24.7	24.1	9.3	16.1	17.1	11.9
Mizoram	23	31.1	35.4	7.9	11.5	6.4	15.3	21.1	20.4
Nagaland	10	19.3	19.9	4.3	25	16.5	9	20.9	18.9
Odisha	60.8	39.2	35.7	37.6	25.9	17.3	57.2	37	32.6
Sikkim	35.8	15.5	9.9	29.7	5	3.7	34.4	13.1	8.2
Tripura	37.5	19.8	16.5	19.7	10	7.4	28.9	17.4	14
West Bengal	35.1	28.8	22.5	26.2	22	14.7	32.7	26.7	20

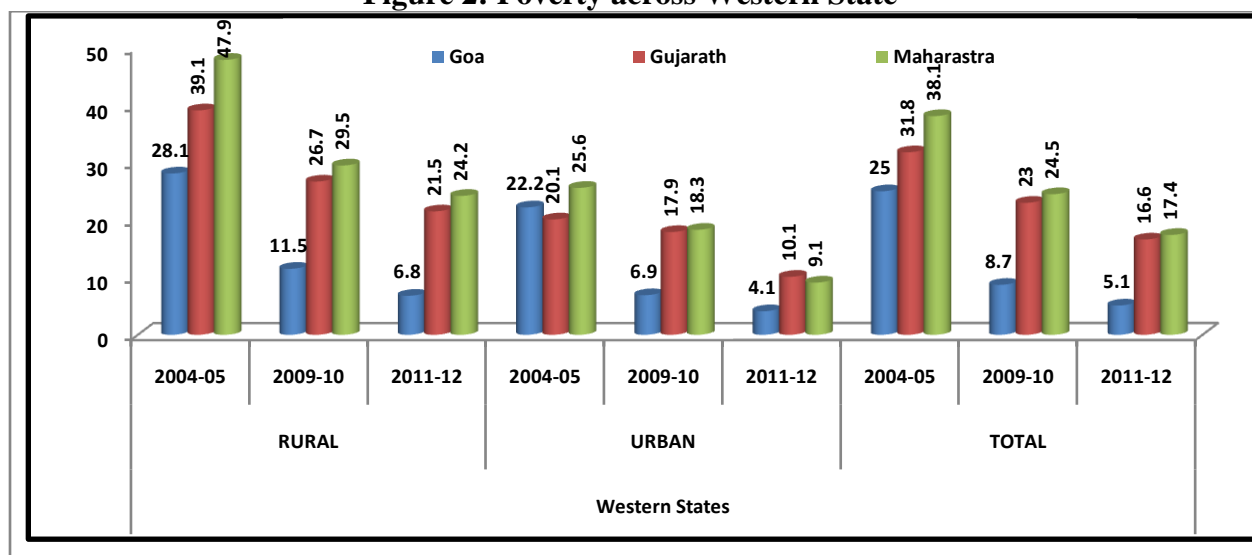
Sources: Planning commission Government of India

The poverty across western states in India, presented in figure 2. The incidence of poverty in Maharashtra continuously heights compare to the Gujarat and Goa. The poverty ratio of 47.9 percent in rural area, 25.6 percent urban area, and 38.1 percent in the Maharashtra state during 2004-05. But compare to 2009-10 to 2011-12 the poverty ratio has significantly declined in Maharashtra, poverty ratio of 24.2 percent in rural area, 9.1 percent in urban area, and 17.4 percent as whole state. The incidence of poverty has significantly declined by 20.7 percent in Maharashtra during the period 2004-05 to 2011-12. The incidence of poverty in Goa continuously lowest in the Western state. During the period 2004-05, 2009-10, 2011-12 the poverty ratio of 28.1, 11.5, and 6.8 percent in rural area, 22.2, 6.9, and 4.1 percent in urban area, and whole in Goa 25, 8.7, and 5.1 percent. The incidence of poverty has significantly declined by 18.1 percent in Maharashtra 2004-05 to 2011-12.

The incidence of poverty across Northern states in India shows that in Table 2. The poverty in Uttar Pradesh continuous to be heights to Northern states, compare to the other states. The poverty ratio 42.7 percent in rural area, 34.1 percent in urban area, and 40.9 percent as a whole Uttar Pradesh in 2004-05. After compare to the 2011-12 rural and urban poverty has declined 30.4, 26.1 percent and 29.4 percent in state. The incidence of poverty has significantly declined 11.5 percent as a whole state in Uttar Pradesh during 2004-05 to 2011-12. Uttaranchal state is second heights poverty in northern state, poverty ratio 35.1 percent in rural area, 14.9 percent in urban area, and 40.6 percent as whole state during 2004-05. The middle level poverty states are Haryana, Himachala Pradesh, and Punjab. The incidence of poverty has declined in Rajasthan during 2004-05, after increased 3.9 percent in 2009-10. But compare to 2011-12 the poverty has significantly declined by 10.1 percent in Rajasthan. The low level poverty states Dehli, Jammu and kasmir among Northern state in India. The poverty ratio 11.5 percent in rural area, 7.2 percent in urban area, and 10.3 percent in Jammu and kasmir state during 2011-12.

The incidence of poverty has significantly declined by 3.2 percent in Dehli and 2.9 percent in Jammu and Khasmir during the period 2004-05 to 2011-12.

Figure 2: Poverty across Western State



Sources: Planning commission Government of India.

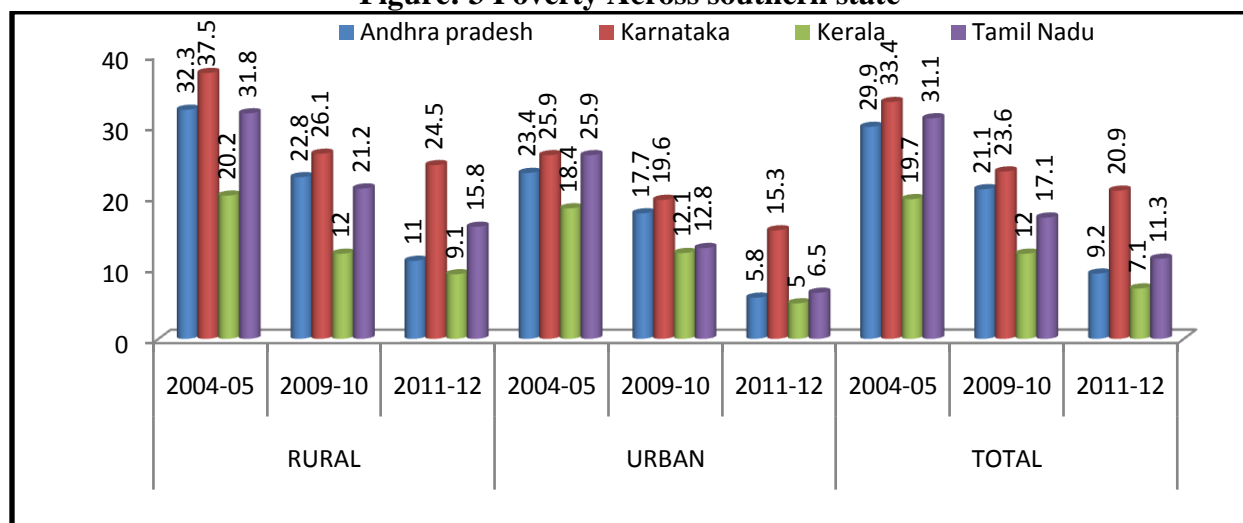
Table 2: The Poverty across Northern States

States	RURAL			URBAN			TOTAL		
	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12	2004-05	2009-10	2011-12
Delhi	15.6	7.7	12.9	12.9	14.4	9.8	13.1	14.2	9.9
Haryana	24.8	18.6	11.6	22.4	23	10.3	24.1	20.1	11.2
Himachal Pradesh	25	9.1	8.5	4.6	12.6	4.3	22.9	9.5	8.1
Jammu-Kashmir	14.1	8.1	11.5	10.4	12.8	7.2	13.2	9.4	10.3
Punjab	22.9	14.6	7.7	9.9	18.1	9.2	14.1	15.9	8.3
Rajasthan	22.1	26.4	16.1	18.7	19.9	10.7	20.9	24.8	14.7
Uttar Pradesh	42.7	39.4	30.4	34.1	31.7	26.1	40.9	37.7	29.4
Uttaranchal	35.1	14.9	11.6	22.5	25.2	10.5	40.6	18	11.3

Sources: Planning commission Government of India

The figure 3 shows that poverty across southern state. The poverty in Karnataka continuous to be heights compare to the southern states. The incidence of poverty based on Tendulkar poverty ratio 37.5 percent in rural area, 29.9 percent in urban area, and 33.4 percent in the Karnataka state as whole in 2004-05. But compare to the 2011-12 poverty ratio declined in Karnataka, the poverty ratio 24.5 percent in rural, 15.3 percent in urban, and 20.9 percent in the state. The incidence of poverty has significantly declined 12.5 percent in Karnataka during the 2004-05 to 2011-12. The incidence of Poverty is continuously to be lowest in Kerala among southern states. The Poverty ratio of 9.1 percent in rural areas, 5 percent in urban areas and 7.1 percent for Kerala as whole in 2011-12. The incidence of poverty has significantly declined 12.6 percent in Kerala during the 2004-05 to 2011-12.

Figure: 3 Poverty Across southern state



Sources: Planning commission Government of India

Factors contributing to reduced the poverty.

The table 3 shows that the correlation matrix of the factor contributing to influence the poverty in India. Six of the eight variables have significant correlation with depended variable of poverty. These variables are sex ratio, landless household, agriculture labours, marginal workers and size of household. These variables are 0.05 level significant correlations with poverty. The agriculture labours variable is highly influenced to reduce the poverty and migrants are 0.10 level significant correlated with agriculture labours. Another two variables are literacy and irrigation; these variables are negatively insignificant correlated with poverty and share of literacy variable is highly insignificant correlated with poverty in India.

Table 3: The Correlation Matrix of Poverty in India

Sl. No.	Variable	1	2	3	4	5	6	7	8	9
1	Poverty	1								
2	Sex ratio	.122	1							
3	Landless HH	.095	.209	1						
4	Agriculture Labours	.464*	.038	.543**	1					
5	Literacy	-.400*	.325	-.221	-.548**	1				
6	Marginal Workers	.442*	.040	-.032	.359	-.433*	1			
7	Migrants	.136	.021	.552**	.757**	-.309	-.087	1		
8	Irrigation	-.393*	-.312	.315	.083	.019	.093	.136	1	
9	Size of HH	.262	-.458*	-.237	.267	-.540**	.357	.056	.047	1

Conclusion

To promote growth in agricultural productivity and the non-farm rural activities. The Public investment in rural infrastructure and agricultural research. The Agricultural research benefits the poor directly through an increase in farm production, greater employment opportunities and growth in the rural non-farm economy. The credit policies to promote farm investment and rural micro enterprises Policies and to promote the human capital to expand the capabilities of the poor Development of rural financial markets. Self-Help Group Approach to be strengthened as it is a proven method of empowerment of the poor. The Involvement of local communities and

people's participation in NRLM and MGNREGS. Literacy is a major national problem and a major cause for poverty. Illiterate people living in villages and small towns find it hard to get employment. Around 51 percent of rural families are engaged in casual labour jobs, while another 30 percent is engaged in agriculture. The women education is also considered very important. Educated women can make better earnings and support the family. Educated mothers have great influence in the academic progress of the child. Educated mothers can monitor the academic performance of their children and help the country to eradicate illiteracy and poverty. The Public Distribution System (PDS) needs to be reformed and better targeted. Provision of safety nets like targeted food subsidies, nutrition programmes and health.

This paper has shown that as poverty reduction in India. India has initiated various poverty alleviation programmes in both rural and urban areas. These programmes have resulted in marked decline in the poverty in India. In order to sustain the existing growth in the reduction of poverty, proper implementation of different programmes is necessary. Promotion of livelihood opportunities, through modernizing agriculture, establishing rural industries, establishment skill development training, improve women empowerment, improve the education in rural and urban area and skill up gradation be considered as effective strategies. Towards ensuring food security to its citizens, the operates an extensive food distribution system to provide food those who below poverty line. The state has also established housing scheme to provide rural and urban poor people. The government has spending to productivity enhancing investment such as agricultural development and irrigation and rural infrastructure (roads, electricity) and rural development to reduce the rural poverty

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